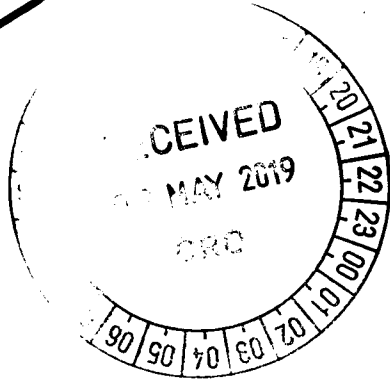




**SANASA DEVELOPMENT BANK PLC
22ND ANNUAL GENERAL MEETING**

NOTICE OF MEETING

Notice is hereby given that the 22nd Annual General Meeting of SANASA Development Bank PLC (the "Bank") will be held on May 30, 2019 at 9.00 a.m. at Uththamavi Hall, SANASA Campus Limited, Paragammana, Hettimulla, Kegalle and the business brought before the meeting will be as follows:

1. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended December 31, 2018 together with Auditors report thereon.
2. To re-elect or elect three (03) Directors out of the following proposals;
 - To re-elect as a Director, Mr.S. Lionel Thilakarathne who retires at the 22nd AGM by rotation in terms of Article 6 (4) of the Articles of Association who represents SANASA Insurance Company Limited
 - To re-elect as a Director, Mr. Prabhash Subasinghe who retires at the 22nd AGM by rotation in terms of Article 6 (4) of the Articles of Association who represents Ayenka Holdings (Pvt) Limited
 - To re-elect as a Director, Mr.B.R.A. Bandara who retires at the 22nd AGM by rotation in terms of Article 6 (4) of the Articles of Association who represents Sanasa Federation Limited
 - To elect as a Director, Mr.J.A. Lalith G. Jayasinghe who represents Kegalle SANASA Share Holders Trust Company Limited
3. To appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the Financial Year 2019 and to authorise the Board to determine their remuneration.
4. To authorise the Directors to determine donations for the year 2019.

By Order of the Board of
SANASA DEVELOPMENT BANK PLC



Tamarika Rodrigo
Company Secretary
May 06, 2019

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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.

DEAR STAKEHOLDERS

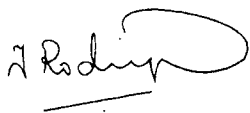
CIRCULATION OF ANNUAL REPORT TO THE SHAREHOLDERS

In terms of Rule 7.5 of the revised Listing Rules of the Colombo Stock Exchange, a listed company may issue its Annual Report to its shareholders in CD-ROM format provided the company complies with the requirements set out therein. Therefore the Annual Report is forwarded to you this year in the CD-ROM format.

However, if you wish to receive a printed copy of the said Annual Report you may do so by completing and forwarding the attached Form of Request to the undersigned in accordance with the instructions stated therein no later than May 20, 2019. The printed copy of the Annual Report will be available to you within eight (08) market days from the date of receipt of the written request.

In the event you require any assistance regarding the CD-ROM or the documents enclosed herewith you may contact Ms.Imali Warnakulasooriya on 0112-832500 /email- comsec@sdb.lk/ fax – 0112-514256 at any time between 10.00 a.m. to 4.00 p.m. on working days.

The Annual Report may also be accessed at the Bank's website and the CSE website.



Tamarika Rodrigo
Company Secretary
May 06, 2019

"THIS DOCUMENT IS OF VALUE"

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER
OR OTHER PROFESSIONAL ADVISOR IMMEDIATELY

SANASA DEVELOPMENT BANK PLC
PB 62 PQ
No. 12, Edmonton Road, Kirulapone,
Colombo 06



CIRCULAR TO SHAREHOLDERS

Dear Valued Shareholders,

UNLISTED, SUBORDINATED, FIVE (5) YEAR TERM DEBT WHICH QUALIFIES AS PART OF TIER 2 CAPITAL OF SANASA DEVELOPMENT BANK PLC IN COMPLIANCE WITH THE CONDITIONS STIPULATED IN THE DIRECTION NO. 1 OF 2016 ON CAPITAL REQUIREMENTS UNDER BASEL III (OTHER THAN 20.2.3.1.1.1 (5) OF THE WEB BASED RETURN CODE) PUBLISHED BY THE CENTRAL BANK OF SRI LANKA

