



Prospectus



Nations Trust Bank PLC
Debtenture Issue
2018



ISSUE OF THIRTY FIVE MILLION (35,000,000)
BASEL III COMPLIANT, TIER 2, LISTED RATED
UNSECURED SUBORDINATED REDEEMABLE DEBENTURES WITH NON VIABILITY
CONVERSION AS DIRECTED BY THE CENTRAL BANK OF SRI LANKA AT PAR
VALUE OF LKR 100/- EACH TO RAISE SRI LANKAN RUPEES
THREE THOUSAND FIVE HUNDRED MILLION (LKR 3,500,000,000/-)

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE

RATED "A-(lka)" BY FITCH RATINGS LANKA LIMITED

ISSUE OPENS ON 11th APRIL 2018

ISSUE IS LIMITED FOR 'QUALIFIED INVESTORS' AS DEFINED HEREIN

Treasury & Investment Banking Division
Nations Trust Bank PLC
Managers to the Issue

IMPORTANT NOTICE

By acquiring any Debenture, each Debenture Holder irrevocably consents to the principal amount of the Debenture and any accrued and unpaid interest thereon being deemed paid in full by the issuance of ordinary voting shares upon occurrence of a Trigger Event and the resulting Non - Viability Conversion as directed by Central Bank of Sri Lanka required to be effected by the Bank.

Upon a Non-Viability Conversion as directed by Central Bank of Sri Lanka;

- i) The Trustees shall not be required to take any further directions from holders/ beneficial owners of the Debentures under the Trust Deed and
- ii) The Trust Deed shall impose no duties upon the Trustees whatsoever with respect to conversion of the Debentures into ordinary voting shares upon a Trigger Event
- iii) Upon the occurrence of a Trigger Event, each outstanding Debenture of this issue will be converted, on a full and permanent basis

We advise you to read the content of the prospectus carefully prior to investment.

This investment instrument is riskier than a bank deposit.

These Debentures are complex products and have provision for loss absorption in the form of Non - Viability Conversion as set out in the Prospectus. This means that following the occurrence of a Trigger Event as may be determined by the Central Bank of Sri Lanka, the Bank will convert the Debentures into ordinary voting shares. An investor will be deemed paid in full the principal plus accrued and unpaid interest due on the Debentures, upon such conversion. The number and value of Ordinary Shares to be received on a Non - Viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.

Please refer to the 'Risk Factors Section' of the Prospectus for further details.

Each potential investor in these Debentures must determine the suitability of investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether the investor:

- i. has sufficient knowledge and experience to make a meaningful evaluation of these Debentures, the merits and risks of investing in the Debentures and the information contained or incorporated by reference in this Prospectus;
- ii. has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in these Debentures and the impact the Debentures will have on its overall investment portfolio;
- iii. has sufficient financial resources and liquidity to bear all of the risks of an investment in these Debentures;
- iv. understands thoroughly the terms of these Debentures, including the provisions relating to the Non - Viability Conversion as directed by Central Bank of Sri Lanka of the Debentures, and is familiar with the behavior of financial markets; and
- v. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in these Debentures unless the investor has the expertise (either alone or with its financial and other professional advisers) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the value of the Debentures and the impact this investment will have on the potential investor's overall investment portfolio.

The Colombo Stock Exchange (“CSE”) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the Debentures which is decided solely by the Issuer.

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Bank since the date of this Prospectus. If there is any material change subsequently, same will be notified to the market.

If you are in any doubt regarding the contents of this document or if you require any clarification or advice in this regard, you should consult the Managers to the Issue, Investment Advisor, Stock Broker, Bank Manager, Lawyer or any other Professional Advisor.

Prospectus

This Prospectus is dated 6th April 2018

Responsibility for the Content of the Prospectus

This Prospectus has been prepared with available information.

The Board of Directors of Nations Trust Bank PLC have seen and approved this Prospectus collectively and individually, accept full responsibility for the accuracy for the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of the Bank have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

The Bank accepts responsibility for the information contained in this Prospectus. While the Bank has taken reasonable care to ensure full and fair disclosure of pertinent information, it does not assume responsibility for any investment decisions made by the investors based on the information contained herein. In making such investment decisions, prospective investors are advised to read the Prospectus and rely on their own examination and assessment of the Bank and the terms of the Debentures issued including the risks associated.

Registration of the Prospectus

A copy of the Prospectus has been delivered to the Registrar of Companies for registration in compliance with the provisions of section 40 of the Companies Act No. 7 of 2007. The following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies for registration pursuant to section 40(1) of the Companies Act.

- a) The written consent of the External Auditors and Reporting Accountants for the inclusion of their name in the Prospectus as External Auditors and Reporting Accountants to the Issue and to the Bank.
- b) The written consent of the Trustee to the Issue for the inclusion of their name in the Prospectus as Trustee to the Issue.
- c) Written consent of the Bankers to the Issue for the inclusion of their name in the Prospectus as Bankers to the Issue.
- d) The written consent of the Managers to the Issue for the inclusion of their name in the Prospectus as Managers to the Issue.
- e) The written consent of the Registrars to the Issue for the inclusion of the name in the Prospectus as Registrars to the Issue.
- f) The written consent of the Lawyers to the Issue for the inclusion of their name in the Prospectus as Lawyers to the Issue.
- g) The written consent of the Rating Agency for the inclusion of their name in the Prospectus as the Rating Agency to the Issue and to the Bank.
- h) The declaration made and subscribed to, by each of the Directors of the Bank herein named as Director, jointly and severally confirming that each of them have read the provisions of the Companies Act and the CSE listing Rules relating to the Issue of the Prospectus and that those provisions have been complied with.

The said External Auditors and Reporting Accountants to the Issue and the Bank, Trustee to the Issue, Bankers to the Issue, Managers to the Issue, Registrars to the Issue, Lawyers to the Issue and the Rating Agency to the Issue have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such Consent.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside Sri Lanka. Non-resident investors may be affected by laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and laws of Sri Lanka, when making the investment.

For further inquiries please contact the Managers to the Issue

Treasury & Investment Banking Division

Nations Trust Bank PLC

242, Union Place,

Colombo 02.

Telephone 011-4313124/4313295

Fax 011-4791723

Representation

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person, individual or any other outside party has been authorized to give any information or to make any representation in this connection with the Issue other than the information and representations contained in this Prospectus and if given or made such information or representations must not be relied upon as having been authorized by the Bank.

Investment Considerations

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, refer Section 5.17 "Risks factors associated with Debentures" of this Prospectus.

Forward looking Statements

Any Statements included in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements." These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Bank are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Bank operates and its ability to respond to them, the Bank's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Bank.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future.

Given the risk and uncertainties that may cause the Bank's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking statements in this Prospectus, investors are advised not to place sole reliance on such statements.

Presentation of Currency Information and other Numerical Data

The financial statements of the Bank and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees" or "Rs." is the lawful currency of Sri Lanka.

Certain numerical figures in the Prospectus have been subject to rounding adjustments, accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

As per the Directive of the Securities and Exchange Commission of Sri Lanka made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System Private Limited dated November 30, 2010, all securities allotted must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Debentures to their CDS account.

ALL APPLICANTS SHOULD INDICATE THEIR CDS ACCOUNT NUMBER IN THE SPACE PROVIDED ON THE APPLICATION FORM

In line with this directive, THE DEBENTURES ALLOTTED TO AN APPLICANT WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH APPLICANT, the details of which is indicated in their application form. If the CDS account number indicated in the application form is found to be inaccurate /incorrect or there is no CDS number indicated, the application will be rejected and no allotments will be made. PLEASE NOTE THAT DEBENTURE CERTIFICATES SHALL NOT BE ISSUED.

In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the application form differs from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/ passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such applicant. Therefore applicants are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the application form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the application form.

You can open a CDS account through any member/trading member of the CSE or through any Custodian Bank as set out in Annexure B of this Prospectus.

Salient Features at a Glance and Parties to the Issue

Issuer	Nations Trust Bank PLC															
Instrument	Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 Year Debentures (2018/2023) with Non-Viability Conversion as directed by Central Bank of Sri Lanka to ordinary voting shares of the Bank, upon the occurrence of a Trigger Event.															
Listing	The Debentures will be listed on the Colombo Stock Exchange															
Number of Debentures to be issued	Issue of Thirty Five Million (35,000,000) of Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated Redeemable 5 Year Debentures (2018/2023) with Non-Viability Conversion as directed by Central Bank of Sri Lanka to ordinary voting shares of the Bank upon the occurrence of a Trigger Event.															
Amount to be raised	Sri Lankan Rupees Three Thousand Five Hundred Million (LKR 3,500,000,000/-)															
Issuer Rating	"A(lka)" Stable Fitch Rating Lanka Limited															
Instrument Rating	"A - (lka)" by Fitch Ratings Lanka Limited															
Issue Price	Rs.100/- per Debenture															
Par Value	Rs.100/- per Debenture															
Type of Debentures	<p>Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 Year Debentures (2018/2023) with Non-Viability Conversion as directed by Central Bank of Sri Lanka, categorized as Debentures of Type A, and Type B as described below</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Tenure</th> <th>Interest Rate (per annum)</th> <th>Annual Effective Rate (AER) (per annum)</th> <th>Interest Payment frequency</th> </tr> </thead> <tbody> <tr> <td>A (Fixed Rate)</td> <td>5 years</td> <td>12.65% p.a.</td> <td>13.05% p.a.</td> <td>Semi annual</td> </tr> <tr> <td>B (Fixed Rate)</td> <td>5 years</td> <td>13.00% p.a.</td> <td>13.00% p.a.</td> <td>Annual</td> </tr> </tbody> </table>	Type	Tenure	Interest Rate (per annum)	Annual Effective Rate (AER) (per annum)	Interest Payment frequency	A (Fixed Rate)	5 years	12.65% p.a.	13.05% p.a.	Semi annual	B (Fixed Rate)	5 years	13.00% p.a.	13.00% p.a.	Annual
Type	Tenure	Interest Rate (per annum)	Annual Effective Rate (AER) (per annum)	Interest Payment frequency												
A (Fixed Rate)	5 years	12.65% p.a.	13.05% p.a.	Semi annual												
B (Fixed Rate)	5 years	13.00% p.a.	13.00% p.a.	Annual												
Minimum Subscription	<p>The minimum subscription requirement applicable for an investor applying for Debt Securities shall be Rupees Ten Thousand (LKR 10,000/-).</p> <p>Provided however, the minimum subscription requirement applicable for an individual investor applying for BASEL III Compliant Debt Securities shall be Rupees Five Million (LKR 5,000,000/-).</p> <p>Any application in excess of the minimum subscription requirement shall be in multiples of Rupees Ten Thousand (LKR 10,000/-).</p>															

Interest Payment Date(s)	<p>Type A</p> <p>The dates on which payments of interest in respect of the Debentures shall fall due, which shall be six (06) months from the Date of Allotment and every six (06) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.</p> <p>Type B</p> <p>The dates on which payments of interest in respect of the Debentures shall fall due, which shall be 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</p> <p>Interest would be paid not later than three (03) Working Days from each Interest Payment Date.</p> <p>The Final interest payment will be paid together with the Principal sum within three (03) Working Days from the Date of Redemption</p>
Mode of Payment of Principal Sum & Interest	<p>The payment of the principal sum and interest would be made through an electronic fund transfer mechanism such as SLIPS (Sri Lanka Interbank Payments System) and RTGS (Real Time Gross Settlement System) if the Debenture Holders provide accurate bank account details to the CDS to effect such transfers.</p> <p>In the event the bank account details are not provided to the CDS or the bank account details provided to the CDS are inaccurate, the payment of the principal sum and interest would be made 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.</p>
Issue Opening Date	11th April 2018 (However applications may be submitted forthwith)
Issue Closing Date	3rd May 2018 or such earlier date on which the Debentures are fully subscribed.
Trigger Event	<p>means a point or event at which the Monetary Board of the Central Bank of Sri Lanka in terms of item 10 (iii)(a) of Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 1 of 2016 dated 29th December 2016 (as may be amended from time to time)determines:</p> <p>(a) the Bank would become non-viable, without a write-down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the said Directions; or</p> <p>(b) to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable in terms of item 10(ii)(b) of the said Directions.</p>
Conversion Price	Simple Average of Volume Weighted Average Price of ordinary voting shares of the Company as published by the Colombo Stock Exchange, during the three months (03) period, immediately preceding the date of the Trigger Event.

Date of Allotment	The date on which the Debentures will be allotted by the Bank to Qualified Investors subscribing thereto.
Date of Redemption	In respect of the Debentures a period of Five (5) years from the Date of Allotment or such other date on which the Debentures may be redeemable in the circumstances set out in Clause 4.2 or Clause 10.1 of the Trust Deed.
Basis of allotment	<p>In the event of an over subscription, the Board of Directors of Bank will endeavour to decide the basis of allotment of the Debentures in a fair manner within seven (07) Market days from the closure of the Issue.</p> <p>The Board however shall reserve the right to allocate up to a maximum of 75% of the number of Debentures to be allotted under this issue to identified Qualified Investor/s of strategic importance with whom the Bank might have mutually beneficial relationships in the future.</p>
Non-Viability Conversion	In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to ordinary voting shares by the Company without any requirement of approval by the Debenture Holders, in compliance with BASEL III requirements.
Volume Weighted Average Price (VWAP)	The daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange

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1. Corporate Information

Name of Company/Issuer	:	Nations Trust Bank PLC
Registered Office & Head Office	:	242, Union Place, Colombo 02
Date & Place of Incorporation	:	21st January, 1999, Colombo
Authority of Incorporation	:	Incorporated under Companies Act No 17 of 1982 and re-registered under the Companies Act No. 7 of 2007
Company No.	:	PQ 118
Secretary to the Company	:	Mr Theja Silva 242, Union Place Colombo 02
Auditors and Reporting Accountants	:	Messrs. Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10
Credit Rating Agency	:	Fitch Ratings Lanka Ltd No: 15-04, East Tower, World Trade Centre, Colombo 01 Tel: +94 11 2541900 Fax: +94 11 2501903
Legal Form	:	A Public Limited Liability Company incorporated in Sri Lanka on 21st January 1999 under the Companies Act No. 17 of 1982 and re-registered on 14th February 2008 under the Companies Act No. 7 of 2007. A licensed commercial bank under the Banking Act No. 30 of 1988 and listed on the Colombo Stock Exchange in May 1999.
Board of Directors	:	Mr. Krishan Balendra (Ms). Renuka Fernando Mr. Murtaza Jafferjee Dr. Kemal de Soysa (Ms). N. Shalini Panditaratne Mr. D. Prasanna De Silva Mr. Suran Wijesinghe Mr. Kumar Jayasuriya Mr. Gihan Cooray Mr. Harsha Raghavan Mr. Conrad D'Souza Mr. Russell De Mel (Ms). Rachini Dhanika Rajapaksa
Financial Year	:	1st January to 31st December

2. Relevant Parties to the Issue

Managers/Arrangers to the Offering

Treasury & Investment Banking Division
Nations Trust Bank PLC
242, Union Place,
Colombo 02
Telephone 011-4313124/4313295
Fax 011-4791723

Registrars to the Offering

S S P Corporate Services (Private) Limited
No: 101, Inner Flower Road, Colombo 03.
Tel : +94 11 2573894 +94 11 2576871
Fax : + 94 11 2573609

Trustees to the Offering

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Tel: + 94 11 2447062
Fax: +94 11 2447067

Bankers to the Offering

Nations Trust Bank PLC – Corporate Branch
242, Union Place, Colombo 02
Tel: +94 11 4313201/3
Fax: +94 11 4313202

Lawyers to the Offering

Nithya Partners
Attorneys-at-Law
No: 97A, Galle Road, Colombo 03
Tel: +94 11 4712625
Fax: +94 11 2328817

Credit Rating Agency to the Offering

Fitch Ratings Lanka Ltd
No: 15-04, East Tower,
World Trade Centre, Colombo 01
Tel: +94 11 2541900
Fax: +94 11 2541903

Auditors & Reporting Accountants to the offering

Ernst & Young
Chartered Accountants
201, De Saram Place,
P.O. Box 101, Colombo 10
Tel: +94 112463500
Fax: +94 112697369

3. Abbreviations and Interpretations

In this Prospectus the following ABBREVIATIONS / INTERPRETATIONS apply unless the subject or context otherwise requires.

