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STOCKBROKER OR OTHER PROFESSIONAL ADVISOR IMMEDIATELY**

SANASA DEVELOPMENT BANK PLC

CIRCULAR TO SHAREHOLDERS

Dear Shareholders,

1. RIGHTS ISSUE OF UP TO 30,525,344 NEW ORDINARY VOTING SHARES EACH ISSUED AT LKR 50/- PER SHARE

The Board of Directors of SANASA Development Bank PLC ("SDB" or "the Bank") resolved on July 24, 2020 to offer up to 30,525,344 Ordinary Shares in the proportion of One (01) Ordinary Share for every Two (02) Ordinary Shares held in the capital of the Bank by way of a Rights Issue via a Provisional Letter of Allotment with the right to renounce only in favour of the Central Depository Systems (Private) Limited (CDS) to the shareholders of issued Ordinary Shares of the Bank as at the end of trading on October 26, 2020 (date of Extraordinary General Meeting) at a price of Rupees Fifty (LKR 50 /-) per Ordinary Share (the "Issue"). Accordingly, the Bank expects to raise upto Rupees One Billion Five Hundred Twenty Six Million Two Hundred Sixty Seven Thousand Two Hundred (LKR 1,526,267,200/-) through the Rights Issue of Ordinary Shares.

The Board also resolved that in its opinion, the consideration of LKR 50/- per Ordinary Voting Share is fair and reasonable to the Bank and all its existing shareholders as required by the Companies Act No.7 of 2007 (Companies Act).

The new Ordinary Shares so provisionally allotted through the Rights Issue shall upon due acceptance and payment rank *pari passu* in all respects with the existing Ordinary Shares of the Bank including the right to participate in any dividend declared upon the final allotment which shall be after the last date of acceptance and payment and subject to the limits set out in the Banking Act No. 30 of 1988 (as amended) (Banking Act).

2. PURPOSE OF THE RIGHTS ISSUE

2.1 Utilisation of Proceeds of the Rights Issue

SDB intends to utilise the proceeds of the Rights Issue for the following objectives:

Objective 1: Strengthen the Equity Base of the Bank and thereby Improve Capital Adequacy Requirements stipulated Under Basel III Guidelines of the Central Bank of Sri Lanka (CBSL)

As per the CBSL letter dated March 27, 2020, all Licensed Banks, both Domestic Systemically Important Banks (D-SIBS) and Non D-SIBS are permitted to drawdown their Capital Conservation Buffer by 100 bps and 50 bps respectively as an immediate extraordinary regulatory measure to provide flexibility to Licensed Banks to support businesses and individuals affected by the outbreak of COVID 19. Accordingly, the revised regulatory minimum Capital Adequacy Ratios which are applicable for SDB as a Non D-SIBS are disclosed in Table 1 given below.

Table 1: Capital Adequacy Position of SDB

Components of Capital	Capital Adequacy Requirements		Capital Adequacy Levels of SDB	
	Minimum Regulatory Requirement (As per the Banking Act Direction No. 1 of 2016 dated 29 December 2016)	Revised Regulatory Minimum (as per CBSL letter dated 27 March 2020)	Capital Adequacy Level as at 30 June 2020	Capital Adequacy Level Post Rights Issue (i.e. assuming full subscription)
Common Equity Tier I Capital with Capital Conservation Buffer	7.00%	6.5%	8.28%	10.11%
Total Tier I Capital with Capital Conservation Buffer	8.50%	8.0%	8.28%	10.11%
Total Capital Ratio with Capital Conservation Buffer	12.50%	12.0%	12.76%	14.58%

The proposed capital enhancement through the Rights Issue would facilitate SDB to increase its total capital to LKR 12.208 billion from the total capital of LKR 10.682 billion as at June 30, 2020. The capital adequacy position of the Bank subsequent to the Rights Issue is mentioned in Table 1 above. The strengthening of the capital base would enable the Bank to maintain healthy capital adequacy levels and possible improvement of the credit rating of SDB which would enable the Bank to leverage its balance sheet and thereby enhance the loan portfolio and profitability of the Bank.