1. BACKGROUND

Having identified the need to strengthen the Tier 2 Capital Base as per BASEL III requirements which will facilitate the anticipated asset growth of SANASA Development Bank (hereinafter referred to as "SDB", "the Bank" or the "Borrower"), the Board of Directors of SDB at its meeting held on March 27, 2019 decided and recommended to obtain by way of an unlisted subordinated five (5) year term debt which qualifies under Tier 2 Capital of SDB an amount equivalent up to a maximum of Ten Million United States Dollars (USD 10,000,000.00) in Sri Lanka Rupees from Stichting fondsbeheer DGGF lokaal MKB (the "Foundation" or the "Lender"), a foundation formed by Pricewaterhouse Coopers Advisory N.V. ("PWC") and Triple Jump B.V. ("TJ"), the parties managing the fund in a consortium, to receive the relevant funding from the Ministry of Foreign Affairs of the Netherlands (hereinafter referred to as "Term Debt")

Upon the occurrence of a Trigger Event referred to in Section 5, the Borrower shall be required and entitled to (i) give effect to a non-viability conversion option or (ii) give effect to a Write Down Mechanism, as may be opted for by the Lender subject to the approval of the Central Bank of Sri Lanka.

The Board of Directors of SDB on March 28, 2019 entered into the relevant agreement in relation to the above fund raising with the Lender to take effect subject to receiving the shareholder approval by means of a special resolution and all regulatory approvals.

Further details in relation to the aforesaid fund raising are set out below.

2. OBJECTIVES OF THE DEBT RAISING

The Bank proposes to utilise the entirety of the funds raised through this Term Debt for the purpose of achieving the following objectives.

2.1 Improve the Capital Adequacy Ratio (CAR) in the light of the New Regulatory Requirements Introduced in line with the BASEL III accord.

Funds raised from the Term Debt will be utilised to improve the Tier 2 capital of the Bank under the BASEL III regulations.

In December 2016, Central Bank of Sri Lanka (CBSL) issued Banking Act Direction No. 1 of 2016 revising the minimum capital requirement for Banks with effect from July 1, 2017. With this new requirement, the minimum capital adequacy ratios applicable to the Bank for Tier 1 Capital Ratio and Total Capital Ratios increased in two stages to 8.5% and 12.5% by January 1, 2019.

The asset base of SDB as at December 31, 2018 amounts to LKR 96.8 billion and as such the requirement for Banks with assets less than LKR 500 billion commencing from July 1, 2017 is to be as follows:

Components of Capital	BASEL III- Minimum Regulatory Requirement		
	1-Jul-17	1-Jan-18	1-Jan-19
Common Equity Tier 1 capital with buffers (CCB * & Surcharge on D-SIB**)	5.75%	6.375%	7.00%
Total Tier 1 capital with buffers (CCB *)	7.25%	7.875%	8.50%
Total capital ratio with buffers (Tier 1+ Tier 2) (CCB *)	11.25%	11.875%	12.50%

*CCB-Capital Conservation Buffer

Banks Capital Adequacy Ratio (CAR) under BASEL III

The Bank has complied with the CBSL BASEL III minimum capital adequacy requirement as at December 31, 2018 with Tier I Capital Ratio of 10.91% and Total Capital Ratio of 12.46% respectively.

The expected capital adequacy ratios including the intended proceeds of the Term Debt computed under BASEL III will be as follows:

Components	As at December 31, 2018	Minimum Requirement as at January 1, 2019	Expected Subsequent to the Term Debt based on the capital adequacy position as at December 31, 2018
Common Equity Tier 1 capital with buffers (CCB *)	10.91%	7.00%	10.91%
Total Tier 1 capital with buffers (CCB *)	10.91%	8.50%	10.91%
Total capital ratio with buffers (Tier 1+ Tier 2) (CCB*)	12.46%	12.50%	15.12%

*CCB-Capital Conservation Buffer

As a result of the growth in business, the Bank is of the view that the CAR of the Bank should be maintained at a level above the minimum requirement in order to accommodate the anticipated asset growth.