AER	Annual Effective Rate
AWPLR	Average Weighted Prime Lending Rate
CBSL	Central Bank of Sri Lanka
CDS	Central Depository Systems (Pvt) Limited
CSE	Colombo Stock Exchange
NTB/Company/Bank/Issuer	Nations Trust Bank PLC
LKR, Rupees, Rs.	Sri Lankan Rupees
VWAP	Volume Weighted Average Price
Bn	Billion
Mn	Million
POA	Power of Attorney
SEC	Securities & Exchange Commission of Sri Lanka
IIA	Inward Investment Account
Shareholders	Shareholders of NTB
SLFRS	Sri Lanka Financial Reporting Standards
Board / Board of Directors / Directors	The Board of Directors of NTB
USD	United States Dollars
VAT	Value Added Tax
WHT	Withholding Tax
YoY	Year on Year
SLIPS	Sri Lanka Inter Bank Payment System
RTGS	Real Time Gross Settlements
LKAS	Sri Lanka Accounting Standard
NIC	National Identity Card

4. Glossary of Terms Related to the Issue

Applicant/s	Any Qualified Investor who submits an Application Form under this Prospectus
Application Form / Application	The application form that constitutes part of this Prospectus through which the investors may apply for the Debentures in issue
Debentures	BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures (2018/2023) with Non Viability Conversion as directed by Central Bank of Sri Lanka
Issue Opening Date	11th April 2018 (However applications may be submitted forthwith)
Issue Closing Date	3rd May 2018 or such earlier date on which Debentures are fully subscribed.
Date of Redemption	In respect of the Debentures a period of Five (5) years from the Date of Allotment or such other date on which the Debentures may be redeemable in the circumstances set out in Clause 4.2 or Clause 10.1 of the Trust Deed.
Debenture Holders	Any Qualified Investor who is for the time being the holder of the Debentures and includes his/her respective successors in title
Interest Payment Date(s)	<p>Type A</p> <p>The dates on which payments of interest in respect of the Debentures shall fall due, which shall be six (06) months from the Date of Allotment and every six (06) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.</p> <p>Type B</p> <p>The dates on which payments of interest in respect of the Debentures shall fall due, which shall be 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.</p> <p>Interest would be paid not later than Three (03) Working Days from each Interest Payment Date.</p> <p>The final interest payments shall be made with the repayment of the Principal Sum on the Date of maturity/Redemption of the Debentures.</p>
NTB/Company/Bank	Nations Trust Bank PLC
Issue	The offer of Debentures pursuant to this Prospectus.
Issue Price	Debenture Issue Price of LKR 100.00 per Debenture
Issuer	Nations Trust Bank PLC
Prospectus	This Prospectus dated 6th April 2018 issued by Nations Trust Bank PLC for the purpose of this Issue
Principal Sum	The product of the number of Debentures allotted at Par value
Registered Address	When used in relation to a Debenture Holder means the address provided by the Debenture Holders to the CDS

Entitlement Date	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.
Interest Period	<p>Type A</p> <p>The six (06) month period from an Interest Payment Date and ending on the date immediately preceding 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 date immediately preceding the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from 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).</p> <p>Type B</p> <p>The twelve (12) month period from an Interest Payment Date and ending on the date immediately preceding 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 date immediately preceding the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from 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).</p>
Date of Allotment	The date on which the Debentures will be allotted by the Bank to the Applicants subscribing thereto.
Rate Of Interest	Type A – 12.65% (AER of 13.05 %) Type B – 13.00% (AER of 13.00%)
Local Time	Sri Lanka Time
Trust Deed	Trust Deed executed between NTB and the Deutsche Bank AG, Colombo Branch on 26th March 2018.
Trustee	Deutsche Bank AG, Colombo Branch
Fitch	Fitch Ratings Lanka Ltd
Working Day	Any day (other than a Saturday or a Sunday or any statutory holiday) on which licensed commercial banks are open for business in Sri Lanka.
Market Day	Any day on which trading takes place at the Colombo Stock Exchange.
Non- Resident(s)	Persons resident outside Sri Lanka including country funds, regional funds, investment funds and mutual funds established outside Sri Lanka.

4. Glossary of Terms Related to the Issue

Subordinated	Means the claims of the Debenture Holders shall in the event of 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 shall rank in priority to and over the claims and rights of the Shareholder/s of the Bank unless there has been an issuance of shares to the Debentures Holders upon the occurrence of a Trigger Event in which case a Debenture Holder would cease to be a Debenture Holder and become a shareholder of the Bank to the extent of such issuance.
Unsecured	Repayment of the principal and interest on these Debentures are not secured by any specific assets of NTB
Tier 2	Tier 2 Capital includes qualifying Tier 2 capital instruments, revaluation gains approved by CBSL and general loan loss provision of the Bank.
Basel III	A Global Regulatory Framework for More Resilient Banks and Banking System, issued by the Basel Committee on Banking Supervision of the Bank for International Settlement in December 2010 (Revised in June 2011).
Qualified Investor	<ul style="list-style-type: none"> (a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988 (as amended). (b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No.30 of 1988 (as amended). (c) A mutual fund, pension fund, Employee Provident Fund or any other similar pooled fund. (d) A venture capital fund/ company and private equity company. (e) A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act. No 42 of 2011 (as amended). (f) A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act, no 56 of 2000 (as amended) (g) A company licensed by the Insurance Board of Sri Lanka to carry on Insurance business in terms of the Regulation of the Insurance Industry Act, No. 43 of 2000 (as amended) (h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No.7 of 2007. (i) An investment trust or investment company (j) A non-resident institutional investor (k) An individual with a minimum initial investment amount of Rs.5,000,000

Trigger Event	<p>Means a point or event at which the Monetary Board of the Central Bank of Sri Lanka in terms of item 10 (iii)(a) of Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 1 of 2016 dated 29th December 2016 (as may be amended from time to time) determines:</p> <p>(a) the Bank would become non-viable, without a write-down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the said Directions; or</p> <p>(b) to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable in terms of item 10(iii)(b) of the said Directions.</p>
Non-Viability Conversion	<p>In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to ordinary voting shares by the Company without any requirement of approval by the Debenture Holders in compliance with BASEL III requirements,</p> <p>Upon the occurrence of a Trigger Event, the outstanding balance of the Debentures including the total par value of the Debentures and Debenture Interest accrued and unpaid as at that date will be permanently converted to ordinary voting shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Company shall settle such sums in cash, based on the issue price of such share.</p>
Conversion price	The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share during the three months (03) period, immediately preceding the date of the Trigger Event
Volume Weighted Average Price (VWAP)	The daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange.
Entitlement date	The Market Day immediately preceding the respective Interest Payment Date or Date of Redemption, in the event a trigger event does not occur.

5. Information Relating to the Issue

5.1. Particulars of the Issue

The Board of Directors of Nations Trust Bank PLC resolved by the resolution dated 27th September 2017 to borrow a sum of

Three Thousand Five Hundred Million (LKR 3,500,000,000/), from Qualified Investors by the issue of Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 Year Debentures (2018/2023) with Non-Viability Conversion as directed by Central Bank of Sri Lanka, with an issue price of LKR 100/- per Debenture.

As per the current regulatory guidelines all subordinated debt issued by licensed commercial banks needs to be compliant with BASEL III requirements effective 1 July 2017. According to Basel III guidelines, all subordinated debt issuance should include a conversion feature to equity or a right down mechanism which allocates losses to the Instrument at pre specified trigger points.

As such the Bank will issue BASEL III compliant debentures with a convertibility to ordinary voting shares of the Bank upon the occurrence of a Trigger Event. The conversion of Debentures to ordinary voting shares will be in accordance with the applicable laws and regulations. The new ordinary voting shares will be listed on the Colombo Stock Exchange and guided by the instructions of the Monetary Board of the Central Bank of Sri Lanka with regard to the application of single shareholder limits under the Banking Act No.30 of 1988 at the time of conversion of the Debentures in to ordinary voting shares.

As per rule No.2.2.1.k of the Listing Rules of the Colombo Stock Exchange, the Company was required to obtain the approval of the shareholders for the proposed Debenture Issue by way of a special resolution since the Debentures would be converted in to ordinary voting shares upon the occurrence of a Trigger Event.

The special resolutions pertaining to the above were passed by the shareholders, at the Extraordinary General Meeting (EGM) held on 12th January 2018.

Under this Issue, Thirty Five Million (35,000,000) BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, 5 Year Debentures (2018/2023) with Non-Viability Conversion as directed by Central Bank of Sri Lanka will be issued at the Issue Price of LKR 100 each having fixed interest rates. The Debentures issued in terms of this Prospectus will carry a feature for conversion to ordinary voting shares by the Bank, upon the occurrence of a Trigger Event,

It is the intention of the Bank to list the Debentures on the Colombo Stock Exchange. The CSE has given its approval in-principle for the issue and listing of the Debentures on the CSE.

5.2. Invitation to Subscribe

NTB hereby invites Qualified Investors to make applications for the subscription of Thirty Five Million (35,000,000) of BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated Redeemable 5 Year Debentures (2018/2023) with Non-Viability Conversion as directed by Central Bank of Sri Lanka, at an issue price of LKR 100/- per Debenture each payable in full as outlined in this Prospectus.

The Subordinate Debentures (BASEL III Compliant) shall rank equal and pari-passu with each other without any preference or priority of any one or more than over the others except for the Rate of Interest and Interest Period, as more fully described in Section 5.8.

Though these Debentures are listed on the Colombo Stock Exchange, most of the investors invest in these instruments with an investment view and not a trading view and therefore hold the investments until maturity. As a result there may be no established secondary trading market for these Debentures.

Furthermore a downgrade of the instrument rating assigned by the rating agency to the debenture as a result of changes in the risk assets and capital of the entity or increase in the riskiness of the banking sector could cause the liquidity and market value of the debentures to decline.

The entity rating of these Debentures would move in tandem with the NTB's National Long Term-Rating.

Furthermore any regulatory action in the event the Bank is failing or is non-viable will have an effect on the value of debentures.(ie in the event of non-viability being triggered, the share price of ordinary voting shares will decline. The conversion price of the outstanding Debentures will be based on the Simple Average of Volume Weighted Average Price of an ordinary voting share of the Company as published by the Colombo Stock Exchange, during the three months (03) period, immediately preceding the date of the Trigger Event and the volume weighted average price of conversion could be lower than expected, depending on various factors. Subsequent to the conversion of Debentures to Shares, the shares could trade at a lower price than that of the conversion price which could materially affect the value of the Debenture investments).

Only Qualified Investors would be eligible to invest in the said Debentures in both the primary and secondary markets, provided that an individual investor entering the market anew through the secondary market (i.e. without having invested in such Debentures through the primary offer) would also need to invest a minimum sum of Rs.5,000,000/-. Accordingly the secondary market trading of the Debentures are limited to the Qualified Investors.

5.3. Subscription List

Subject to the provisions contained below, the subscription list for the Debentures will open at 9.30 a.m. on 11th April 2018 and shall remain opened for 14 Market Days until closure at 4.30 p.m. on 3rd May 2018.

In the event of an over-subscription of the 35,000,000 Debentures, the subscription list will close at 4.30 p.m. on the same day on which it is fully subscribed, with the notification to CSE.

Application may be made forthwith in the manner set out under the Procedure for Application in section 6.0 of this Prospectus and will be accepted at any one of the collection points set out in Annexure B of this Prospectus.

5.4. Objectives of the Issue

Funds raised through the Debenture Issue are expected to further improve the Capital Adequacy of the Bank's Balance sheet in addition to improving the risk profile of the Bank enabling favourable funding options. The subordinated nature and medium to long term duration of the Debentures issued in compliance with the requirements under BASEL III will enable the Bank to strengthen the Tier II Capital Base as per BASEL III requirements. Approval has been obtained from the Central Bank of Sri Lanka to include the Debentures (BASEL III compliant) under Tier II Capital.

The Debenture will provide the necessary medium term stable funding to expand the lending portfolio of the Bank. Given that our portfolio consists of a sizable medium term loan portfolio in addition to the standard short term loans, raising 5 year funds will further improve the Bank's funding profile by reducing the tenor mismatch between the shorter term liabilities and the medium term assets. This will reduce interest rate and liquidity risk exposure of the Bank by reducing the funding gaps.

Proceeds of this issue would be disbursed as detailed below.

The Bank intends to utilize the entire proceeds of the Issue to expand the Bank's loan book via diverse lending products in the ordinary course of business over a period of three to twelve months based on the current credit demand.

The Bank will utilize the proceeds generated through the Debenture to fund both existing and future growth of medium term assets in the following manner:

- a) SME Loans - LKR 2.0Bn
- b) Corporate Banking Facilities - LKR 1.5Bn

NTB has utilized the proceeds of all previous Debenture Issues towards achieving the objectives of the respective Issues. Bank undertakes to disclose the progress of the utilization of the proceeds in all of their future interim and annual financial statements, until funds are fully utilized for the respective objectives stated in the prospectus in the following manner.

5. Information Relating to the Issue

Objective number	Objective as Per Prospectus	Amount allocated as Per prospectus in LKR	Proposed date of Utilisation as Per prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilised in LKR (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including where the funds are invested(eg whether lent to relate party/s etc)
1	Expansion of SME portfolio	2.0Bn	Within 3/12 months from date of receipt of cash flows	2.0Bn	57.14%			
2	Expansion of Commercial Banking portfolio	1.5Bn	Within 3/12 months from date of receipt of cash flows	1.5Bn	42.86%			
3	Improve the Tier II capital base thus, Increasing the Capital Adequacy Ratio (CAR)	3.5Bn	Subsequent to CBSL approval	3.5Bn	100%			

In the event the proceeds are raised are fully utilized in terms of the objectives disclosed in the prospectus prior to submission of Company's next immediate financial statements (i.e. either interim financial statements or annual report), the Company will disclose the fact that proceeds have been utilized in its entirety as per the above template.

Risk relating to the objectives of the Debenture Issue;

The proposed Debenture Issue is to raise up to Rs. 3.5 Billion and since demand for credit continues to grow in the market, there is no specific risk factor that may lead to non-achievement of the disbursement plan. Until such time the Debenture proceeds are utilized for the specified disbursements, any unutilized Debenture proceeds will be invested in Government Securities.

In the event the Debenture proceeds are not fully utilized as per the stated objectives, it will lead to a reduction in net interest margins as the remaining funds

would be invested in government securities as opposed to SME & Commercial Loans which generate higher NIM.

The Bank has not earmarked any related parties for the lending of the proceeds of the Issue. Proceeds of the Issue will be disbursed in the ordinary course of business subject to all applicable regulations.

In the event of any shortfall of funds to be generated from the proposed Debenture Issue, the Company will adjust the asset growth to comply with the BASEL III requirements. However, we do not envisage any under-subscription to the issue as we have experienced very high demand for Bank's debt paper in the past. It is noteworthy to mention that the Bank maintains strong relationships with large fund management institutions such as Provident Funds and Insurance Companies who have been major investors in the past. No further shareholder approval will be needed in the event the Debenture issue is not fully subscribed or if the time lines stated above will be amended as thought fit by the Bank.

5.5. Capital and Capital Adequacy Status

The Bank has complied with the BASEL III regulatory requirements as at 01st July, 2017 and has complied with Basel III regulatory requirements for Capital Adequacy as at 31st December 2017.

Present Capital Adequacy Ratio (CAR) of the Bank and the effect of the proposed Debenture Issue at 31st December 2017 is as follows.

