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June 23, 2021

Mr. Renuke Wijeyawardhane
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 May 20, 2021 and subsequent disclosure made by SDB Bank on May 28, 2021 with regard to the approval of shareholders of SDB Bank on the issue of up to Sixty Eight Million (68,000,000) new Ordinary Voting Shares of the SDB Bank (Initial Issue) and in the event of an oversubscription of the Initial Issue to issue up to a further Twenty Million (20,000,000) new Ordinary Voting Shares of the Bank at the discretion of the Board of Directors of SDB (Further Issue) resulting in a total issuance of up to Eighty Eight Million (88,000,000) new Ordinary Voting Shares of the Bank (Total Issue) through a Prospectus.

Accordingly, SDB Bank intends to raise up to LKR 3,502,000,000/- via the Initial Issue and in the event of an oversubscription of the Initial Issue to raise LKR 1,030,000,000/- via Further Issue resulting in a total amount of up to LKR 4,532,000,000/- via the Total Issue.

As disclosed in the circular to the shareholders dated May 3, 2021, the Board of Directors of SDB Bank has reserved the right to allot the shares under the SPO in the following manner in case of an oversubscription of the Issue subject to the shareholding restrictions in the Banking Act No. 30 of 1988 (as amended).

Investor Category	Allocation of SPO (%)
Identified Investors as decided by the Board of Directors of SDB	50.0%
Existing Shareholders of SDB*	37.5%
Other Investors	12.5%
	100.0%

*** Shareholders holding Ordinary Voting Shares of SDB Bank as at the end of trading on the market day prior to the SPO Opening Date are considered as "Existing Shareholders of SDB" for this purpose.**

The Board of Directors of SDB Bank shall allocate 20% of the New Shares to the Retail Individual Investors who may comprise of Existing Shareholders of SDB and other investors.

In this instance, an individual investor who subscribes for a maximum of Three Thousand Eight Hundred (3,800) shares or a value of not more than Sri Lanka Rupees Two Hundred Thousand (LKR 200,000/-) will be deemed as Retail Individual Investors for share allotment purposes.



Further information about the SPO as relevant including the SPO Opening Date will be disclosed to the market in due course. Detailed information pertaining to the share allotments would be disclosed in the Prospectus to be issued in connection with the SPO.

SDB Bank has already submitted an Additional Listing Application to the Colombo Stock Exchange (CSE) seeking an in-principle approval to list the shares to be issued under the said SPO and the SPO of SDB Bank is subject to the approval from the CSE.

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