

July 12, 2021

Mr. Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
04 - 01, West Block
World Trade Centre
Echelon Square
Colombo 01

Dear Sir,

SANASA DEVELOPMENT BANK PLC (SDB BANK) – SECONDARY PUBLIC OFFERING (SPO)

Reference is made to the disclosure dated July 8, 2021 with regard to the in-principle approval of the Colombo Stock Exchange (CSE) to issue via a Prospectus and to list up to Sixty Eight Million (68,000,000) new Ordinary Voting Shares of SDB Bank (Initial Issue) and in the event of an oversubscription of the Initial Issue to issue and list up to a further Twenty Million (20,000,000) new Ordinary Voting Shares of SDB Bank at the discretion of the Board of Directors (Further Issue) resulting in a total of up to Eighty Eight Million (88,000,000) new Ordinary Voting Shares of SDB Bank (Total Issue) on the Main Board of the CSE at the Issue Price of LKR 51.50 per Share.

The Board of Directors of SDB Bank, noting an interest expressed by Belgian Investment Company for Developing Countries NV/SA ("BIO") in acquiring a shareholding of 10% of the issued shares of the Bank (post SPO) has decided to afford an opportunity for BIO to participate in the SPO as a **Cornerstone Investor** to invest in SDB Bank under the Identified Investor category of the SPO.

Accordingly, we are pleased to inform that on July 9, 2021, SDB Bank has entered into an Investment Agreement with BIO to allocate to BIO new Shares to be issued under the SPO that will result in BIO owning a shareholding in SDB Bank representing 10% of the total issued share capital of SDB Bank post SPO. Consequently, BIO will, subject to the completion of the conditions precedent stated in the Investment Agreement, subscribe to 17,957,700 New Shares in the SPO at the Issue Price of LKR 51.50 per Share amounting to an investment value of LKR 924,821,550/- assuming a full subscription of the Total Issue subject to the limits set out in the Banking Act No. 30 of 1988 (as amended). The proposed investment by BIO would, if completed, result in the subscription of approximately 20% of the SPO, assuming full subscription of the Total Issue.

BIO is a company limited by shares, incorporated on December 9, 2001 under the Laws of the Kingdom of Belgium, with its registered office at Boulevard Bisschoffsheimlaan 15, 1000 Brussels and registered with the Legal Entities Register under enterprise number BCE 476 286 331. BIO is a development financing institution fully owned and funded by the Belgian State and a member of European Development Finance Institutions which supports the private sector in developing countries to contribute to their economic, social prosperity and reduce poverty by directly and indirectly invest in Small and Medium Enterprises (SMEs) in emerging and developing countries.



The aforesaid equity investment to be made by BIO via the SPO is in addition to the investment made by BIO in SDB Bank in 2019 amounting to USD 8 Mn in unlisted subordinated term debt under Tier 2 capital of SDB Bank.

As per the disclosure made on July 8, 2021, we will inform the SPO Opening Date and the date on which the Prospectus and Application Forms will be made available to the public in due course.

Yours faithfully,

For and on behalf of

SANASA DEVELOPMENT BANK PLC



Tamarika Rodrigo
Company Secretary

Copy to: Chief Executive Officer, NDB Investment Bank Limited, Financial Advisors and Managers to SPO