Item	Reported		Including 3.5Bn Debenture Issue*	
	Bank	Group	Bank	Group
	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-17
Regulatory Capital (LKR '000)				
Total Capital	23,305,824	23,725,029	26,805,824	27,225,029
Risk weighted Assets	170,838,070	170,758,045	170,838,077	170,758,045
Regulatory Capital Ratios (%)				
Total Capital Ratio (Minimum Requirement - 11.25%)	13.64%	13.89%	15.69%	15.94%

* based on the latest available financial information as at 31 December 2017

Maximum amount in tier 2 is limited to 50% of Tier 1

The minimum Capital Adequacy requirements under BASEL III are as follows;

Components of Capital	Minimum Regulatory Requirements			As at 31	As at 31
	1-Jul-17	1-Jan-18	1-Jan-19	December 2017 (Bank)	December 2017 (Group)
Common Equity Tier 1 capital with CCB	5.75%	6.38%	7.00%	10.58%	10.83%
Total Tier I capital with CCB	7.25%	7.88%	8.50%	10.58%	10.83%
Total Capital Ratio (Tier I + Tier II) with CCB	11.25%	11.88%	12.50%	13.64%	13.89%

CCB: Capital Conservation Buffer

5.6. Issuance of BASEL III (compliant) Debentures

As per rule No.2.2.1.k of the Listing Rules of the Colombo Stock Exchange, the Bank is required to obtain the approval of the shareholders for the proposed Debenture Issue by way of a duly passed special resolution. The approval of the existing shareholders for the proposed share issue which arises pursuant to the conversion of Debentures, is required as it may affect the rights attached to the Company's existing ordinary voting shares, in compliance with Section 99 of the Companies Act No.7 of 2007.

The special resolution pertaining to the proposed debenture issue was passed at the Extraordinary General Meeting of the bank convened on 12th January 2018.

The Bank has obtained Central Bank of Sri Lanka (CBSL) approval to issue BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated Redeemable 5 Year Debentures (2018/2023) with non-viability conversion as directed by Central Bank of Sri Lanka to ordinary voting shares by the Bank, upon the occurrence of a Trigger Event at an issue price of LKR 100/- per Debenture as per the Direction No. 01 of 2016 (Capital requirements under BASEL III) dated 29th December 2016. Furthermore the Bank has obtained approval from the CBSL to include the Debenture proceeds under Tier 2 Capital soon after the Debentures are allotted.

5. Information Relating to the Issue

5.7. Tenure of the Debentures

The tenure of the Debentures is Five (05) Years. The Date of Redemption will be Five years from the Date of Allotment of the Debentures or such other date on which the Debentures may be redeemable in the circumstances set out in Clause 4.2 or Clause 10.1 of the Trust Deed.

5.8. Interest on the Debentures

The Debentures consist of two interest options for the investors to choose from and they rank equal and pari-passu to each other, other than in respect of the Rate of Interest and interest Period.

Options	Description
Type A	A Fixed coupon rate of 12.65% per annum (AER13.05%) payable semi-annually from the Date of Allotment until maturity in 5 years.
Type B	A Fixed coupon rate of 13.00% per annum (AER13.00%) payable annually from the Date of Allotment until maturity in 5 years.

The interest calculation will be based upon the actual number of days (irrespective of the holidays) in each interest payment period (Actual / Actual) and will be paid not later than Three (03) Market days from each Interest Payment Date.

Payment of the interest on the Debenture will be made after deducting any taxes as specified in section 5.10 and charges thereon (if any) in Sri Lankan Rupees as per the applicable law prevalent at the time of interest payment to the Debenture Holders.

The above interest rates for the Debentures were determined giving consideration to the Banks' rating, Issue Rating for these Debentures, the convertible feature and the comparable government security interest rates.

In order to accommodate the Debenture interest cycles in the Central Depository System (CDS) 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.

5.9. Payment of the Principal and Interest

The Bank will redeem the Debentures on the Date of Redemption as specified in Section 5.11 and the interest

payments will be made on each Interest Payment Date as specified in Section 5.8

The payment of the principal sum and interest would be made through an electronic fund transfer mechanism such as SLIPS (Sri Lanka Interbank Payments System) and RTGS (Real Time Gross Settlement System) if the Debenture Holders provide accurate bank account details to the CDS to effect such transfers.

In the event the bank account details are not provided to the CDS or the bank account details provided to the CDS are inaccurate, the payment of the principal sum and interest would be made 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,

The payment of Principal Sum and Interest will be made in Sri Lanka Rupees in favour of the Debenture Holders as of the Entitlement Date. In the case of joint Debenture Holders, the payment of Principal Sum and Interest will be made to the one whose name stands first in the register of Debenture Holders.

5.10. Application of Tax on Interest Payment on Listed Debentures

Interest on the Debentures will be paid after deducting any taxes and charges thereon (if any) as per the applicable law prevalent at the time the interest payment is made to the Debenture holders.

5.11. Redemption

These Debentures are redeemable at maturity on the expiry of Five (05) years from the Date of allotment in accordance with the provisions contained in the Trust Deed.

These Debentures will not be redeemed by NTB prior to maturity for any reason whatsoever.

The Debenture Holders shall not have any right or option to call for redemption of the Debentures before the date of maturity of such Debentures, except under the circumstances where the Debentures have become immediately payable in terms of the Clause 4.2 and Clause 10.1 of the Trust Deed.

On the Date Redemption of the Debentures, the Company shall in accordance with the provisions contained in the Trust Deed pay to the Debenture Holders not later than three (03) market days from such date, 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.

If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and interest shall be paid up to the date immediately preceding such Market Day (inclusive of all intervening non-Market Days).

The Directors are of the opinion that Nations Trust Bank PLC will have the ability to pay the Interest and the Principal Sum on the maximum of Thirty Five Million (35,000,000) Debentures that will be issued by way of this Prospectus on due dates.

5.12. Occurrence of Trigger Event

A 'Trigger Event' is determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka.

The aforesaid Direction specifies that in order for the Debentures to qualify as Tier 2 Capital under BASEL III Guidelines it should have a convertibility clause which enables the Debentures to be converted to ordinary voting shares on the occurrence of a Trigger Event.

Any ordinary voting shares arising from the conversion would have the same rights and privileges of the existing shareholders and rank equal and pari passu with existing ordinary voting shares of the Bank.

5.13. Conversion and actions consequent to a Trigger Event

1. The Bank shall on receipt of a Trigger Event notification from the CBSL, immediately make a market announcement of the same and further announce the "price" and "dates" (i.e. the date on which the Trigger Event has been notified to the Bank by the CBSL, the entitlement date of the Debenture Holders to be issued ordinary voting shares, the date of the allotment of the ordinary voting shares and the CDS upload date).

2. Upon the occurrence of a Trigger Event, the Bank shall be required and entitled to issue and within twenty (20) days to allot ordinary voting shares of the Bank ranking equal and pari passu with the existing ordinary voting shares to the holders of the Debentures.
3. The conversion price for such ordinary voting shares shall be based on the simple average of the Volume Weighted Average Price of an ordinary voting share of the Bank during the three (03) month period as published by the Colombo stock exchange immediately preceding the Trigger Event.
4. The CDS upload pertaining to the ordinary voting shares will be completed within ten (10) market days from the date of allotment of such shares.
5. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Bank shall settle such sums in cash based on the issue price of such share within 14 days of the date of allotment of the ordinary voting shares.

The Bank has used Simple Average of Volume Weighted Average Price (VWAP) as indicated above since it provides the most practical and equitable pricing formula for conversion.

Accordingly, the formula takes into account market price over a reasonable period avoiding near term price volatility as well as the volume impact in pricing. This formula provides a consistent and transparent mechanism to derive conversion price at a particular date obtained from publicly available price data disseminated by the Colombo Stock Exchange.

There will be a dilution impact on the shareholdings of the existing shareholders. If the simple average of Volume Weighted Average Price (VWAP) at the point of conversion is low as compared to the prevailing share price, it would result in allocating comparatively higher number of Ordinary Voting Shares issued by the bank, which in turn will dilute the shareholding of existing shareholders.

If the simple average of Volume Weighted Average Price (VWAP) at the point of conversion is high as compared to the prevailing share price, it would result in allocating

5. Information Relating to the Issue

comparatively lower number of Ordinary Voting Shares issued by the bank, which will dilute the shareholding of existing shareholders to a lesser extent than the former.

5.14. Rating of the Debentures

Fitch Ratings Lanka Limited has assigned a National Long Term Rating of A- (lka) to these Debentures. A copy of the Rating report issued by Fitch Ratings Lanka Limited is set out in Annexure A.

5.15. Trustee to the Debenture Issue

Deutsche Bank AG – Colombo Branch of 86, Galle Road, Colombo 03 has agreed in writing to act as the Trustee to the Debenture issue and has issued a consent letter to this effect. The Bank has entered into an agreement with the Trustee (hereinafter called as the Trust Deed). Debenture holders in their application for subscription will be required irrevocably to authorize the Trustee, subject to overriding clauses in the Trust Deed, to act as their agent in entering into such deeds, writings, instruments with the Bank and to act as agent and Trustee for the debenture holders in order to facilitate the protection of the debenture holders investment and return.

The rights and obligations of the Trustee are set out in the Trust Deed, a copy of which is available for inspection as mentioned in Section 9.1 of this Prospectus. The Debentures shall be subject to the terms and conditions and confer such rights as are incorporated in the said Trust Deed.

The fee payable to the Trustee will be LKR 360,000/- per annum (payable semi-annually) plus statutory levies. There is no conflict of interest between the Trustee and NTB, except that the Trustee is one of the banks rendering banking related services to NTB.

5.16. Rights of the Debenture Holders

A) DEBENTURE HOLDERS ARE ENTITLED TO THE FOLLOWING:

- Receiving the Principal Sum at maturity and interest on the Debentures as per Section 5.11 and 5.8 of this Prospectus and provisions contained in the Trust Deed.
- Call, receive notice, attend and vote at the meetings of the Debenture holders in accordance with the provisions contained in the Trust Deed.

- In accordance with the Listing Rules of the CSE, receiving annual report of the Company within a period not exceeding Five (05) months from the close of each financial year. The Audited accounts will be sent in CD form, unless a specific request for a hard copy is received by the Company.

The other rights of the holders of these Debentures are set out in the Trust Deed.

B) DEBENTURE HOLDERS ARE NOT ENTITLED TO THE FOLLOWING:

- Attending and voting at meetings of the holders of shares and other types of debentures issued by NTB.
- Sharing in the profits of the Bank.
- The Debenture Holders will not be entitled to any of the rights and privileges available to the Shareholders of the Bank including the right to receive notices of Annual General Meetings or attend and vote at the Annual General Meeting of the Bank.

C) OBLIGATIONS ON THE DEBENTURES

The Bank shall repay the principal sum on the date of maturity/redemption and interest on the Debentures as per Section 5.9 and 5.7 of this Prospectus and the provisions contained in the Trust Deed and comply with all other terms and conditions stipulated in the Trust Deed in respect of these Debentures.

When making payment of the principal sum and interest on the Debentures, the Bank shall always act on the information furnished by the CDS and it shall be the responsibility / obligation of each Debenture Holder to update keep all information in respect of such Debenture Holder in the CDS. Each Debenture Holder shall absolve the Bank, CDS and CSE from any responsibility or liability in respect of any error or absence of necessary changes initiated by the Debenture Holders in the information recorded with the CDS.

5.17. Risk Factors Specifically Associated with the Debentures

Subscribers to the Debentures will be exposed to the following risks:

(It is vital to note however that these risks are not unique to Debentures issued by NTB and apply generally to any unsecured fixed income securities, fixed deposit or any other term or money market deposit)

(I) INTEREST RATE RISK

The price of a typical debenture will change in the opposite direction to a change in the market interest rates assuming all other factors are equal. "Market Interest Rate" refers to interest rate expected by the investors for investments with similar maturity and risk profile. As market interest rates rise, price of the debenture may fall and as market interest rates fall, the price of the debenture may rise. However interest rate risk is of importance only if an investor sells the Debenture prior to maturity. If an investor sells a Debenture prior to maturity when market interest rate is higher than on these Debenture interest rates, the investor may incur a capital loss. Similarly, if an investor sells a debenture prior to maturity when market interest rate is lower than that on the debenture interest rate, then the investor may receive a capital gain. This risk of potential capital gains/losses due to fluctuations in the future interest rates is known as the interest rate risk.

(II) REINVESTMENT RISK

NTB shall pay interest on the Debentures semi-annually/annually. The investor may decide to reinvest this interest payment and earn interest on interest. Depending on the prevailing market interest rates, the Debenture Holder may be able to reinvest the paid interest at a higher or lower interest rate than that is offered by these Debentures. This uncertainty that the interest rate at which the interest payments of the Debenture can be reinvested is known as "reinvestment risk".

(III) DEFAULT RISK

Default risk also known as credit risk refers to the risk that the Issuer of a Debenture may default, i.e. the Issuer will be unable to pay interest and principal payments when due. It is advisable for prospective NTB Debenture investors to take into account past earnings and asset growth performance of NTB, present financial strengths as reflected in the Balance Sheet of NTB, the rating awarded to the Company and its Debentures by Fitch, its risk management policies and the experience of the Directors and Senior Management when forming an opinion on Default Risk.

(IV) LIQUIDITY RISK

Liquidity risk depends on the ease with which debentures can be sold after the initial placement. As the Debentures will be listed on the CSE, investors will be able to trade the instrument in the secondary market and convert to cash mitigating liquidity risk. However transaction price or bid-ask spread will be dependent upon the marketability, demand, supply and other macro factors such as market interest rates.

(V) CALL RISK

Call risk refers to the risk that the issuer will retire all or a part of the principal value of the debentures before maturity. The risk to investor is in that, the timing of the call is not known and the investor will be faced with a reinvestment risk in the event the call is made at a time when the market interest rates have declined.

NTB Debentures do not have a call risk, since these Debentures shall not be redeemed by the Bank prior to maturity for any reason whatsoever except due to unforeseen circumstances beyond the control of the Bank.

(VI) INFLATION RISK

The possibility of a decline in the real value of cash flows of a Debenture, due to increase in inflation is referred to as inflation risk. Since the coupon rate of a fixed rate Debenture is not adjusted upwards in line with the inflation, Debentures carry an inflation risk. The interest rate of a floating rate Debenture is periodically adjusted on the basis of a selected benchmark interest rate and to the extent the benchmark rate properly reflects inflation, floating rate debentures have less inflation risk. (NOTE The proposed Debentures are Fixed rate instruments)

(VII) DURATION RISK

Duration risk is a measure of the price sensitivity of fixed income investments to change in interest rates. Calculation of this risk is based on the price sensitivity of a fixed income security to a prevailing market interest rate change of 100 basis points. Duration is expressed as a number of years to repay the price from the different cash flows incurred during the period of debenture to its maturity. The duration indicator addresses the risk of interest rate fluctuations. The higher the duration, the greater the price volatility or duration risk, while the lower duration carries a lower risk.

5. Information Relating to the Issue

(VIII) SUBORDINATION RISK

The Debentures will be the Bank's direct unsecured obligations which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), will rank equal with the Bank's other subordinated indebtedness and will be subordinated in right of payment to the claims of the Bank's depositors and other unsubordinated creditors. Therefore, if, prior to the occurrence of a Trigger Event, the Bank becomes insolvent or is wound-up, the assets of the Bank would first be applied to satisfy all rights and claims of holders of senior indebtedness. If the Bank does not have sufficient assets to settle claims of such senior indebtedness holders in full, the claims of the holders of the Debentures will not be settled and, as a result, the holders will lose the entire amount of their investment in Debentures. The Debentures will share equally in payment with claims under other subordinated indebtedness if the Bank does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, holders could lose all or part of their investment.

In addition, holders should be aware that, upon the occurrence of a Trigger Event, all the Bank's obligations under the Debenture shall be deemed paid in full by the issuance of Ordinary Shares upon a Non-Viability Conversion, and each holder will be effectively further subordinated due to the change in their status following such a conversion from being the holder of a debt instrument ranking ahead of holders of Ordinary Shares to being the holder of Ordinary Shares. As a result, upon Non-Viability Conversion, the holders could lose all or part of their investment in the Debentures irrespective of whether the Bank has sufficient assets available to settle what would have been the claims of the holders of the Debentures or other securities subordinated to the same extent as the Debentures, in proceedings relating to an insolvency or winding-up.