Objective 2: Part Finance the Growth in the Loan Portfolio of the Bank

The funds raised via this Issue would be utilised to meet the planned credit growth of the Bank including provision of short and medium term financial assistance primarily targeting retail and SME sector customers. The loan portfolio of the Bank recorded approximately 11% growth in Financial Year (FY) 2019. Loans and receivables stood at LKR 88.29 billion as at 31 March 2020, which is an increase of 3% over the Loans and receivables as at 31 December 2019. During the first 6 months of FY 2020, the average disbursement of loans and advances was LKR 3.5 billion per month compared to its budgeted monthly disbursement of LKR 3.25 Bn. The impact of COVID -19 pandemic to the Bank and its operations which may have an impact on the growth of the loan portfolio has been disclosed in Note 7 of the Explanatory Notes to the interim financial statements for the period ended June 30, 2020.

The Bank expects to meet the objective 1 mentioned above, upon the allotment of shares through the Rights Issue. Further the Bank intends to utilise the proceeds of the Issue gradually to meet objective 2 and complete the utilisation of the same before the end of second quarter of Financial Year 2021 based on the anticipated demand for credit. The Bank will obtain the approval from Investment Committee of the Bank to invest any unutilised proceeds in Government Securities at zero default risk and in Fixed Deposits in Licensed Commercial Banks until such proceeds are utilised for objective 2 identified above. The Investment Committee which is a subcommittee of the Assets and Liability Management Committee (ALCO) comprises of 8 members including Chief Executive Officer, Deputy Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Head of Treasury, Head of Credit, Head of Marketing, and Head of Finance.

The Bank, as at the date of this Circular, has not recognised related parties for the lending of the proceeds from the fund raisings and as such, the Bank will disburse the proceeds in the ordinary course of business. In the event the Bank decides to disburse part of the proceeds of the Issue to any related party, such disbursements would be carried out in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

It is expected that the improvement in capital adequacy levels via the funds raised through the Rights Issue would enhance the stability of business operations of the Bank thereby enabling SDB to support the anticipated asset growth. The proposed Rights Issue would extend an opportunity for the shareholders to be part of the growth of the Bank and benefit from returns in the future through improvement in expected profitability.

Audited Financial Statements and composition of Board Related Party Transactions Review Committee are available under "Annual Report – 2019" on the web link of SDB <https://www.sdb.lk/en/investor-relations/annual-reports> and the web link of the CSE, <https://www.cse.lk/home/company-info/SDB.N0000/financial>.

2.2 Specific Risks Relating to the Objectives of the Issue

The proposed amount of up to LKR 1,526,267,200/- to be raised through the Rights Issue is to ensure that the required amount is available to meet the Capital Adequacy Ratio (post Rights Issue) mentioned in Table 1 in Section 2.1 and fulfil Objective 1. In the event the Rights Issue is not fully subscribed, after having allotted the shares including additional shares in full which the subscribers have applied for and any person/s who have intimated their intention to apply for unsubscribed rights as morefully described in Section 7 below, the Bank would resort to alternate options of raising capital with the participation of external investors via equity placements including private placements (as appropriate) and BASEL III Compliant Debt Instrument subject to obtaining relevant regulatory and shareholder approvals. Further, in the event Bank contemplates on any of the aforesaid alternate options of raising capital, the Bank will make necessary market disclosures to the shareholders in accordance with the CSE Listing Rules as appropriate.

Given the nature of the business and considering the current demand for credit, the Bank does not foresee any deviations from its objectives or delays in deploying the funds raised via the Rights Issue as mentioned above during the time frames stipulated. However, if the funds raised via the Rights Issue is utilised for any purpose, other than the purposes mentioned above, the Bank will make necessary disclosures to the shareholders via the CSE and take necessary steps to obtain the approvals of the relevant parties including the shareholders as appropriate at that point in time.

The Bank will disclose the information pertaining to the utilisation of funds raised through the Rights Issue in the Annual Report and Interim Financial Statements from the date of raising funds until the objectives are achieved and funds are fully utilised as per the template referred to below.

Rights Issue proceeds utilisations as at dd-mm-yyyy

Objective Number	Objective as per Circular	Amount Allocated as per Circular (LKR Mn)	Proposed Date of Utilisation as per Circular	Amount Allocated from Proceeds (LKR Mn) (A)	% of Total Proceeds	Amounts Utilised (LKR Mn) (B)	% of Utilisation against Allocation (B/A)	Clarification if not fully utilised including where the funds are invested (e.g. whether lent to related parties etc.)
01.	Strengthen the equity base of the Bank and thereby improve the Capital Adequacy		Upon the allotment of shares through the Rights Issue					
02.	Part finance the growth in the loan portfolio of the Bank		before the end of second quarter of FY 2021					

To be disclosed in Annual Reports and Interim Financial Statements

In the event the proceeds raised are fully utilised in terms of the objectives disclosed in the Circular to Shareholders prior to submission of the Bank's next Immediate Financial Statements (i.e. either Interim Financial Statements or Annual Report), the Bank would disclose the fact that proceeds have been utilised in its entirety as per the above template.