Through this Circular, the Bank intends to obtain the approval of shareholders for the issuance of any ordinary voting shares which may be caused by the CBSL instructing the Bank to exercise the conversion option as opted for by the Lender subject to the approval of the CBSL upon the occurrence of a "Trigger Event" referred to in Section 5. An application has been made to the Colombo Stock Exchange (CSE) and has been approved in-principle for the listing of shares to be issued which may be caused by the CBSL instructing the Bank to exercise the conversion option as opted for by the Lender subject to the approval of the CBSL and the Securities and Exchange Commission of Sri Lanka (SEC) as applicable, upon the occurrence of a "Trigger Event" as per Basel III Guidelines.

Since there are no related parties involved with the proposed debt raising, no approval has been obtained from the Related Party Transactions Review Committee of the Bank.

The Monetary Board of the CBSL through the Director of the Department of Bank Supervision via its letter dated November 30, 2018 has granted approval to SDB to include unlisted subordinated term debt up to LKR 3.2 Bn in Tier 2 Capital of the Bank subject to complying with the conditions stipulated in the Direction on Capital Requirements under BASEL III (other than 20.2.3.1.1.1 (5) of The Web Based Return Code) published by the CBSL. As such, the Term Debt referred herein would be recognised as Tier 2 Capital of the Bank under BASEL III Guidelines.

Further, Department of Bank Supervision of CBSL via its letter dated March 26, 2019, duly noted the arrangement that has been made by SDB to obtain the Term Debt facility for the Bank from the Lender.

Key terms of the proposed Term Debt facility are as follows;

Facility	Unlisted Subordinated Term Debt
Currency of Facility	Sri Lanka Rupees
Facility amount[†]	USD 10,000,000 equivalent in Sri Lanka Rupees
Interest Rate	6 Month Sri Lanka T-Bill + 7% (net of applicable taxes)
Tenor	5 years
Capital Repayment	At maturity
Interest Payment	Semi-annual

[†] The above amount to be converted at the applicable exchange rate (USD to Sri Lanka Rupees) used by the Lender's Local Bank

The above terms and conditions for Term Debt are based on the Loan Agreement signed between the Foundation and SDB on March 28, 2019.

The Agreements will be effective upon the matters referred to above being approved by the shareholders of the bank by means of a special resolution at an Extraordinary General Meeting (EGM) and obtaining in-principle approval from the CSE for the issuance and listing of the ordinary voting shares referred to therein upon the occurrence of a Trigger Event. As per the Agreement, the funds are expected to be remitted to the Bank on a date not later than June 30, 2019. The Bank will make a market announcement, upon the receipt of the Term Debt from the Lender including the date of capital repayment of the said Term Debt.

2.2 Part Finance the Growth in the SME Loan Portfolio of the Bank

Funds generated through the Term Debt will also be used to support the lending activities of the Bank as part of its normal course of business. The growth in the loan portfolio of SDB is expected to be driven by the rising demand for credit by Small and Medium Scale Enterprises (SMEs) which has shown a significant progress in the recent past. During the 12-month period of FY 2018, the average disbursement of loans and advances was LKR 3.25 billion per month compared to its budgeted monthly disbursement of LKR 2.2 billion, predominantly to product segments of the Bank such as SMEs and Retail depending on the demand generated through such segments. These disbursements have been funded mainly through mobilisation of deposits, recoveries and other borrowings. The funds raised via this Term Debt would be utilised to meet any funding gap in financing the eligible portfolio of SME loans.

Accordingly, the Bank expects to utilise the entire quantum of funds within a period of 12 months from the date of disbursement of the Term Debt. In the interim period these funds will be invested in Government Securities at zero risk at the prevalent market rates, which would generate a return of approximately 10.25% - 10.50% based on the interest rates which are prevalent at present.

The Bank, as at the date of this Circular, has not recognised any related parties for the lending of the proceeds from the fund raising and as such, the Bank will disburse the proceeds in the ordinary course of business. However, in the event funds are lent to related parties in future, such lending will be carried out in accordance with Section 9 of the CSE Listing Rules.

3. DISCLOSURE IN THE INTERIM FINANCIAL STATEMENTS AND THE ANNUAL REPORT

The utilisation of the proceeds of the Term Debt will be disclosed in the Annual Report and the Interim Financial Statements from the disbursement date and until the objectives of the Term Debt are achieved. The Bank would intend to utilise the proceeds of debt raising towards achieving the respective objectives mentioned above.