RISKS ARISING FROM THE DEBENTURES BEING A BASEL III NON VIABILITY CONVERSION INSTRUMENT

(i) Conversion Risk

The Debentures issued under this prospectus carries a feature for conversion to ordinary voting shares of the Bank upon the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event the Bank shall convert the Debentures into Ordinary Shares and any accrued but unpaid interest will be added to the par value of the Debentures and such accrued but unpaid interest, together with the principal amount of the Debentures will be deemed paid in full by the issuance of Ordinary Shares. Upon conversion the Debenture holders shall have no further rights and the Bank shall have no further obligations to holders of the Debentures under the Trust Deed. Moreover, a Non-Viability Conversion upon the occurrence of a Trigger Event is not an event of default under the terms of the Debenture or the Trust Deed.

Potential investors in Debentures should understand that, if a Trigger Event occurs and Debentures are converted into Ordinary Shares, Investors are obliged to accept the Ordinary Shares even if they do not at the time consider such ordinary Shares to be an appropriate investment for them and despite any change in the financial position of the Bank since the issue of the Debentures or any disruption to the market for those Ordinary Shares or to capital markets generally.

If there is an issuance of ordinary voting shares to the Debenture Holders upon the occurrence of the Trigger Event, a Debenture Holder would cease to be a Debenture Holder and would become a shareholder of the Company to the extent of such issuance and will rank equal and *pari passu* with existing ordinary shareholders with voting rights after the date of allotment of new shares to such shareholders (i.e. the previous Debenture holders).

Subsequent to the Debenture Holders becoming shareholders of the Company, due to the occurrence of the Trigger Event, they would be entitled to exercise such rights as are exercisable by the other shareholders of the Company holding ordinary voting shares. Once the conversion of Debentures is concluded the convertible Debentures will cease to exist.

- (ii) The number and value of Ordinary Shares to be received on a Non - Viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.

Upon the occurrence of Non-Viability Conversion even though Ordinary Shares of equivalent value would be initially issued at the VWAP, yet there is no certainty of the value of such Ordinary Shares to be received by the holders of the Debentures being maintained at such levels and the value of such Ordinary Shares could eventually be significantly less than the par value of the Debentures.

Moreover, there may be an illiquid market, or no market at all, in Ordinary Shares received upon the occurrence of a Non-Viability Trigger event, and investors may not be able to sell the ordinary Shares at a price equal to the value of their investment and as a result may suffer significant loss.

(iii) Uncertainty regarding the Trigger Event

Because of the inherent uncertainty regarding the determination of when a Trigger Event may occur, it will be difficult to predict when, if at all, the Debentures will be converted into Ordinary Shares. In addition, investors in the Debentures are likely not to receive any advance notice of the occurrence of a Non-Viability Trigger Event. As a result of its uncertainty, trading behavior in respect of the Debentures is not necessarily expected to follow trading behavior associated with other types of convertible and exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Debentures and the Ordinary Shares, whether or not such Trigger Event actually occurs. Therefore, in such circumstances, investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to other types of subordinated Debentures, including the Bank's other subordinated debt securities. In addition, a Non-Viability Conversion could drive down the price of Ordinary Shares subsequent to the conversion itself arising from the additional shares in issue of the Bank.

(iv) Following a Non-Viability Conversion, investor will no longer have rights as a creditor and will only have rights as a holder of Ordinary Shares

Upon a Non-Viability Conversion, the rights, terms and conditions of the Debentures, including with respect to priority and rights on liquidation, will no longer be relevant as all such Debentures will have been converted

on a full and permanent basis into Ordinary Shares ranking pari passu with all other outstanding Ordinary Shares. If a Non-Viability Conversion occurs, then the interest of depositors, other creditors of the Bank, and holders of Bank securities which are not contingent instruments will all rank in priority to the holders of contingent instruments, including the Debentures.

Given the nature of the Non-viability Trigger Event, a holder of Debentures will become a holder of Ordinary Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent or wound-up after the occurrence of a Non-viability Trigger Event, as holders of Ordinary Shares investors may receive substantially less than they might have received had the Debentures not been converted into Ordinary Shares.

(v) An investor's remedies for the Bank's breach of its obligations under the Debenture are limited

Absent an Event of Default (which shall occur if the Bank becomes insolvent or bankrupt, the Bank goes into liquidation either voluntarily or under an order of a court of competent jurisdiction, or the Bank otherwise acknowledges its insolvency), the trustees and holders of Debentures shall not be entitled to declare the principal amount of the Debentures due and payable under any circumstance. As a result, the investor will have no right of acceleration in the event of a non-payment of interest or a failure or breach in the performance of any other covenant of the Bank, although legal action could be brought to enforce any covenant given by the Bank.

(vi) Acknowledgement of the CBSL Resolution Powers

The CBSL retains full discretion regarding the determination that a Trigger Event has occurred;

The Monetary Board determines the Trigger Event and effects a conversion after considering the other bail-in alternatives available to the bank. Further, Section 30 and 30(9) of the Monetary Law Act No.58 of 1949 (as amended) and Part VII (A) and Part VIII of the Banking Act No.30 of 1988 (as amended) specify certain events upon which Monetary Board can exercise its resolution mechanism. In view of the above, based on the statutory authority of the Monetary Board, CBSL retains full discretion to choose or not to choose to trigger for Non-

5. Information Relating to the Issue

Viability as has been provided for in the Banking Act Direction No.1 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialized Banks.

As the CBSL retains full discretion to choose not to trigger Non-Viability Conversion notwithstanding a determination that the Bank has ceased, or is about to cease to be viable, under such circumstances, the holders of the Debentures may be exposed to losses through the use of other resolution tools under applicable statutes.

- (vii) The Debentures are loss-absorption instruments that involve risks and may not be a suitable as investments for all investors

The Debentures are loss-absorption financial instruments designed to comply with applicable banking regulations and involve certain risks. Each potential investor of the Debentures must determine the suitability (either alone or with the help of a financial advisor) of the investment in light of its circumstances. In particular, each potential investor should understand thoroughly the terms of the Debentures, such as the provisions governing the Non-Viability Conversion, including under what circumstances a Trigger Event could occur.

A potential investor should not invest in the Debentures unless he/she has the knowledge and expertise (either alone or with the financial advisor) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the likelihood of the Non-Viability Conversion into Ordinary Shares and the value of the Debentures, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this prospectus.

ADDITIONAL INFORMATION

- (i) The ability to transfer the Debentures may be limited by the absence of an active trading market, and there is

no assurance that any active trading market will develop for the Debentures

In Sri Lanka the secondary trading activity in the corporate debt market is limited. The Debentures are a new issue of securities and have no established secondary trading market. Further the secondary market trading is only limited to Qualified Investors as defined in the Prospectus. There can be no assurance that an active secondary trading market will develop. If the Debentures are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Bank.

Even if an active secondary trading market does develop, it may not be liquid and may not continue. Therefore, investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the secondary market for the Debentures is limited, there may be few buyers for the Debentures and this may significantly reduce the relevant market price of the Debentures.

- (ii) Credit ratings may not reflect all risks associated with an investment in the Debentures

A credit rating reflects a relative ranking of credit risk and does not reflect the potential impact of all risks related to the structure, market, additional factors discussed herein, and other factors that may affect the value of the Debentures.

- (iii) A Downgrade, suspension or withdrawal of the rating assigned by any rating agency to the Debentures could cause the liquidity or market value of the Debentures to decline

Rating initially assigned to the Debentures may be lowered or withdrawn entirely by the rating agency if, in the rating agency's judgement, circumstances relating to the basis of the rating, such as adverse changes to the Bank's business, so warrant. If the rating agency lowers or withdraws its rating, such event could

reduce the liquidity or market value of the Debentures. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

- (iv) Changes in law, or changes in regulatory classification may affect the rights of holders as well as the market value of the Debentures

The regulatory regime in connection to these instruments is evolving. Changes in law may include change in statutory, tax and regulatory regimes during the life of the Debentures, which may have an adverse effect on the investment in the Debentures.

5.18. Benefits of Investing in the Debentures

Following are the key benefits of investing in Debentures

- Attractive interest income for a period of Five (05) years and provides opportunity to diversify the investments of an investor.
- Provide an opportunity to earn regular cash flow of interest payments either semi-annually or annually up to a fixed period of five(05) years.
- Opportunity to realize capital gain according to interest rate fluctuations.
- Listed Debentures provide the investor with an exit option since it could be traded on the CSE.
- Can be used as collateral to obtain credit facilities from banks and financial institution other than NTB (regulations precludes Banks to provide accommodations against the security of its own shares and debentures).

5.19. Transfer of the Debentures

- a) These Debentures shall be freely transferable and transmittable amongst Qualified Investors as long as the Debentures are listed in the CSE and 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

Bank 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
- (i) The survivor where the deceased was a joint holder; and
 - (ii) The executors or administrators of the deceased or where the administration of the estate of the deceased is in law not compulsory the heirs of the deceased where such Debenture Holder was the sole or only surviving holder;

Shall be the only persons recognized by the Bank as having any title to his/her Debentures.

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

5.20. Listing

An application has been made to the CSE for permission for issuance and listing for the Debentures and the CSE has granted its approval in-principle for the same. It is the intention of the Bank to list the Debentures in the Colombo Stock Exchange upon the allotment thereof.

The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. Admission to the official list is not to be taken as an indication of the merits of the Bank or of its Debentures.

6. Procedure for Application

6. Procedure for Application

6.1. Prospectus and Application Form

Copies of the Prospectus and the Application may be obtained free of charge from the Mangers to the Issue, Member Firms and Trading Members listed in Annexure B of this Prospectus from seven (07) Market Days prior to the date of opening of the subscription list. The Prospectus and Application Form may be downloaded from the website of the Colombo Stock Exchange and Nations Trust Bank PLC (www.cse.lk and www.nationstrust.com).

6.2. Who May Apply

Applications are invited for the subscription of Debentures from the following categories of Qualified Investors:

- (a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988 (as amended).
- (b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No.30 of 1988 (as amended).
- (c) A mutual fund, pension fund, Employee Provident Fund or any other similar pooled fund.
- (d) A venture capital fund/ company and private equity company.
- (e) A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act. No 42 of 2011 (as amended).
- (f) A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act, no 56 of 2000 (as amended)
- (g) A company licensed by the Insurance Board of Sri Lanka to carry on Insurance business in terms of the Regulation of the Insurance Industry Act, No. 43 of 2000 (as amended)
- (h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No.7 of 2007.

- (i) An investment trust or investment company
- (j) A non-resident institutional investor
- (k) An individual with a minimum initial investment amount of Rs.5,000,000.00

In view of the above, the secondary trading of the Debentures on the CSE will also be limited to Qualified Investors.

Applications will not be accepted from individuals under the age of eighteen (18) years, or in the names of sole proprietorships, unincorporated trusts or non-corporate bodies. Applications will also not be entertained from any financial institutions over which the Bank has control.

“Residency” will have the same meaning as in the order published under Section 31 of the Foreign Exchange Act No.12 of 2017 and published in Gazette Extraordinary No. 2045/56 dated 17th November 2017

When permitting Non-residents to invest in the Debentures, the Bank will comply with the relevant Foreign Exchange Act Regulations including the conditions stipulated in the notice under the said Act with regard to the Issue and transfer of Debentures of companies incorporated in Sri Lanka to foreign investors as published in the Government Gazette (Extraordinary) No. Gazette No. 2045/56 dated 17th November 2017.

6.3. How to Apply

- (a) Applications from Qualified Investors must be made on the Application Forms issued with this Prospectus. Applications are also permitted on photocopies of the Application Forms issued with the Prospectus. Applicants using photocopies are requested to inspect the Prospectus, which is available for inspection and also issued free of charge at the Registered Office of the Bank and the Collection Points listed in Annexure B.

Prospectus and Application Forms could also be downloaded from the website of the Bank(www).

nationstrust.com) or from the web site of the CSE (www.cse.lk).

Applications that do not strictly conform to such instructions and the other instructions set out below or which are illegible may be rejected. The Bank reserves the right to ask for additional information to satisfy itself that the applicant is a Qualified Investor.

- (b) Applications should be made for a minimum subscription value of Sri Lanka Rupees Ten Thousand (LKR 10,000) of One Hundred (100) Debentures.

Provided however, the minimum subscription requirement applicable for an individual investor applying for BASEL III Compliant Debt Securities shall be Rupees Five Million (LKR 5,000,000/-).

Any application in excess of the minimum subscription requirement shall be in multiples of Rupees Ten Thousand (LKR 10,000/).

- (c) More than one application submitted by an applicant will not be accepted. If two or more application forms are submitted by a single applicant, those would be considered as multiple applications and the Bank will not accept such multiple applications or suspected multiple applications.
- (d) If the ownership of the Debentures is desired in the name of one applicant, full details should be given only under the heading SOLE/FIRST APPLICANT in the application form. In the case of joint applicants, the signatures and particulars in respect of all applicants must be given under the relevant headings in the application form.
- (e) Joint applications may be made. However, an applicant of a joint application will not be eligible to send a separate application individually or jointly with another party. Such applicants are also deemed to have made multiple applications and will be rejected.

In the case of joint applications, the refunds (if any), interest payments and the redemption will be remitted in favour of the first applicant as identified in the application form.

The Bank shall not be bound to register more than three (03) natural persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of a deceased member).

Joint applicants should note that all parties should either be residents of Sri Lanka or non-residents.

- (f) Applications by companies, corporate bodies, incorporated societies, approved provident funds, trust funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the applications should be in the name of the trustee/board of management.
- (g) Applicants should apply only for one Type of Debentures (i.e. either Type A or Type B Debentures) under one Application Form. In the event an Applicant wishes to apply for more than one Type of Debentures, separate Application Forms should be used. Once an Application Form has been submitted for a particular Type of Debentures, it will not be possible for an Applicant to switch between the Types of Debentures. More than one Application submitted by an Applicant under the same Type of Debentures will not be accepted. If more than one Application Form is submitted for one Type of Debentures from a single Applicant, those would be construed as multiple Applications and the Bank reserves the right to reject such, multiple Applications or suspected multiple Applications.

6. Procedure for Application

(h) A Sri Lankan citizen must state his / her National Identity Card (NIC) number on the Debenture Application Form. The Passport number can be given only when the NIC number is not available. In the case of a corporate entity, the Company registration number must be given. A foreign citizen must state his / her passport number in the space provided.

In the event the name, address or NIC number/ passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/ passport number/company number as per the CDS records, the name, address or NIC number/ passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant. Therefore, Applicants are advised to ensure that the name, address or NIC number/passport number/ company number mentioned in the Application Form tally with the name, address or NIC number/ passport number/company number given in the CDS account as mentioned in the Application Form.

In the case of joint applicants, a joint CDS account in the name of the joint applicants should be indicated.

Application forms stating third party CDS accounts, instead of applicants' own CDS account numbers, except in the case of margin trading, will be rejected.

- (i) The Application Forms may be signed by someone on behalf of the applicant(s) provided that such person holds the Power of Attorney (POA) of the applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. Original of the POA should not be attached.
- (j) Applicants who wish to apply through their Margin Trading Account should submit the application in the name of the "Margin Provider / Applicants Name" signed by the margin provider, provided that they fall under the Qualified Investor Category. A

copy of the margin Trading Agreement should be attached with the Application Form.

Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications. Photo copy of the Margin Trading Agreement must be submitted along with the Application.

- (k) As per the Foreign Account Tax Compliance Act (FATCA) "US Persons" must provide the duly completed declaration as per the specimen given in Annexure C together with the Application Form. Under the provisions of FATCA, "US Persons" include;
- US Citizens (including an individual born in U.S. but resident in another country who has not renounced U.S. citizenship)
 - A lawful citizen of the U.S. (including Green card holders)
 - A person residing in the U.S.
 - A person who spends certain number of days in the U.S. each year
 - U.S. Corporations, estates and trusts
 - Any entity that has a linkage or ownership to U.S. or the U.S. territories
 - Non U.S. entities that have at least one U.S. Person as a "substantial beneficial owner"
- (l) As per the Directive of the SEC made under Circular No. 08/2010, dated 22 November 2010 and Circular No. 13/2010 issued by the CDS dated 30th November 2010, all Debentures allotted must be directly uploaded to the CDS accounts. As such, all applicants should indicate their CDS account number in the Application Form.