3. UNDERWRITING ARRANGEMENT

The Bank has not entered into any formal underwriting arrangement in relation to the Rights Issue.

However, certain key Shareholders of SDB have indicated their principle interest to subscribe for the Rights Issue.

4. CAPITAL STRUCTURE

Stated Capital of the Bank post Rights Issue is as follows based on the assumption that the Rights Issue will be fully subscribed.

	Pre Rights Issue as at August 31, 2020	Via Rights Issue	Post Rights Issue
Number of Ordinary Voting Shares	61,050,688	30,525,344	91,576,032
Value (LKR)	6,201,673,821.26	1,526,267,200	7,727,941,021.26

5. MARKET PERFORMANCE

The market price of the shares of the Bank as at September 24, 2020 (i.e. the latest practicable date prior to dispatching of the Circular to Shareholders) is LKR 53.20/-.

The high, low, last traded prices, number of trades and share volume of the Ordinary Shares of the Bank during the preceding three month period are as follows;

Month	High (LKR)	Low (LKR)	Last Traded (LKR)	Number of Trades	Share Volume
June	62.50	47.70	60.50	524	221,992
July	65.00	52.50	54.40	1,398	410,785
August	56.50	50.70	52.00	674	286,652

Source: Colombo Stock Exchange –Monthly Details

6. CONTINGENT LIABILITIES

There are no material changes to the contingent liabilities and litigations from the position disclosed in the Interim Financial Statements for the six months ended June 30, 2020.

7. APPLICATION FOR RIGHTS

Upon the shareholders approving the requisite resolution giving effect to the Rights Issue set out in the attached "Notice of Meeting", 30,525,344 Ordinary Shares will be provisionally allotted to the shareholders in the proportion of One (01) new Ordinary Share each for every Two (02) Ordinary Shares held by such shareholders as at end of trading on October 26, 2020.

Provisional Letters of Allotment, with provisions for renunciation in favour of the CDS, will be dispatched to shareholders within five (5) market days from and excluding the date of the Extraordinary General Meeting i.e. on or before November 03, 2020. Applications for additional Ordinary Shares will also be permitted.

Ordinary Shares that are not subscribed as at the last date for acceptance, new Ordinary Shares for which payment has not been duly and validly received by the Bank and such shares representing fractional entitlements would be treated as declined shares and pooled together and will be allotted at the Issue price of LKR 50/- per share to the shareholders who apply for additional Ordinary Shares, as may be decided at the discretion of the Board of Directors of the Bank on a reasonable basis however subject to shareholding restrictions in the Banking Act.

Fractional entitlements referred to herein shall mean the fractions arising after applying the following formula;

$$\frac{\text{Number of shares held by a shareholder as at end of trading on the EGM date}}{2} \times 1$$

Further, in the event of an under subscription of the Rights Issue, the Board may at its discretion allot any unsubscribed shares remaining after allotting to the shareholders who have applied for additional rights in full satisfaction of their request, however subject to shareholding restrictions in the Banking Act No. 30 of 1988 (as amended), to any person or persons (including legal entities) who intimate their intention to apply for unsubscribed shares on the Rights Issue.

8. UPLOADING OF SHARES

As per the Directive of the Securities and Exchange Commission of Sri Lanka (SEC) made under Circular No.08/2010 dated November 22, 2010 and Circular No.13/2010 issued by the CDS dated November 30, 2010, share certificates shall not be issued and all Ordinary Shares allotted shall be directly uploaded to the CDS Accounts within twelve (12) market days from the last date of acceptance and payment as per the Listing Rules of the CSE. As such all shareholders who accept Rights, should indicate their CDS Account Number in Form 'A' - Letter of Acceptance and Registration. Shareholders/Applicants who do not have a CDS Account are advised to open a CDS Account, prior to submitting the completed Form 'A' in order to facilitate the uploading of the allotted shares to them.

Form 'A' which do not carry a valid CDS Account Number or which indicate an incorrect/inaccurate CDS Account Number will not be uploaded on the date specified for upload by the Listing Rules of CSE. They will only be registered in the Share Ledger maintained by the Bank and will not be issued a share certificate but would be issued an acknowledgement that the new Ordinary Shares are registered in the Share Ledger. Such shareholders would not be able to trade in the new Ordinary Shares until such time the same has been deposited with the CDS. Therefore, please ensure strict adherence to the Directive issued by the SEC.

Please note that share certificates will not be issued in respect of Ordinary Voting Shares allotted on this issue.

Shareholders/Applicants have the option of having their Ordinary Voting Shares "Locked" in the CDS. Ordinary Shares that are locked would not be available for trading purposes and would not be visible to the participants. Shareholders/Applicants who wish to lock their Ordinary Shares allotted in this Issue should indicate such preference in the Section provided in the Provisional Letter of Allotment (Form 'A' and Form 'C'). Ordinary Shares of shareholders/Applicants, who do not request to lock their Ordinary Shares, would be deposited to their "trading balance" in the CDS Account. However, at the option and request of the Accountholder, the CDS would transfer a named quantity of Ordinary Shares from the locked balance to the trading balance of the CDS Account and/or from the trading balance to the locked balance of the CDS Account.

9. DECLARATIONS/APPROVALS IN RESPECT OF PROPOSED RIGHTS ISSUE

Approval in principle has been obtained from the CSE for the issue and the listing of Ordinary Voting Shares, subject to the approval of shareholders of SDB. The Bank further confirms that no other approval is required for the proposed Rights Issue other than the approvals stated herein.

The Bank will obtain approval in principle from the Department of Foreign Exchange for the issue and allotment of the new Ordinary Voting Shares to non-resident shareholders if/where applicable.

Trading of the "Rights" shall commence on the fourth (4th) market day from and excluding the date of dispatch of Provisional Letter of Allotment. Such trading shall continue throughout the period of renunciation to the CDS.

The listing of the new Ordinary Voting Shares by the Colombo Stock Exchange will in no way be reflective of the merits of the issue. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports included.

The Directors of the Bank collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief that there are no other facts, the omission of which would render any statement in the Circular misleading.

10. SHAREHOLDER INFORMATION

Top 20 largest shareholders of SANASA Development Bank PLC as at June 30, 2020.

	Name	Number of Shares	%
1	Ayenka Holdings Private Limited	7,028,043	12.5%
2	Seylan Bank PLC /Senthilverl Holdings (Pvt) Ltd	6,952,168	12.3%
3	CB NY S/A International Finance Corporation	4,991,644	8.9%
4	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	4,627,714	8.2%
5	SBI Emerging Asia Financial Sector Fund PTE. LTD	2,660,426	4.7%
6	People's Leasing & Finance PLC	2,094,012	3.7%
7	Kegalle SANASA Shareholders Trust Company Limited	1,039,330	1.8%
8	SANASA General Insurance Company Ltd	1,036,669	1.8%
9	SANASA Life Insurance Company Ltd (LIFE)	910,708	1.6%
10	Sampath Bank PLC/ Dr. T.Senthilverl	871,885	1.5%
11	SANASA Federation Limited	720,024	1.3%
12	Polgahawela Sanasa Societies Union Ltd	387,314	0.7%
13	Hambanthota DTCCS Union Ltd	384,257	0.7%
14	Dr. T.Senthilverl	373,598	0.7%
15	Mr. D.P. Pieris	257,067	0.5%
16	Kotikawatta Trift and Credit Co-operative Society Limited	253,896	0.5%
17	Polgahawela SANASA Shareholders Trust Company Limited	240,836	0.4%
18	Sampath Bank PLC/ Mr. Arunasalam Sithampalam	224,333	0.4%
19	Dr. S. Yaddehige	205,653	0.4%
20	Mr. W.P.G.H.S. De Silva	193,000	0.3%
	Sub Total	35,452,577	63.0%
	Others	20,855,675	37.0%
	Total	56,308,252	100.0%

Public float of the Bank as at June 30, 2020 is 87.12%.

11. DIVIDEND HISTORY

The dividends paid by the Bank during the past three (03) year period is as follows.