Applicants who do not have a CDS account are advised to open a CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Debentures to their CDS account. A CDS account can be opened through any Member/ Trading Member of the CSE or through a Custodian Bank. (Annexure B)

(m) Please note that upon the allotment of Debentures under this issue the allotted Debentures would be credited to the applicants CDS account indicated. Please note that Debenture certificates shall not be issued. Applications which do not carry the CDS account number, which is not opened at the time of the closure of the subscription list or which indicate an incorrect / inaccurate CDS account number shall be rejected, and no allotment will be made.

It should be noted that in the event the applicants CDS Account number is correctly stated in the Application Form, all correspondence with such applicant will be sent to the address given to the CDS by such applicant.

Further in the event the name or the address of the applicant mentioned in the Application Form differ from the name or address given to the CDS by such applicant in respect of the CDS Account mentioned in the Application Form, the name and the address given to the CDS by such applicant in respect of the CDS Account mentioned in the Application Form will be considered as the name and address of such applicant.

(n) Funds for the investments in Debentures and the payment for Debentures by non-residents should be made only out of funds received as inward remittances or available to the credit of "Inward Investment Account" (IIA) of the non-residents opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Director Department of Foreign Exchange in that regard to licensed commercial banks. The IIA is the successor to the Securities Investment Account (SIA) under the Exchange Control Act.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the applicant maintains the IIA, should be attached to the application form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the IIA.

Applications not made in line with the instructions will be rejected.

(o) Foreign Investors and Non-Resident Investors may be affected by the laws of the jurisdiction of their residence. It is the responsibility of such investors to comply with the laws relevant to their country of residence and the Laws of Sri Lanka, when making an application for subscription of the Debentures.

Application Forms properly filled in accordance with the instructions thereof together with the remittance (cheque, SLIPS, bank draft, RTGS or bank guarantee as the case may be) for the full amount payable on application should be enclosed in an envelope marked "Nations Trust Bank PLC - Debenture Issue 2018" on the top left hand corner in capital letters and dispatched by post or delivered by hand to the Registrars to the Issue at the following address:

SSP Corporate Services (Pvt) Limited
No. 101, Inner Flower Road, Colombo 3
Tel: +94(011) 2573894
Fax : +94 (011) 2573609

or to any Member/Trading Member firm of the CSE or Managers to the issue set out in Annexure B.

Applications should not be mailed or hand delivered to any other address. Persons who are not certain of the method of remittance should consult the Managers/Registrars to the Issue.

Applications sent by post or delivered to any places mentioned in Annexure B (Collection Points) should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the following working day upon the closure of the subscription list. Applications received after the said period will be rejected even though they have been delivered to any of the Collection Points prior to the Closing Date or carry a post mark dated prior to the Closing Date.

6. Procedure for Application

Applications delivered by hand to the Registrars to the issue after the Closure Date of the issue will also be rejected.

6.4. Mode of Payment

(a) Payment in full for the total value of Debentures applied for should be made separately in respect of each Application either by cheque/ s, bank draft/ s, bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to (b) below. Remittances on applications will be deposited in a separate bank account in the name of the "Nations Trust Bank PLC – Debenture Issue 2018"

(b) Payments for Applications for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-) should be supported by either,

- Multiple bank drafts drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/-or
- Bank guarantee issued by a licensed commercial bank operating in Sri Lanka, or
- RTGS transfer with value on the date of submission of application or opening of the Issue whichever is later,

Multiple bank drafts/cheques, bank guarantees or RTGS transfers will not be accepted for Applications valued below Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-)

(c) Cheques or Bank Drafts should be drawn upon any commercial bank in Sri Lanka and crossed "Account Payee Only" and made payable to "Nations Trust Bank PLC - Debenture Issue 2018"

(d) Application forms accompanied by cash will not be accepted. Applicants who wish to pay in cash can obtain a bank draft from any licensed commercial

bank in Sri Lanka. Payments in any other form other than as mentioned above will not be accepted.

(e) The amount payable should be calculated by multiplying the number of Debentures applied for by the Issue Price of LKR 100 per Debenture. If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft, bank guarantee, the application will be rejected.

(f) Bank Guarantees should be issued in a manner acceptable to NTB and the Registrars to the issue and should be issued by a Commercial Bank in Sri Lanka and payable on demand unconditionally to "Nations Trust Bank PLC - Debenture Issue 2018" Bank guarantees will be presented to the respective banks only after the New Debentures have been allotted.

Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. Please note that bank guarantees should be valid for a minimum of One (01) month from the date of opening the Issue. It is advisable that the applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses inclusive of charges relating to Bank Guarantees should be borne by the applicants.

(g) In case of RTGS transfers (only for application values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-), such transfers should be made to the credit of "Nations Trust Bank PLC - Debenture Issue 2018" bearing the account number 1000 6000 9569 at Nations Trust Bank, Corporate Branch with value on the date of submission of Application or opening of the Issue whichever is later.

(h) The Applicant should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for to the credit of "Nations Trust Bank PLC - Debenture

Issue 2018" bearing the account number 1000 6000 9569 at Nations Trust Bank PLC, Corporate branch with value on Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date) and should be attached with the Application Form.

For RTGS transfers above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to an interest at the rate of Three decimal five zero per centum (3.50%) per annum from the date of such transfers up to the Date of Allotment. However, no interest will be paid if the RTGS transfers are not realised before the end of the Closure Date. Furthermore, even if such RTGS transfers are effected prior to the issue opening date, no interest will be paid for the period prior to the Issue opening date. The basis of calculating interest will be actual/actual basis.

- (i) All cheques/bank drafts received in respect of the applications will be banked next working day immediately after the closure of the Subscription List. Payments in any form other than as mentioned above will not be accepted. In the event that cheques are not realised within two (02) market days from the closure of the subscription list (cheques must be honoured on first presentation), such applications will be rejected in order to facilitate the completion of the allotment in seven (7) market days of the closure of the issue and cheques realized after such date will be refunded and no allotment of Debentures will be made.
- (j) Payment for the Debentures by non-residents should be made only out of funds received as inward remittances or available to the credit of "Inward Investment Account" (IIA) maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Director Department Foreign Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the applicant maintains the IIA, should be attached to the

application form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the IIA.

6.5. Rejection of Applications and Delayed Applications

- (a) Application Forms and the accompanying remittance mode (Cheque / Bank Draft / Bank Guarantee/RTGS) which are illegible or incomplete in any way and / or are not in accordance with the terms, conditions and instructions set out in this Prospectus will be rejected at the sole discretion of the Bank.
- (b) Applications from individuals under the age of eighteen (18) years or in the names of Sole Proprietorships, Partnerships or Unincorporated Trusts will also be rejected.
- (c) Any application form from a non-Qualified Investor will also be rejected.
- (d) An Applicant of a Joint Application will not be eligible to submit another application either individually or jointly under the available Debenture category. Only one Application should be made by any person or entity under the available Debenture category. Multiple Applications will be rejected.
- (e) Any application form with more than three (03) natural persons as joint applicants for any type of Debentures will be rejected.
- (f) Applications which do not carry a valid CDS account number at the time of the closure of the subscription list or which indicate an incorrect / inaccurate CDS account number shall be rejected, and no allotment will be made. Application Forms stating third party CDS account numbers, instead of their own CDS account numbers, except in the case of Margin Trading Accounts, will also be rejected.
- (g) Any Application Form which does not state the NIC, Passport or Company Registration number, as the case may be, will be rejected.

6. Procedure for Application

- (h) In the event that cheques are not realized within two (2) Market Days from the closure of the subscription list and realized after such date the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. In the event Cheques are dishonoured / returned on first presentation, the Application will be rejected.
- (i) Applications delivered by hand to the Registrars to the Issue, or to any place / institution discussed in Annexure B (Collection Points) after the subscription list is closed will be rejected. Application received by post or courier where after 4.30 pm on the Market day immediately following the closing date, will also be rejected even if they carry a post mark dated prior to the Closing date.
- (j) Applications delivered to any place / institution discussed in Annexure B (Collection Points) should also reach the office of the Registrars to the Issue at least by 4.30 pm on the following market day immediately upon the closure of the Subscription List. Applications received after the said duration will be rejected even though they have been delivered to any of the Collection Points prior to the Closing Date or carry a post mark dated prior to the Closing Date.

6.6. Basis of Allotment

The debentures offered under this prospectus will be allotted only to "Qualified Investors" as defined in section 6.2

The basis of Allotment will be decided by the Board of Directors of the Bank and will endeavour to decide and announce to the CSE a fair basis of allotment, within seven (07) Market Days from the Closure Date. Further the Board however shall reserve the right to allocate up to a maximum of 75% of the number of Debentures to be allotted under this issue to institutional and or identified investor/s of strategic importance with whom the Bank might have mutually beneficial relationships in the future.

The Board of Directors of NTB reserves the right to refuse any Application or to accept any Application or part only, without assigning any reason thereto.

The successful applicants will be informed of the allotment within Ten (10) Market Days from the closure of the Subscription List.

In view of the above, the secondary trading of the Debentures on the CSE will also be limited to Qualified Investors.

6.7. Unsuccessful Applications and Refund Payments

Monies will be refunded where;

- an Application is rejected for reasons given in Section 6.5 of this Prospectus; or
- the Application is accepted only in part

If the applicant has provided accurate and complete details of his/her bank account in the application, the Bankers to the Issue will make refund payments up to and inclusive of Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the applicant, through SLIPS and a payment advice will be sent in the event of refunds over Rupees Five Million (LKR 5,000,000/-) if the applicant has provided accurate and correct details of his/her bank account refunds will be made via RTGS or if the applicant has not provided accurate and correct details of his/her bank account in the application or if the applicant has not provided details of the bank account in the application form, the Bank will make such refund payments to the applicant by way of a cheque and sent by post at the risk of the applicant.

In the case of joint application, the cheques will be drawn in favour of the applicant's name appearing first in the application form.

It is the responsibility of Non-Residents/Foreign Investors to ensure that their IIA details are accurately provided on the application Form to forward the refund to IIA through which the application was made.

Applicants can obtain details on bank and branch codes required for providing instructions on SLIPS transfers at the following website;

http://www.lankaclear.com/product_service/8-guidelines

Refunds on applications rejected or partly allotted Debentures would be made within ten (10) market days excluding the closure date. Applicants would be entitled to receive interest at the rate of the last quoted Average Weighted Prime Lending Rate (AWPLR) published in the immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event that the Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made within this period.

6.8. Direct Lodgment with CDS and Trading of Debentures

Debentures allotted will be directly deposited to the respective CDS accounts given in the application forms before the expiry of eighteen (18) Market Days, from the closure date. A written confirmation of the credit will be sent to the applicant within two (02) Market Days of crediting the CDS account, by ordinary post to the address provided by each applicant.

The Bank will submit to the CSE a 'Declaration' on direct upload to CDS on the, market day immediately following the day on which the applicants' CDS accounts are credited with the Debentures.

Trading of Debentures on the secondary market will commence on or before the third (3rd) market day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

7. Overview Of Nations Trust Bank PLC

7.1. Overview

Inception

Nations Trust Bank PLC is a licensed Commercial Bank established under the banking Act No. 30 of 1988 and a public limited liability company incorporated in Sri Lanka. The registered office of the company is located at no 242 Union Place, Colombo 02. The Bank started its operation in 1999 with the acquisition of the Overseas Trust Bank.

Evolution

In 2002 the bank acquired Waldock Mackenzie Ltd, the investment banking arm of John Keells PLC. The Bank became the exclusive franchisee to issue and acquire American Express cards in Sri Lanka in 2003 & in 2006 the Bank merged with Mercantile Leasing and started its own Nations Leasing business.

Delivery & Distribution

Nations Trust Bank is one of Sri Lanka's fastest growing licensed commercial banks, offering a multitude of solutions across Sri Lanka. The Bank's innovative perspectives on customer centricity have enabled the Bank to rapidly capture market share through a superior value proposition to customers. The Bank delivers its products & services through 93 branches & 135 ATMs.

Structure

The Nations Trust Group comprises of Nations Trust Bank PLC and three subsidiaries engaged in providing specialized products & services. The Bank is the most significant entity within the Group, accounting for 99.7% of the Group's total assets. The company has a market capitalization of Rs.21, 403,363,748.70 as of 28th February 2018.(Source CSE DAILY 2018-02-28-Index market capitalization).

Business Model

The core businesses of Nations Trust Bank include Consumer Banking, SME Banking, Corporate Banking, Leasing and Treasury. These business pillars are supported by an integrated platform combining of support and corporate services divisions with a single focused approach of providing unparalleled and unprecedented levels of convenience to customers.

Our Vision

We help people & Businesses achieve today's goals and tomorrow's aspirations.

Our Mission

We will work SMART to be the most respected financial service provider. SMART (Speed, More with less, Adaptable, Responsible, Tech-savvy)

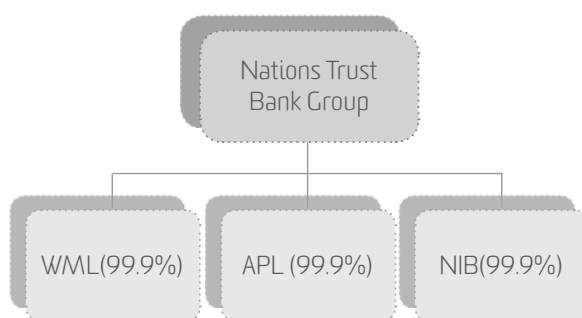
Our Values

Trust, Agile, Proactive, Excellence and Winning Together

7.2. Details of the Group Structure

Key Subsidiary Companies

The principal activities of the Bank's subsidiaries namely Waldock Mackenzie Limited, Allied Properties Limited and Nations Insurance Brokers Limited are carrying out operations as a margin provider, property rental and insurance broking respectively.



WML - Waldock Mackenzie Ltd – Margin Trading & Investment Banking

APL - Allied Properties Ltd – Renting of commercial property

NIB - Nations Insurance Brokers Ltd - Insurance broking activities

7.3. Major Shareholders as at 28th February 2018

NO.	TOP 20 VOTING SHAREHOLDERS	NO. OF SHARES	%
1	JOHN KEELLS HOLDINGS PLC	46,121,536	20.00%
2	HWIC ASIA FUND	34,591,092	15.00%
3	CENTRAL FINANCE COMPANY PLC A/C NO 03	23,014,400	9.98%
4	MACKINNON'S KEELLS LIMITED.	22,830,159	9.90%
5	JANASHAKTHI GENERAL INSURANCE LIMITED*	18,582,682	8.06%
6	BNYMSANV RE-FIRST STATE INVESTMENTS ICVC-STEWART INVESTORS ASIA PACIFIC FUND	15,388,889	6.67%
7	CF INSURANCE BROKERS (PVT) LTD	11,592,857	5.03%
8	CF GROWTH FUND LTD A/C NO.01	11,514,273	4.99%
9	JANASHAKTHI INSURANCE PLC (POLICY HOLDERS) *	4,091,107	1.77%
10	HATTON NATIONAL BANK PLC A/C NO 1	3,703,543	1.61%
11	MR. M.F. HASHIM	2,600,711	1.13%
12	RUBBER INVESTMENT TRUST LIMITED A/C # 01	2,263,764	0.98%
13	MR. N.R. SOMAIYA	1,320,624	0.57%
14	TIMEX GARMENTS (PVT) LTD	1,238,465	0.54%
15	DEUTSCHE BANK AG AS TRUSTEE FOR NAMAL ACUITY VALUE FUND	1,200,000	0.52%
16	MALSHIP CEYLON LTD	1,063,857	0.46%
17	MR. D.J.M. BLACKLER	1,000,000	0.43%
18	HSBC INTL NOM LTD-SSBT-PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	934,186	0.41%
19	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	842,134	0.37%
20	Mr. P.P ARACHCHI	820,000	0.36%