Dividend Paid (Gross)	FY 2019	FY 2018*	FY 2017
Total Dividends (LKR)	394,157,764	-	328,673,202
Total Dividends Pay Out Ratio	156%	-	60.79%
Total Dividends Per Share (LKR)	7.00	-	6.00
Cash (LKR)	2.00	-	2.50
Scrip (LKR)	5.00	-	3.50

*no dividends have been declared by SDB for FY 2018

12. DIRECTORS' RECOMMENDATION

The Board of Directors of the Bank recommends the Rights Issue in the manner referred to aforesaid, subject to shareholder approval at an Extraordinary General Meeting (EGM) convened for October 26, 2020.

13. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board of Directors also recommends to the shareholders certain amendments to the Articles of Association to facilitate an amendment to the clause on pre-emption on an issue of shares, holding of shareholder meetings by virtual means and the number of Directors to rotate to exclude the Non-Executive Independent Directors subject to the approval of shareholders. SDB has obtained the approvals of the CBSL for the aforesaid amendments to the Articles of Association.

14. EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting, notice of which is enclosed, will be held on October 26, 2020, at 10.00 a.m. at the Uththamavi Hall, SANASA Campus Limited, Paragammana, Hettimulla, Kegalle. The requisite resolutions giving effect to the above Rights Issue and the amendments to the Articles is given in the Notice of the Meeting enclosed herewith.

The EGM is to be held in line with the guidelines given by the CSE and as per the applicable laws. The EGM will be held on the said date notwithstanding such day being declared a public holiday or a curfew being imposed and any participants who were entitled to be present at the location would be entitled to join the meeting virtually as mentioned hereinafter.

In the interest of protecting public health and facilitating compliance with the Health and Safety Guidelines issued by authorities, EGM of the Bank will be held by participants assembling physically and through audio or audio and visual means in the manner set out in the Notice of Meeting.

If you are unable to attend the EGM, you are entitled to appoint a Proxy to attend and vote on your behalf. In such an event, please complete and return the enclosed Form of Proxy (in accordance with the instructions specified therein) to the Registered Office of the Bank, not less than twenty four (24) hours before the time appointed for the holding of EGM. The Board of Directors encourages that the shareholders appoints an Independent Director in the Board as their proxy, having mark their preferences in respect of agenda items. This is to avoid potential health issues which could arise in light of the prevailing situation in the Country if the shareholders are to participate at the meeting physically and in order to comply with any regulatory restrictions on social distancing and presence of multiple persons at a given location.

Yours faithfully,

By Order of the Board
SANASA DEVELOPMENT BANK PLC



Tamarika Rodrigo
Company Secretary
October 02, 2020

SANASA DEVELOPMENT BANK PLC
EXTRAORDINARY GENERAL MEETING
NOTICE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of SANASA Development Bank PLC will be held on October 26, 2020, at 10.00 a.m. at the Uththamavi Hall SANASA Campus Limited, Paragammana, Hettimulla, Kegalle for the following purpose:

1. To consider and if thought fit, pass the following resolution by way of a Special Resolution.

“THAT upto 30,525,344 Ordinary Shares be issued by SANASA Development Bank PLC by way of a Rights Issue of shares to the shareholders as at the end of trading on October 26, 2020 (date of Extraordinary General Meeting), in the proportion of One (01) New Ordinary Voting Share for every Two (02) Ordinary Shares held at the Issue price of LKR 50/- per share which consideration is in the opinion of the Board fair and reasonable to the Bank and to all its existing shareholders and that such Ordinary Shares shall upon due subscription and final allotment and provided due payment has been received therefore, rank equal and *pari passu* in all respects with the existing issued and fully paid Ordinary Shares including the right to participate in any dividend declared upon the final allotment which shall be after the last date of acceptance and payment and subject to the limits set out in the Banking Act No. 30 of 1988 (as amended) (Banking Act) and no duly registered shareholder of the Bank shall be entitled to a fraction of any share in the Bank.

THAT the new Ordinary Voting Shares that are not subscribed as at the last date for acceptance thereof as well as such new Ordinary Voting Shares for which payment has not been duly and validly received by the Bank and such shares representing fractional entitlements (subsequent to applying the formula disclosed in Section 7 of the Circular to Shareholders dated October 2, 2020), be deemed to constitute declined Ordinary Shares and that all such declined shares be aggregated and be allotted at the Issue price of LKR 50/- per share to the shareholders who apply for additional Ordinary Voting Shares, to be decided by the Directors of the Bank on a reasonable basis (depending on the availability of Ordinary Voting Shares), however subject to shareholding restrictions in the Banking Act No. 30 of 1988 (as amended) failing which to any person or persons (including legal entities) who intimate their intention to apply for the unsubscribed shares subject to the shareholding restriction mentioned above”.