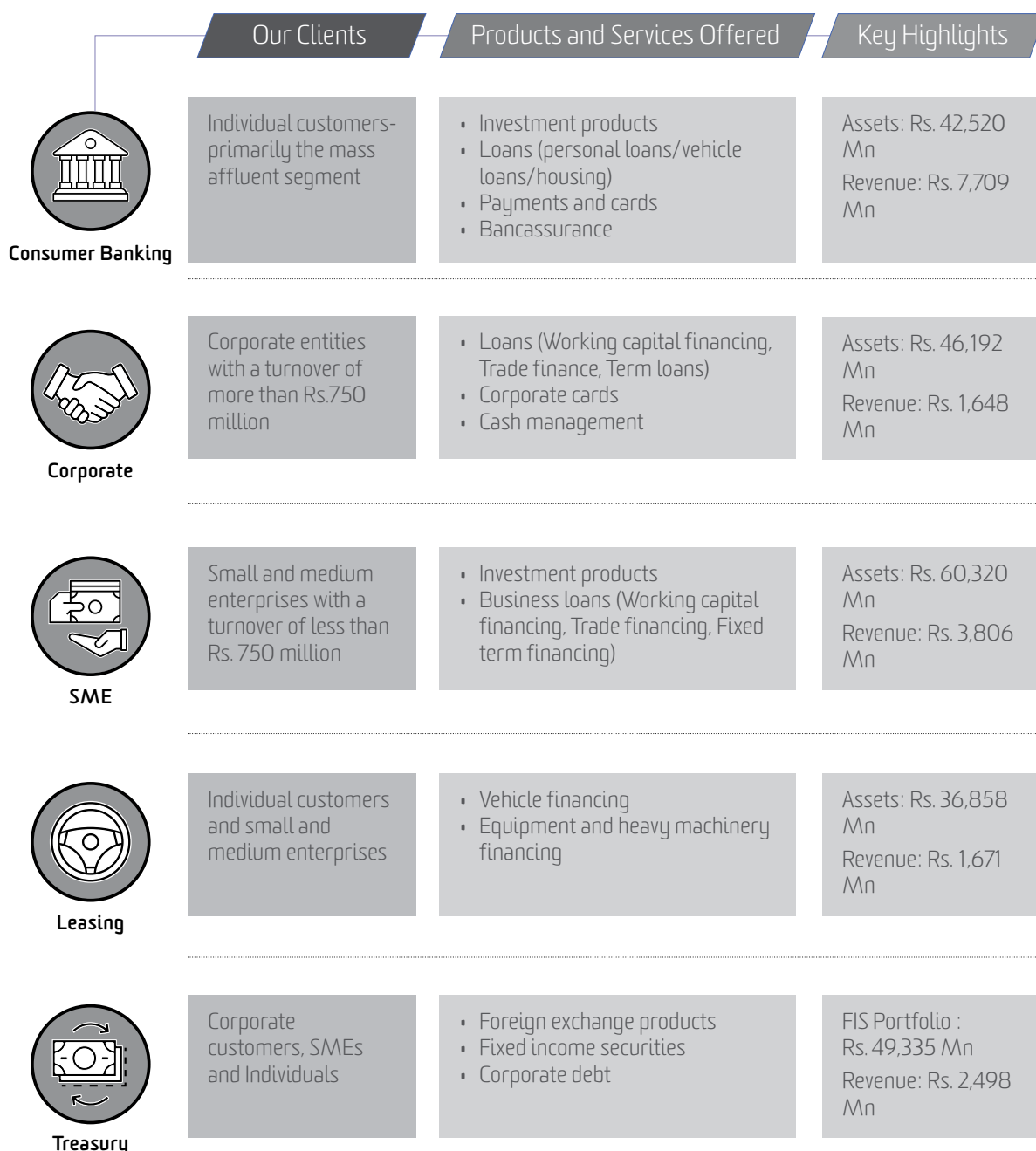
* As at 29/12/2017 JANASHAKTHI GROUP in aggregate holds 22,673,789 shares (9.83%)

NO.	TOP 20 NON-VOTING SHAREHOLDERS	NO. OF SHARES	%
1	JOHN KEELLS HOLDINGS PLC	14,138,617	35.25%
2	CENTRAL FINANCE COMPANY PLC A/C NO 03	7,002,504	17.46%
3	HWIC ASIA FUND	6,015,842	15.00%
4	MACKINNON'S KEELLS LIMITED.	3,970,462	9.90%
5	BNYMSANV RE-FIRST STATE INVESTMENTS ICVC-STEWART INVESTORS ASIA PACIFIC FUND	2,676,328	6.67%
6	CF INSURANCE BROKERS (PVT) LTD	2,016,149	5.03%
7	CF GROWTH FUND LTD A/C NO.01	2,002,482	4.99%
8	MISS. H. ABASBHOY	500,000	1.25%
9	RUBBER INVESTMENT TRUST LIMITED A/C # 01	393,698	0.98%
10	MR. H. N. ESUFALLY	303,185	0.76%
11	MR. M. A. H. ESUFALLY	200,000	0.50%
12	MR. D. J. M. BLACKLER	125,000	0.31%
13	E.W. BALASURIYA & CO. (PVT) LTD	86,956	0.22%
14	MR. M. A. JAFFERJEE	79,914	0.20%
15	MRS. S. BALENDRA	55,721	0.14%
16	J.B. COCOSHELL (PVT) LTD	55,388	0.14%
17	MR. M. J. FERNANDO	43,749	0.11%
18	THE INCORPORATED TRUSTEES OF THE CHURCH OF CEYLON	23,913	0.06%
19	MR. M. L. HIRDARAMANI	20,662	0.05%
20	MR. K. N. J. BALENDRA	18,730	0.05%

7. Overview of Nations Trust Bank PLC

7.4. Key Business Lines

We offer a diverse range of products to our customers through 5 key business line which are supported by several shared service functions as illustrated below:



(Source: Nations Trust Bank, annual Report 2017)

7.5. Strategy, Future Outlook and Assumptions

7.5.1. Strategy & Future Outlook

The Bank's strategy formation is built on creating sustainable value to all our stakeholders, whilst customer centricity is core of bank's strategy, it is ably supported by key strategic thrusts of digital banking, lean transformation, data analytics and talent management.

Business pillars will collaboratively offer consolidated and holistic solutions to meet customers' life cycle requirements. The Bank will continue to evaluate and review the operational structures with the objectives of enhancing customer experience, improving productivity and efficiency.

The Bank's innovation in the digital front will provide unparalleled customer convenience and competitive edge to build market share and create shareholder value.

7.5.2. Assumptions in Relation to the Future Plans

GDP growth is expected to be 5% or above (subject to anticipated volatility in weather condition in the country) and inflation is projected to remain at mid-single digit during the planning period. (Source IMF Country Report No. 17/253 dated August 10, 2017) interest rate is likely to decline over the planning period despite the periodic policy rate changes in order to curtail higher credit demand. Further, exchange rate is likely to follow the long standing trend. Amidst, construction sector following its aggressive growth rate, trade, tourism, Communication and IT, transport and Manufacturing sectors are expected to contribute for the GDP at a significant level during the planning period.

7.6. Risks Associated with the Future Outlook

The Bank has demonstrated resilience amidst several economic cycles recording sustainable profits; however, adverse economic conditions, political instability, unexpected external shocks and natural disasters could have a negative impact on these future strategies.

Risk management functions across the bank will continue to be strengthened during the planning period to manage credit, market, liquidity and operational risks through a process of ongoing identification,

measurement and monitoring, subject to risk limits and other controls. Risks and control limits have been addressed in the business strategies that have been developed for the planning period. Specifically the development of early warning systems, risk monitoring and management tools and strengthening the related credit risk management expertise has been factored. The Bank views pricing for risk as fundamental to credit risk management which has been incorporated to ensure the Risk Adjusted Returns on Capital emanating from different portfolios and business units give the desired levels of returns during the planning period.

7.7. Degree of Dependence on Key Customers and Suppliers

NTB is neither significantly dependent on any key suppliers and/ or customers nor is over exposed to any particular customer or a supplier. The nature of the business is such it is the normal course of business for the company to have a wide base of customers and suppliers.

7.8. Employees and Labour Union Details

The permanent employee's details as at 31st December 2017 are as follows;

Total no of Employees	2,914
Total no of Managerial Staff	417

There are no labour unions at NTB, and hence the Bank does not have any labour union agreements.

7.9. Related Party Transaction Committee

The Related Party Transactions Review Committee of the Board was established at the Board meeting held on 29th September 2015 complying with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange.

Members of the Related Party Transactions Review Committee are as follows:

Dr. Kemal de Soysa- Independent Non Executive Director / Chairman of the Committee

Murtaza Jafferjee- Independent Non Executive Director /Senior Director

Renuka Fernando- Executive Director/CEO

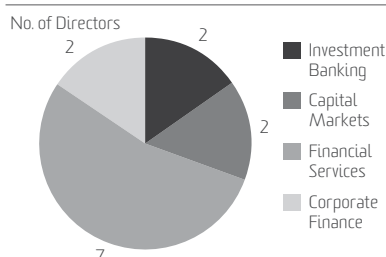
7. Overview of Nations Trust Bank PLC

7.10. Board of Directors

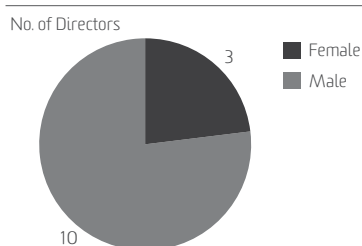
Nations Trust Bank's Board of Directors is diverse in industry experience, skills and demographics.

The Board comprises of six Independent Non-Executive Directors, six Non-Executive Directors and one Executive Director.

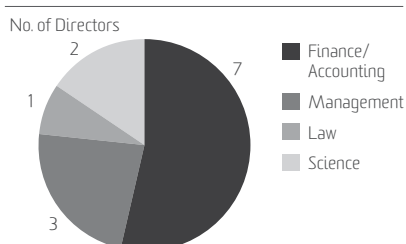
Industry Experience



Gender Representation



Academic/Professional Qualifications



Krishan Balendra

Chairman/Non-Executive Director

Date of appointment:

Appointed to the Board on 1st of December 2009 and appointed as Chairman on 1st May 2014

Current appointments:

- Deputy Chairman of John Keells Holdings PLC and holds responsibility for the Leisure and Transportation industry groups, John Keells Office Automation and John Keells Stockbrokers
- Honorary Consul General for Poland

Previous appointments:

- Former Chairman of the Colombo Stock Exchange

Skills and experience:

Experience in investment banking, focusing primarily on equity capital markets at UBS Warburg, Hong Kong and corporate finance experience at Aitken Spence & Co. PLC Sri Lanka. He holds a law degree (LLB) from the University of London and a MBA from INSEAD.

(Ms) Renuka Fernando

CEO/Executive Director

Date of appointment:

Appointed to the Board 15th September 2012.

Current appointments:

- Chief Executive Officer of Nations Trust Bank PLC
- Chairperson - Nations Insurance Brokers Limited
- Director - Allied Properties Limited
- Director - Waldock Mackenzie Limited

- Chairperson - Sri Lanka Banks' Association (Guarantee) Limited

- Chairperson - The Financial Ombudsman

Sri Lanka (Guarantee) Limited

Previous appointments:

- Vice President/ Head - Global Transactional Services and Head of Consumer Banking at ABM Amro Bank N.V, Sri Lanka
- AGM Corporate Financial Solutions, DGM-Retail Banking and DGM-Consumer Banking at NTB
- Appointed as Deputy CEO of NTB in June 2011

Skills and experience:

During her banking career spanning 36 years, Mrs. Fernando has worked at BanqueIndosuez, Sri Lanka as Manager- Corporate Banking and Nederlandsche Middenstands Bank -Hong Kong in addition to her stint at ABN Amro. She is an Associate of Chartered Institute of Bankers, UK and is a graduate of the Harvard Advanced Management Programme.

Murtaza Jafferjee

Independent Non-Executive Director/ Senior Director

Date of appointment:

Appointed to the Board on 15th December 2010

Current appointments:

- Director/CEO of JB Securities (Pvt) Limited
- Advocacy Chair for CFA Society of Sri Lanka
- Independent Non-Executive Director at Serendib Hotels PLC

Previous appointments:

- A Director of Colombo Stock Exchange from April 2007 to August 2009

Skills and experience:

He has wide-ranging experience in Sri Lankan capital markets and businesses. He holds a Masters in Financial Economics from the University of Colombo, Bachelors in Computer Science and Bachelors in Engineering- Mechanical (Hons) from University of New South Wales, Australia. He is also a Chartered Financial Analyst from the CFA Institute, Charlottesville, Virginia, USA

Dr. Kemal de Soysa

Independent Non-Executive Director

Date of appointment:

Appointed to the Board on 21st January 2011

Current appointments:

- Executive Director of International Distillers Limited and a Director of East India Holdings (Pvt) Ltd
- Director of Lynear Wealth Management (Pvt) Ltd, Lynear Partners (Pvt) Ltd, Sun Tan Resorts (Pvt) Ltd and Nations Insurance Brokers Ltd

Previous appointments:

- Former Country Head of Amba Research Lanka (Pvt) Ltd from 2009 to 2013

Skills and experience:

As the Country Head of Amba Research Lanka (Pvt) Ltd, he managed the Sri Lanka-based operation of Amba Research (now Moody's Analytics Knowledge Services), the leading provider of

investment research and analytics support services to the global capital markets industry. He was a member of the Executive Committee of the Amba Group and has also served in various capacities in the equity research domain at Amba's offices in Costa Rica and India. He holds PhD in History of Science, MPhil in History and Philosophy of Science and Medicine and BA (Hons) in Natural Sciences from the University of Cambridge.

Prasanna De Silva

Non-executive Director

Date of appointment:

Appointed to the Board on 1 January, 2012

Current appointments:

- Director of Central Finance Company PLC

Previous appointments:

- Past Chairman of the Leasing Association of Sri Lanka

Skills and experience:

He has over 26 years' experience in banking and finance of which 16 years have been in senior management. He has had extensive exposure to credit appraisals, recovery, operating systems, tax, regulatory framework and legal aspects at operational and managerial levels during his tenure at Central Finance Company PLC. An Associate Member of Chartered Financial Analyst Institute (CFA) USA and a Fellow of Chartered Institute of Management Accountants (CIMA) UK.

(Ms) Shalini Panditaratne

Independent Non-Executive Director

Date of appointment:

Appointed to the Board on 1st January 2012.

Previous appointments:

- VP, Head of Country Credit in Singapore and Thailand for JP Morgan Chase
- Head of Asia Credit and Capital Management, South East Asia for JP Morgan Chase

Skills and experience:

She has international experience in Corporate and Investment Banking at senior management levels, primarily in Credit Risk Management and Analysis. She is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA) and a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA)

Suran Wijesinghe

Non-Executive Director

Date of appointment:

Appointed to the Board on 1st November 2012.

Current appointments:

- Group Financial Controller and the Chief Financial Officer of the Financial Services sector of John Keells Holdings PLC.

Previous appointments:

- Group Finance Director of Securicor Botswana Ltd.

Skills and experience:

He has over 30 years of work experience in the fields of auditing, financial management and general management in both local and

7. Overview of Nations Trust Bank PLC

overseas organisations. He is a Fellow Member of both the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of UK.

Kumar Jayasuriya

Non-Executive Director

Date of appointment:

Appointed to the Board on 1st of May 2014

Current appointments:

- Non-Executive Chairman of Central Finance Company PLC
- Non-Executive Director of Lanka Aluminium Industries PLC
- Non-Executive Director of Acme Printing and Packaging PLC
- Trustee of the Employers' Federation of Ceylon

Previous appointments:

- Past Chairman of the Employers' Federation of Ceylon
- Past Non-Executive Chairman of Finlays Colombo PLC
- Cost Accountant of Nchanga Consolidated Copper Mines Limited-Chingola Division in Zambia

Skills and experience:

Over 30 years' experience in diverse roles including management accountant, Financial Controller, Finance Director, Deputy Chairman and Chairman and Managing Director of Finlays Colombo PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA), a Chartered Global Management Accountant (CGMA) and a Fellow Member of the Association of Certified Accountants, UK (FCCA)

Gihan Cooray

Non-Executive Director

Date of appointment:

Appointed to the Board on 1st May 2014.

Current appointments:

- Group Finance Director and Board member of John Keells Holdings PLC holding responsibility for the Finance, Accounting, Taxation, Corporate Finance & Strategy, Treasury and Information Technology functions of the Group.
- Committee Member of the Ceylon Chamber of Commerce

Previous appointments:

- President Retail Sector, Head of Corporate Finance and Treasury of the John Keells Group

Skills and experience:

He has experience in corporate finance, corporate treasury and investor relations in addition to exposure to retail supermarket operations. He has been involved in investment appraisals, capital raising and structuring transactions for the John Keells Group. He holds a MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, USA and is an Associate Member of the Chartered Institute of Management Accountants, UK. He is also a Certified Management Accountant of the Institute of Certified Management Accountants, Australia and holds a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing, UK.

Harsha Raghavan

Non-Executive Director

Date of appointment:

Appointed to the Board on 1st January 2015

Current appointments:

- Managing Director and Chief Executive Officer of Fairbridge Capital Private Limited of Mumbai, India
- Board Member of Fairfax India Holdings, registered in Canada. Fairbridge Capital is a fully owned investment company of Fairfax Financial Holdings Limited, a Company which has insurance, reinsurance and fund management businesses and is based in Canada.
- He serves on the Boards of Thomas Cook (India) Limited, Thomas Cook Lanka (Private) Limited, Thomas Cook (Mauritius) Holding Company Limited, Sterling Holiday Resorts Limited, National Collateral Management Services Limited, Luxe Asia (Private) Limited, Travel Corporation India Ltd, Bangalore International Airport Limited, Fairchem Speciality Limited, Sanmar Engineering Services Limited and SOTC Travel Limited among others.

Previous appointments:

Prior to joining Fairbridge Capital, Mr. Raghavan has served with, Candover Partners and Goldman Sachs Principal Investment Area of Mumbai, India.

Skills and experience:

In the above roles, he has executed more than two dozen transactions totalling more than USD 1.5 billion in investment. He holds a MBA

and MS in Industrial Engineering degrees both from Stanford University and B.A. in Computer Science and Economics from U.C Berkeley.

Conrad D'Souza

Independent Non-Executive Director

Date of appointment:

Appointed to the Board on 18th January 2016

Current appointments:

- Member of Executive Management and Chief Investor Relations Officer of Housing Development Finance Corporation Limited (HDFC)
- Serves on the Boards of HDFC Investments Ltd., India, HDFC Education and Development Services Pvt. Ltd., India, HDFC Holdings Ltd., India, HDFC Sales Pvt. Ltd., India, Chalet Hotels Pvt. Ltd., India, Association of Finance Professionals of India (AFPI), Housing Development Finance Corporation PLC, Maldives and First Housing Finance (Tanzania) Limited.
- Consultant to USAID / UNDP and IFC (Washington) and has undertaken assignments in Asia, Africa and Eastern Europe.

Skills and experience:

In HDFC he is responsible for strategy, corporate planning and budgeting, corporate finance and investor relations, wholesale lending to corporate and other non individual entities. He had held the position of Treasurer of HDFC for nine years and responsibilities included fund management, investments, resource mobilisation

both domestic and international, asset liability management and investor relations. He has been associated with HDFC's international funding from the multilateral agencies and in the international syndicate loan markets. He holds a Masters' Degree in Commerce, a Masters' Degree in Business Administration and is a Senior Executive Program (SEP) graduate of the London Business School.

(Ms) Rachini Rajapaksa

Independent Non-Executive Director

Date of appointment:

Appointed to the Board on 29th April 2016

Current appointments:

- President/Director of CFA Society Sri Lanka,
 - Director - Asset Enterprises (Pvt) Ltd and Lanka Bond House Limited
- #### **Previous appointments:**
- Chief Financial Officer, IBM-Sri Lanka and Bangladesh
 - Senior Fund Manager at Ceybank Asset Management
 - Audit Supervisor, Pricewaterhouse Coopers Sri Lanka

Skills and experience:

She holds extensive leadership experience in the fields of fund management and finance. She is a Chartered Financial Analyst of the CFA Institute, Charlottesville, Virginia USA and is a Fellow Member of the Chartered Institute of Management Accountants of UK.

Russell De Mel

Independent Non-Executive Director

Date of appointment:

Appointed to the Board on 6th June 2016

Current appointments:

- Serves on the Boards of TAL Lanka Hotels PLC and Sunshine Teas (Pvt) Ltd.

Previous appointments:

- Served on the Boards of EAP Holdings (Pvt) Ltd, EAP Broadcasting Ltd, EAP Films and Theatres Ltd., Singer Finance Lanka PLC and HDFC Maldives (nominee of IFC)
- Served as Director/CEO and Group CEO at NDB Bank and Group
- Vice President of Group Risk Management and Corporate Banking at NDB
- Served on the Boards of over 25 listed and non-listed companies.

Skills and experience:

He is a professional accountant with over 20 years' experience in Development Banking including Project Financing, SME Financing and Merchant Banking and around 9 years of experience in Commercial and Investment Banking. He is a Fellow of the Chartered Institute of Management Accountants, Chartered Global Management Accountant and Fellow of the Certified Management Accountants of Sri Lanka.

7. Overview of Nations Trust Bank PLC

7.11. Corporate Management

Details of the Corporate Management personnel of the Bank are as follows:

Name	Designation
Ajith Akmeemana	Chief Financial Officer
Mevan Balalle	Chief Compliance Officer
Nandasiri Bandara	Executive Vice President - Internal Audit
Randil Boteju	Senior Vice President - Consumer Sales
Indrajith Boyagoda	Executive Vice President - Treasury
Sheahan Daniel	Senior Vice President - Branches
Renuka Fernando	Chief Executive Officer/Director
Niluka Gunatilaka	Senior Vice President - Cards
Hemantha Gunetilleke	Senior Executive Vice President - Commercial Banking
Bandara Jayathilake	Senior Executive Vice President - SME Banking
Nisala Kodippili Arachchige	Chief Information Officer
Chamath Munasinghe	Senior Vice President - Banking Operations
Thilak Piyadigama	Chief Operating Officer
Gayana Ranaweera	Chief Credit Officer
Theja Silva	General Counsel
Chamila Sumathiratne	Acting Chief Risk Officer
Priyantha Talwatte	Senior Executive Vice President - Consumer Banking
Dinesh Thomas	Chief Innovation Officer
Ramanika Unamboowe	Executive Vice President - Human Resources
Shaan Wickremesinghe	Chief Marketing Officer
Priyantha Wijsekera	Executive Vice President - Leasing

8. Financial Information

The following financial information is hosted on the Bank's web site, www.nationstrust.com and CSE web site www.cse.lk;

- Audited financial statements of the Bank for the year ended 31st December 2017.
- Summarized financial statements for the five year preceding the date of the application (i.e for the financial years ending 31st December, 2013 - 2017) the Accountant's Report stating the accounting policies adopted by the Entity certified by the auditors.

8.1. Share Capital and Reserves

The detailed breakdown of the Stated Capital as at 31 December 2017.

BANK	As at 01 January 2017	Dividend paid for 2016	Profit for the period	Revaluation Reserve	Trf to Reserve Fund	AFS Reserve	As at 31 December 2017
Stated Capital	5,101,369	-	-			-	5,101,369
Retained Earnings	10,261,403	(484,275)	4,286,640		(214,332)	(36,035)	13,813,401
Reserve Fund	796,401	-	-		214,332	-	1,010,733
Gain on Revaluation Reserve				674,631			674,631
AFS Reserve	(178,078)	-	-			385,678	207,600
Total	15,981,095	(484,275)	4,286,640	674,631	0	349,643	20,807,734

8.2. Particulars of Debt and Loan Capital

The outstanding borrowings of the Bank as at 31st December 2017 are as follows:

Description	LKR '000'
Due to Banks	
Call Money Borrowing	10,511,200
Borrowings from Local Banks	2,500,000
Borrowings from Foreign Banks	8,444,214
Total	21,455,414
Other Borrowings (Debenture)	8,000,000
Refinance Borrowing - other institutions	697,815

Note: Only Capital Outstanding

8.3. Details of Long Term Loans and Other Borrowings

Details of Borrowings as at 31st December 2017

Type of Borrowing	Year of Issue	Face Value (Rs.000')	Outstanding as of 31st Dec. 2017	Tenor (yrs)
Subordinated Debenture	2013	3,000,000	3,000,000	5yrs
Senior Loan/ADB	2013	2,136,000	768,214	5yrs
Medium Term Borrowing/NSB	2015	1,000,000	1,000,000	4yrs
Medium Term Borrowing/NSB	2016	1,500,000	1,500,000	4yrs
Subordinated Debenture	2016	5,000,000	5,000,000	5yrs
Medium Term Borrowing/IFC	2017	7,676,000	7,676,000	5yrs

8. Financial Information

8.4. Other Debt Securities

Details of the Listed Debentures in issue as at 31st December 2017 are as follows:

Debenture Issue	Ranking	Amount (LKR)	Interest Rate	Maturity
2013 Debenture Issue				
NTB/BC/19/12/18A13	Subordinate	3,000,000,000	13.00%	19/12/2018
2016 Debenture Issue				
NTB/BD/08/11/21/C2363	Subordinate	2,410,000	12.02%	08/11/2021
NTB/BD/08/11/21/C2364	Subordinate	3,885,800,000	12.80%	08/11/2021
NTB/BD/08/11/21/C2365	Subordinate	1,111,790,000	12.65%	08/11/2021
Total		8,000,000,000		

Nations Trust Bank PLC has complied with the main objectives stated in the Prospectus of its Debentures issues allotted in 2013 and 2016, which are listed in the Colombo Stock Exchange. There was no deviation from the objectives for which the Debentures were issued.

8.5. Details of Outstanding Convertible Debt Securities

NTB has not issued any convertible debt securities as at the date of the Prospectus.

8.6. Debt Servicing Details of the Bank

The details of the Debenture interest payments made during the past five years are given below:

Description	2013	2014	2015	2016	31st Dec 2017
	LKR '000'	LKR '000'	LKR '000'	LKR '000'	LKR '000'
Gross Interest due on Debentures	240,218	616,579	616,579	621,128	1,024,165
Debenture interest paid on or before due date	240,218	616,579	616,579	621,128	1,024,165
Debenture interest paid after due date	NIL	NIL	NIL	NIL	NIL
Debenture interest not paid as of to date	NIL	NIL	NIL	NIL	NIL

8.7. Details of Contingent Liabilities

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions. Contingent liabilities of the Bank as at 31st December 2017 are as follows:

Description	LKR '000'
Acceptances	4,440,615
Bonds & Warranties	13,020,279
Guarantees	279,149
Documentary Credit	6,753,029
Forward Exchange Contracts (Net)	38,198,470

8.8. Dividend Policy

The Board of Directors subject to the Articles of Association of the Company and Companies Act No. 07 of 2007 may

recommend and declare dividends to the shareholder from and out of the profits of the Bank. The dividend rate will be determined based on a number of factors, including but not limited to the Company's earnings, capital requirements and overall financial condition. Dividends paid and payable are subject to the Banking Act requirements.

	2017	2016	2015	2014	2013
Scrip Dividend Payments '000'	Rs.568,497				
Cash Dividend Payments '000'		Rs. 484,275	Rs. 484,275	Rs. 484,275	Rs.484,275
Dividend Per share (first & final)	Rs. 2.10	Rs. 2.10	Rs. 2.10	Rs. 2.10	Rs. 2.10

8.9. Key Financial Ratios

Description	31-Dec-2011	31-Dec-2012	31-Dec-2013	31-Dec-2014	31-Dec-2015	31-Dec-2016	31-Dec-2017
Interest Cover (times)	5.65	5.12	6.79	6.08	6.16	5.14	6.54
Debt to Equity (%)	51.53	58.54	62.72	52.53	49.81	88.51	94.86
Total Capital Adequacy Ratio (%)	16.62	17.25	19.25	17.44	14.67	15.82	13.89
Statutory Liquid Assets Ratio(%)							
- Domestic Banking Operations - %	21.37	25.91	25.26	23.17	21.77	21.72	21.13
- Foreign Currency Banking - %Operations	33.79	25.42	41.92	58.48	33.23	33.38	21.81

1 Interest Cover (times)

$\frac{\text{Profit before Debenture/Long Term Debt Interest \& Tax}}{\text{Debenture/Long Term Debt Interest}}$

2 Debt to Equity (times)

$\frac{\text{Debenture/Long Term Debt}}{\text{Equity}}$

3 Capital Adequacy Ratio (%)

Total Capital Adequacy Ratio as per CBSL Directions
 $\frac{\text{Total Capital (Tier I \& Tier II)}}{\text{Total Risk Weighted Assets}}$

4 Statutory Liquid Assets Ratio (%)

- Domestic Banking Operations
- Foreign Currency Banking Operations

$\frac{\text{Statutory Liquid Assets as per the CBSL Directions/ Banking Act}}{\text{Total Liability Base as per CBSL Directions}}$

9. Statutory and Other General Information

9.1. Inspection and Hosting of Documents

This Prospectus, the Articles of Association of NTB and the Trust Deed will be hosted on the Colombo Stock Exchange's web site www.cse.lk and on the NTB website www.nationstrust.com from the date of opening the issue until the date of redemption of the Debentures.

Audited financial statements of NTB of the Five (05) years preceding the Issue (FY 2013 to FY 2017), the Trust Deed, Articles of Association of the Bank, material contracts and management agreements and reports or statements made by an expert and referred to in the Prospectus is open for inspection by the public during normal working hours at the Registered Office of NTB from the date of this Prospectus until the date of maturity of the Debentures.

9.2. Copies of the Prospectus

Copies of the Prospectus and Application Forms may be obtained from the Registered Office of NTB, The Managers to the Issue, Member Firms and Trading Member Firms of the Colombo Stock Exchange and selected NTB Branches (Collection Points - Refer Annexure B).

Furthermore, the copies of the Prospectus and Application Form will be made available free of charge from the collection points as set out in Annexure B from seven market (07) days prior to the date of opening of the subscription list.

9.3. Details of Legal, Arbitration or Mediation Proceedings and Penalties

Apart from legal proceedings in the normal course of its banking business, the Bank and its subsidiaries are not a party to any litigation or arbitration proceedings and is not aware of any pending or threatened litigation or arbitration that, if decided adversely to the Bank, would have a significant effect upon the Bank's financial position nor has it been a party to any such proceedings in the recent past.

9.4. Details of Penalties Imposed by Regulatory and State Authorities

There were no material fines or penalties imposed by regulatory or state authorities on NTB as at 30th September 2017.

9.5. Financial Statements

NTB being a Licensed Commercial Bank is required to

prepare financial statements for the year ended 31st December of a particular year. Accordingly, NTB has prepared its financial statements for the year ended 31st December 2017 which has been audited.

9.6. Taxation

There are no specific tax concessions or exemptions applicable to the business other than normal taxes applicable to the business of banking.

9.7. Cost of the Issue

The Directors estimate that the total cost of the Issue including the Listing fees, Trustee fees, Brokerage, Printing, Marketing, Stamp duties, Joint Managers and Registrars fees and other costs connected with the Issue will be approximately LKR 25 Million and will be met out of internally generated funds.

9.8. Underwriting and Minimum Subscription

The Debenture issue is not underwritten.

In the event the issue is under subscribed, the subscribers shall be allotted in full and funds raised shall be utilized to meet the objectives stated in this Prospectus.

9.9. Brokerage

Brokerage at the rate of 0.15% of the nominal value of the Debentures will be paid in respect of the number of Debentures allotted on applications bearing the original stamp of any bank operating in Sri Lanka or a member/trading member of the CSE or any agent appointed by the Company.

9.10. Conflict of Interest between NTB and Trustee

There is no conflict of interest between the Trustee and NTB, except that the Trustee is one of the banks rendering banking related services to NTB.

9.11. Material Contracts

The Company has not entered into any material contracts other than those contracts entered into in the ordinary course of business.

9.12. Transactions Related to Property

There is no transaction relating to the property of the Bank, completed within the two (02) preceding years in which any vendor of the property sold to the Bank was any person who is or was at the time of the transaction, a promoter or a director or proposed director of the Bank who had any interest direct or indirect.

10. Statutory Declarations

10.1. Declaration by the Directors

We, the undersigned who are named herein as Board of Directors of Nations Trust Bank PLC hereby declare and confirm that we have read the provisions of CSE Listing Rules and of the Companies Act No. 7 of 2007 and any amendments thereto relating to the Issue of the Prospectus and those provisions have been complied with.