2. To consider and if thought fit, pass the following resolution by way of a Special Resolution

That Article 4(1)(iii) of the Articles of Association be deleted and substituted with the following

“Unless the shareholders of the Company by special resolution resolve otherwise, whenever the Company issues shares which rank equally with or prior to existing shares, those shares must be first offered to the holders of the existing shares in a manner which would, if accepted, maintain the relative voting and distribution rights of those shareholders and if there is an under subscription, to the shareholders who have applied for an allotment in excess of their entitlement. No approval shall be required from any shareholders who do not have any voting rights with respect to any issue of shares by the Company. Such offer to the Shareholders, must remain open for acceptance up to the maximum number of days as permitted by the Rules of the Colombo Stock Exchange. In the event of the shares so offered not being subscribed for in full by the holders of the existing shares, the Board may allot and issue such shares to any other persons as they consider appropriate”.

3. To consider and if thought fit, pass the following resolution by way of a Special Resolution

That Article 5(2) of the Articles of Association be deleted and substituted with the following

"A meeting of Shareholders may be held by a number of shareholders which constitute a quorum being present on the date and time appointed for the meeting either physically at the place appointed for the meeting and/or by being connected through audio or visual means whereby each of them can be heard."

4. To consider and if thought fit, pass the following resolution by way of a Special Resolution

That Article 6(4)(i) of the Articles of Association be amended by the interpolation of the words 'with such number excluding the Independent Directors' between the words 'Directors' and the word 'shall' in line 2 thereof.

Manner of Holding the Extraordinary General Meeting

The Extraordinary General Meeting is to be held in line with the guidelines given by the Colombo Stock Exchange and as per the applicable laws. The EGM is scheduled for October 26, 2020, and will be held on the said date notwithstanding such day being declared a public holiday or a curfew being imposed and any participants who were entitled to be present at the location would be entitled to join the meeting virtually as mentioned hereinafter.

In the interest of protecting public health and facilitating compliance with the Health and Safety guidelines issued by authorities, the EGM of the Bank will be held by participants assembling physically and through audio or audio and visual means in the manner set forth below:

- i. The Chairman, Members of the Board of Directors, the Chief Executive Officer, the Company Secretary and Senior Officials of the Bank will be assembled at the place specified in Paragraph (1) of this Notice.
- ii. A maximum of 120 shareholders (subject to the prevailing health guidelines at the date of EGM) or such number of shareholders together holding ten per centum (10%) of the issued shares of the Bank, whichever is higher (who registers with the Bank for the participation in the Extraordinary General Meeting on the first come first serve basis) will also be allowed to assemble physically and participate the meeting at the place set out in Paragraph (1) above either in person or by proxy.
- iii. Attendance of shareholders at the physical meeting would be subject to complying with any regulatory requirements, Health and Safety guidelines issued by authorities or recommendations with regard to the presence of multiple persons at a given location.
- iv. All shareholders who, on registration as referred to in (ii) above, do not get the opportunity to participate in the meeting by assembling physically at the place referred to in the Paragraph (1) above and shareholders who wish to participate at the meeting remotely through audio or audio and visual means, may participate in the EGM via zoom meeting platform. The shareholders referred to herein who wish to participate at the meeting through audio or audio and visual means, should forward their **email addresses and mobile number** to **sdbegm@sdb.lk** not less than 24 hours prior to the time fixed for the meeting to enable the Bank to share the meeting login information.
- v. Those shareholders participating at the meeting remotely through audio or audio and visual means are required to identify themselves at the time of voting. Further, individuals must also identify themselves when speaking at the EGM during the time allotted for comments by shareholders as directed by the Chairman. At that point, the individual will be required to give his/her name and address for the purpose of identification as a shareholder or proxy.