“This Prospectus has been seen and approved by the Directors of the Nations Trust Bank PLC and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it from time to time have been complied with and after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Nations Trust Bank PLC have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Nations Trust Bank PLC and making assumptions that are considered to be reasonable at the present point in time in the best judgment of the directors.

The parties to the Issue have submitted declarations to the Bank declaring that they have complied with all regulatory requirements applicable to such parties, and that such parties have no conflict of interest with the Bank.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing of Debentures issued by Nations Trust Bank PLC and those Debentures which are the subject of this Issue. Such permission will be granted when Debentures are listed in the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Exchange is not to be taken as an indication of the merits of Nations Trust Bank PLC or the Debenture Issue.”

Signed at Colombo on this 29th day of March 2018.

Name of Director	Designation	Signature
Mr. K. N. J. Balendra	Chairman/Non-Executive Director	Sgd
Mrs. R.N.K. Fernando (Director/CEO)	Executive Director/CEO	Sgd
Mr. M. Jafferjee	Senior Director	Sgd
Dr. (Mr.) K. De. Soysa	Independent Non-Executive Director	Sgd
Mrs. N. S. Panditaratne	Independent Non-Executive Director	Sgd
Mr. D. P. De Silva	Non-Executive Director	Sgd
Mr. K. O. V. S. M. S. Wijesinghe	Non-Executive Director	Sgd
Mr. C. L. K. P. Jayasuriya	Non-Executive Director	Sgd
Mr. J. G. A. Cooray	Non-Executive Director	Sgd
Mr. H. Raghavan	Non-Executive Director	Sgd
Mr. J. C. A. D’Souza	Independent Non-Executive Director	Sgd
Mr. N. I. R De Mel	Independent Non-Executive Director	Sgd
Ms. R. D. Rajapaksa	Independent Non-Executive Director	Sgd

10.2. Declaration by the Managers to the Issue

We, Treasury & Investment Banking unit of Nations Trust Bank PLC, of 242, Union Place Colombo 02 who are named in the Prospectus as the Managers to the Listed Debenture Issue of Nations Trust Bank PLC hereby declare and confirm that to the best of our knowledge and belief based on the information provided to us by the Bank, the Prospectus constitutes full and true disclosure of all material facts about the Issue and Nations Bank PLC whose Debentures are being listed.

Given on this 22nd February 2018

(Sgd.)

EVP – Treasury & Investment Banking Division

Annexure A

Credit Ratings Report by Fitch Ratings Lanka Ltd

Nations Trust Bank PLC (/gws/en/esp/issr/83062149)

FitchRatings

FitchRatings

Fitch Assigns NTB's Basel III Sub-Debt Issue Final 'A-(lka)'

Fitch Ratings-Colombo-28 March 2018: Fitch Ratings has assigned Nations Trust Bank PLC's (NTB, A(lka)/Stable) Sri Lanka rupee-denominated proposed Basel III-compliant subordinated unsecured debentures a final National Long-Term Rating of 'A-(lka)'.

The final rating is the same as the expected rating assigned on 16 October 2017 and follows the receipt of documents conforming to information already received.

The debentures, totalling LKR3.5 billion, will mature in five years and carry fixed coupons. The debentures qualify as regulatory Tier II capital for the bank and include a non-viability clause. The bank plans to use the proceeds to support its loan book expansion and to strengthen its Tier II capital base. The debentures are to be listed on the Colombo Stock Exchange.

KEY RATING DRIVERS

Fitch rates the proposed Tier II instrument one notch below the bank's National Long-Term Rating of 'A(lka)' to reflect the notes' subordinated status and higher loss-severity risks relative to senior unsecured instruments. The notes would convert to equity upon the occurrence of a trigger event as determined by the Monetary Board of Sri Lanka.

NTB's National Long-Term Rating is used as the anchor rating because the rating reflects the bank's standalone financial strength. Fitch believes that the bank's standalone credit profile best indicates the risk of becoming non-viable.

Fitch has not differentiated the notching on the proposed notes from the notching on NTB's legacy Tier II notes as it is assumed that the authorities would step in late, moving the point of non-viability close to liquidation.

Fitch has not applied additional notching to the notes for non-performance risk according to Fitch's criteria, as the notes have no going-concern loss-absorption features.

RATING SENSITIVITIES

The rating of the notes would move in tandem with NTB's National Long-Term Rating.

Contact:

Primary Analyst
Rukshana Thalgodapitiya, CFA
Vice President
+94 1 1254 1900
Fitch Ratings Lanka Limited
Level 15-04, East Tower, World Trade Center
Colombo 01, Sri Lanka

Secondary Analyst
Kanishka De Silva, CFA
Analyst
+941 1254 1900

Committee Chairperson
Wee Siang Ng, CFA
Senior Director
+65 6796 7230

FITCH RATINGS LANKA LIMITED

Authorised Signatory.

Fitch Ratings Lanka Limited
#15-04 East Tower, World Trade Centre, Colombo 1, Sri Lanka. T + 94 11 2541900 F + 94 11 2541903 www.fitchratings.lk
<https://www.fitchratings.com/site/pr/10025432>

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Media Relations: Bindu Menon, Mumbai, Tel: +91 22 4000 1727, Email: bindu.menon@fitchratings.com

Additional information is available on www.fitchratings.com

Note to editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(lka)' for National ratings in Sri Lanka. Specific letter grades are not therefore internationally comparable.

Applicable Criteria

Bank Rating Criteria (pub. 23 Mar 2018) (<https://www.fitchratings.com/site/re/10023430>)

National Scale Ratings Criteria (pub. 07 Mar 2017) (<https://www.fitchratings.com/site/re/895106>)

Additional Disclosures

Solicitation Status (<https://www.fitchratings.com/site/pr/10025432#solicitation>)

Endorsement Policy (<https://www.fitchratings.com/regulatory>)

FITCH RATINGS LANKA LTD.


 Authorized Signatory.

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3/28/2018

[Press Release] Fitch Assigns NTB's Basel III Sub-Debt Issue Final 'A-(lka)'

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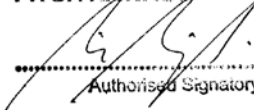
Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Solicitation Status

Fitch Ratings was paid to determine each credit rating announced in this Rating Action Commentary (RAC) by the obligatory being rated or the issuer, underwriter, depositor, or sponsor of the security or money market instrument being rated, except for the following:

Endorsement Policy - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (<https://www.fitchratings.com/regulatory>) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

FITCH RATINGS LIMITED



 Authorized Signatory.

Annexure B

Collection Points

Copies of the Prospectus can be obtained free of charge from the following collection on points.

Managers to the Issue

Treasury & Investment Banking Division

Nations Trust Bank PLC

242, Union Place,

Colombo 02.

Telephone 011-4313124/433313295

Fax 011-4791723

Bankers to the Issue

Nations Trust Bank PLC

242, Union Place,

Colombo 02.

T: +94 11 4313100

F: +94 11 4791723

Registrars to the Issue

SSP Corporate Services (Pvt) Ltd

No 101, Inner Flower Road,

Colombo 03.

T: 94 11 2573894

F: 94 11 2573609

Members of the CSE

Acuity Stockbrokers (Pvt) Ltd.

No. 53, Dharmapala Mawatha,
Colombo 3.
Tel: +94 11 2 206 206
Fax: +94 11 2 206 298 / 9

Asha Phillip Securities Ltd.

2nd Floor, Lakshmans Building,
No. 321, Galle Road, Colombo 03.
Tel: +94 11 2 429 100
Fax: +94 11 2 429 199

Assetline Securities (Pvt) Ltd.

No.120, 120A, Pannipitiya Road,
Battaramulla.
Tel: +94 11 4 700 100
Fax: +94 11 4 700 101, +94 11 4 700 112

Asia Securities (Pvt) Ltd

2nd Floor, No 176/1 - 2/1,
Thimbirigasyaya Road, Colombo 05.
Tel: +94 11 7 722000
Fax: +94 11 2584864

Bartleet Religare Securities (Pvt) Limited

Level "G", "Bartleet House", 65, Braybrooke Place,
Colombo 2.
Tel: +94 11 5 220 200
Fax: +94 11 2 434 985

Capital Trust Securities (Pvt) Ltd

42, Mohamed Macan Markar Mawatha,
Colombo 3.
Tel: +94 11 2 174174, +94 11 2 174175
Fax: +94 11 2 174173

CT CLSA Securities (Pvt) Limited

4-14, Majestic City,
10, Station Road, Colombo 4.
Tel: +94112552290-4,
Fax: +94 11 2 552289

First Capital Equities (Pvt) Limited.

No.2, Deal Place,
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Tel: +94 11 2 639898
Fax: +94 11 5 736264

J B Securities (Pvt) Ltd.

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Colombo 14.
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Fax: +94 11 2 430 070,

John Keells Stock Brokers (Pvt) Ltd.

186, Vauxhall Street,
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Lanka Securities (Pvt) Ltd

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Colombo 04.
Tel: +94 11 4 706 757, 2 554942
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Nation Lanka Equities (Pvt) Ltd.

44, Guildford Crescent,
Colombo - 07.
Tel: +94 77 6306624, +94 773 030885
Fax: +94 11 2 688 899

NDB Securities (Private) Limited.

Level 2, NDB Capital Building,
No. 135, Bauddhaloka Mawatha,
Colombo 4.
Tel: +94 11 2 314 170 to 2 314 178, +94 11 2 131 000
Fax: +94 11 2 314 181

S C Securities (Pvt) Ltd.

5th Floor, 26 B, Alwis Place,
Colombo 3.
Tel: +94 11 4 711000, +94 11 47 11001
Fax: +94 11 2 394405

Somerville Stockbrokers (Pvt) Ltd.

1A, Park Way, Park Road
Colombo 5.
Tel: +94 11 2 502 852/4/8,
Fax: +94 11 2 502596

Trading Members

Candor Equities Ltd

Level 8, South Wing, Millennium House,
46/58 Nawam Mawatha,
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Tel: +94 11 2 359 100
Fax: +9411 2305 522

Capital Alliance Securities (Pvt) Ltd

Level 5, "Millennium House",
46/58 Nawam Mawatha, Colombo 2.
Tel: +94 11 2 317777
Fax: +94 11 2 317788

Claridge Stockbrokers (Pvt) Ltd

No. 97, Ananda Rajakaruna Mawatha,
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Tel: +94 11 2 689 248
Fax: +94 11 2 689 250

Enterprise Ceylon Capital (Private) Limited

26th Floor, East Tower, World Trade Centre,
Echelon Square, Colombo 1
Tel: +94 11 2372541
Fax: +94 11 2372541

First Guardian Equities (Pvt) Ltd

32nd Floor, East Tower, World Trade Centre,
Colombo 1.
Tel: +94 11 5 884400 (Hunting)
Fax: +94 11 5 884401

LOLC Securities Limited

No. 481, T.B.Jayah Mawatha,
Colombo 10.
Tel: +94 11 5889889
Fax: +94 11 2662883

Navara Securities (Pvt) Ltd

No. 12B Gregory's Road,
Colombo 7.
Tel: +94 11 2 358 700 / 20
Fax: +94 11 5 005 551

Richard Pieris Securities (Pvt) Ltd.

No. 55/20, Vauxhall Lane,
Colombo 02.
Tel: +94 11 7 448 900, +94 11 5 900 800
Fax: +94 11 2 330 711

SMB Securities (Pvt) Ltd

No. 02, Gower Street, Colombo 5.
Tel: +94 11 5 886971
Fax: +94 11 2550100

Softlogic Stockbrokers (Pvt) Ltd

No.06, 37th Lane, Queens Road,
Colombo 03.
Tel: +94 11 7 277 000
Fax: +94 11 7 277 099

Taprobane Securities (Pvt) Ltd.

2nd Floor,
No. 10, Gothami Road, Colombo 08.
Tel: +94 11 5 328 200, +94 11 5 328 100
Fax: +94 11 5 328 177

TKS Securities (Pvt) Ltd.

4th Floor,
No. 245, Dharmapala Mawatha,
Colombo 7.
Tel: +94 11 7 857 799
Fax: +94 11 7 857 857

Trading Members - DEBT

Capital Alliance Limited

Level 5, "Millenium House"
46/58, NawamMawatha, Colombo 2.

Tel: +94 11 2317777

Fax: +94 11 2317788

First Capital Markets Limited

No. 2, Deal Place,

Colombo 3.

Tel: +94 11 2 639 898, +94 11 2 681 888

Fax: +94 11 2 639 899, + 94 11 2 576 866

NSB Fund Management Company Limited

No 255, 1st Floor, NSB Head Office,

Galle Road,

Colombo 3.

Tel: +94 11 2 564601,

Fax: +94 11 2 574 387

Wealthtrust Securities Limited

No. 32, Dudley Senanayake Mawatha,

Colombo 08.

Tel: +94 11 2 675 091-4

Fax: +94 11 2689605

Custodian Banks

Bank of Ceylon

Head Office, 11th Floor, O4,
Bank of Ceylon Mawatha,
Colombo 01
Tel: 011 2317777, 011 2448348

Citi Bank N.A

65 C, Dharmapala Mawatha,
P.O. Box 888, Colombo 07
Tel: 011 244 7316/8, 011 244 7318, 011 2449061, 011
232 8526,
011 479 4700

Commercial Bank of Ceylon PLC

Commercial House, 21,
Bristol Street,
P.O. Box 853, Colombo 01
Tel: 011 244 5010-15, 011 238 193-5

Deutsche Bank

P.O. Box 314
No. 86, Galle Road,
Colombo 03
Tel: 011 244 7062, 011 243 8057

Hatton National Bank PLC

HNB Towers,
479, T.B. Jayah Mawatha,
Colombo 10
Tel: 011 266 4664

The Hong Kong and Shanghai Banking Corporation Limited

24, Sir Baron Jayathilake Mawatha,
Colombo 01
Tel: +94 11 2325435, 2446591, 2446303

National Savings Bank

Savings House
255, Galle Road, Colombo 03
Tel: 5 730081-5

Nations Trust Bank PLC

242, Union Place,
Colombo 02
Tel: 0114 313131

Pan Asia Banking Corporation PLC

450, Galle Road
Colombo 03
Tel: 011 2 565565

People's Bank

Head Office, 5th Floor,
Sir Chittampalam A Gardiner Mawatha, Colombo 02
Tel: 011 278 1481, 011 2446316

Public Bank Berhad

340, R A De Mel Mawatha,
Colombo 03
Tel 011 2576 289,
011 7290 200-07

Sampath Bank PLC

110, Sir James Peiris Mawatha,
Colombo 02
Tel: +94 11 5331441

Seylan Bank PLC

Level 8, Ceylinco Seylan Towers,
90, Galle Road, Colombo 03
Tel: +94 11 2456789, 4701812, 4701819

Standard Chartered Bank

37, York Street,
P. O. Box 112,
Colombo 01
Tel: 011 479 4400, 011 248 0000

State Bank of India

16, Sir Baron Jayathilake Mawatha,
Colombo 01
Tel: 011 232 6133-5,
011 243 9405-6

Union Bank of Colombo PLC

64, Galle Road,
Colombo 03
Tel: +94 11 2370870

Annexure C

DECLARATION

Manager
Nations Trust Bank PLC

.....

I/We

and of

..... (address)

..... holder/s of Passport Number/ NIC Number who fall under definition of a US Persons under the provision of the Foreign Account Tax Compliance Act ("FATCA") which is a US legislation aimed at preventing tax evasion by US persons through overseas assets. I/We confirm that I/We understand FATCA is extraterritorial by design and requires "US Persons" to report their financial assets held overseas.

I/We hereby request Nations Trust Bank PLC which is recognized as a Foreign Financial Institutions (FFIs) in terms of the FATCA to report all information pertaining to the accounts and investments held by me/us in the Nations Trust Bank PLC and to remit any tax payable to the Internal Revenue Services (IRS) of the United States of America.

I/We further confirm that this request is made by me/us with full knowledge and understanding of FATCA.

Date:

Signature/s of Applicants



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