- vi. The notice of meeting will be published in the website of Colombo Stock Exchange (<https://www.cse.lk/home/market>) and the website (<https://www.sdb.lk/en/>) and the Facebook page of the Bank along with the proxy format.
- vii. For the shareholders who wish to submit their proxies, the format of the proxies uploaded to website of the CSE and the Bank can be duly completed as per the instructions given therein and send to the following email address **sdbegm@sdb.lk** or fax to the facsimile No. 011-2514256 to enable the Bank to receive same not less than 24 hours prior to the time fixed for the meeting.
- viii. The Board of Directors encourages that the shareholders appoints an Independent Director in the Board as their proxy, having marked their preferences in respect of agenda items. This is to avoid potential health issues which could arise in light of the prevailing situation in the country if the shareholders are to participate at the meeting physically.
- ix. The shareholders participating at the meeting are encouraged to send their queries, if any, to email address **sdbegm@sdb.lk** any time before the meeting time and the Board will respond to the same during the course of the meeting. The summary Minutes of the EGM will be uploaded immediately after the EGM in the Bank's Website (<https://www.sdb.lk/en/>) as well as at the Colombo Stock Exchange Website (<https://www.cse.lk/home/market>).

By Order of the Board

SANASA DEVELOPMENT BANK PLC



Tamarika Rodrigo

Company Secretary

October 02, 2020

Note:

- 1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her.
- 2. A form of proxy need not be a member of the Bank.
- 3. A form of proxy accompanies this notice.
- 4. In the event you require any assistance regarding this notice you may contact Company Secretary Department on 0112-832590/591, [Email-sdbegm@sdb.lk](mailto:sdbegm@sdb.lk) , Fax – 0112-514256 at any time between 10.00a.m to 4.00 p.m. on working days.

FORM OF PROXY
Extraordinary General Meeting

1. Full Name of Shareholder
 2. Company/Society Registration No/National Identity Card Number of the Shareholder
.....
 3. Address of the Shareholder
.....
 4. To participate via Zoom ;

email address and Mobile No
- Being a member of the SANASA Development Bank PLC hereby appoint,
5. Name of Proxy Holder
.....
 6. National Identity Card Number of Proxy Holder
.....
 7. Address of Proxy Holder
.....
 8. To participate via Zoom ;

email address and Mobile No

Failing him / her, Chairman Mr.Lakshman Abeysekera, or failing him Director Prof.Sampath Amaratunge, or failing him Director Mr.Prabhash Subasinghe, or failing him Director Mr.S.Lionel Thilakarathne, or failing him Director Mr.K.G.Wijerathne, or failing him Director Mr.Chaaminda Kumarasiri, or failing him Director Mr.Prasanna Premaratna, or failing him Director Mr.B.R.A.Bandara, or failing him Director Ms.Dinithi Ratnayake or failing her Director Mr. J.A. Lalith G. Jayasinghe as my/our proxy to speak /vote for me / us on my /our behalf at the Extraordinary General Meeting of the Bank to be held on October 26, 2020, at 10.00 a.m. at the Uththamavi Hall, SANASA Campus Limited, Paragammana, Hettimulla, Kegalle and at any adjournment thereof and at every poll which may be taken in connection with such meeting and to vote as indicated below:

Please indicate your preference by placing "X" in front of the resolutions.

	FOR	AGAINST
1. To pass the Special Resolution 1 set out in the notice convening the meeting	☐	☐

	FOR	AGAINST
2. To pass the Special Resolution 2 set out in the notice convening the meeting	☐	☐

	FOR	AGAINST
3. To pass the Special Resolution 3 set out in the notice convening the meeting	☐	☐

	FOR	AGAINST
4. To pass the Special Resolution 4 set out in the notice convening the meeting	☐	☐

For Societies / Unions / Companies

.....
Chairman

Seal

.....
Vice Chairman / Secretary

.....
Date

.....
Proxy Holder's Signature

For Individuals

.....
Date

.....
Signature

.....
Proxy Holder's Signature

INSTRUCTIONS

- 1) In perfecting the Form of Proxy please ensure that all details are legible.
- 2) The completed Form of Proxy should be received at the address given below, not less than 24 hours before the time fixed for the meeting.
- 3) Please fold this form properly and post to the following address.

The instrument appointing a proxy may be in writing under the hand of the appointer or his/her attorney duly authorized in writing or if such appointer is a corporation under its common seal or the hand of its attorney or duly authorised person and together with the instrument appointing a proxy should be deposited at the registered office of the Bank.

The Company Secretary
SANASA Development Bank PLC
No. 12, Edmonton Road
Kirulapone
Colombo 06