4. SPECIFIC RISKS RELATING TO OBJECTIVES OF THE DEBT RAISING

Since the Bank has already entered into the agreement for the Term Debt the likelihood of it not being disbursed by the Foundation is minimal. The Bank in any event in the ordinary course of business has access to multiple sources of funds such as equity and subordinated debt for the purpose of satisfying its CAR requirements.

The Bank's portfolio of loans and advances recorded a net growth of LKR 13 billion and LKR 11 billion respectively during the Financial Year 2017 and 2018. As such, based on Bank's experience and the growth achieved as at date there is no specific risk factor that may lead to non-achievement of expanding the Bank's loans and advances portfolio within the specified time line via the proceeds of the Term Debt facility. However, in the highly unlikely event of the Bank failing to lend these funds due to an unforeseen reason, these funds would be invested in Government Securities at zero risk at the prevalent market rates.

5. OCCURRENCE OF THE TRIGGER EVENT

A 'Trigger Event' is determined by and at the sole discretion of the Monetary Board of the CBSL and is defined in the Banking Act Direction No. 1 of 2016 of Web Based Return Code 20.2.3.1.1.1. (10) (iii) (a and b) as a point /event is the earlier of;

- (a) "A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Monetary Board."
- (b) The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the Monetary Board."

Upon the occurrence of a Trigger Event, the Borrower shall be required and entitled to either (i) give effect to a Conversion; or (ii) give effect to a Write Down Mechanism, as may be opted for by the Lender subject to the approval of the CBSL being received for such option exercised by the Lender.

In the event of the Lender opting for the non-viability conversion option be invoked as contemplated by Item 10(i) of the Web Based Return Code 20.2.3.1.1.1 of Banking Act Direction No. 1 of 2016 (as may be amended from time to time) and as instructed by the CBSL, the Bank shall be required and entitled to within sixty (60) days of a conversion to allot ordinary voting shares of the Bank ranking equal and *pari-passu* with the existing ordinary voting shares to the Lender subject to obtaining the requisite approval of the CBSL and SEC, as applicable, up to the outstanding balance of such Term Debt including any unpaid accrued Interest at an issue **price for such ordinary voting shares which will be based on the Volume Weighted Average Price (VWAP) of an ordinary voting share of the Bank during the three months (03) period, immediately preceding the date of the Trigger Event.**

The calculation of the VWAP would be based on the simple average of the daily VWAP of an ordinary voting share as published by the CSE during the said 3-month period. In the event of the Lender 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 fourteen (14) market days from the date of allotment of the said ordinary voting shares.

In the opinion of the Board of SDB, the aforesaid conversion price mechanism at which ordinary voting shares are to be issued to the Lender upon the occurrence of a Trigger Event is fair and reasonable to the Bank and to all existing shareholders in compliance with Rule 5.4 (f)(v) of the CSE Listing Rules.

The allotted shares will be uploaded on the Central Depository System (CDS) within ten (10) market days from the date of allotment of such shares and the Bank will thereafter submit a Declaration to the CSE as per Section 5.4 (g) of the CSE Listing Rules. Subsequently, the ordinary voting shares arising from the conversion of Term Debt will be listed on the CSE.

Averaging out of the VWAP over a period of 3 months preceding the Trigger Event as opposed to a shorter window closer to the Trigger Event, is aimed at smoothening out changes in price movements thus minimizing the extent of the dilution impact of the conversion.

However, if there is an issuance of ordinary voting shares to the Lender upon the occurrence of the Trigger Event, a Lender would cease to be a Lender to the Bank and would become a shareholder of the Bank 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 shareholder (i.e. the previously the Lender). In the event of a conversion, the shares will be allotted to the Lender in accordance with the applicable laws and regulations as guided by the instructions of the Monetary Board of the CBSL with regard to the application of the single holder limit.

In the event of the Lender becoming a shareholder of the Bank due to the occurrence of a Trigger Event, such shareholder would be entitled to exercise such rights as are exercisable by the other shareholders of the Bank holding ordinary voting shares. In the event of a conversion to ordinary voting shares, there would be a dilution of the existing shareholding percentage held by the existing shareholders, however the extent of dilution will be dependent on several factors that cannot be determined at this point, due to the following;

- (c) The number of shares to be issued resulting from such conversion will be determined by the 'conversion price' at the point of a Trigger Event as detailed above.
- (d) The extent of dilution of existing shareholders will need to be determined by how many shares are in issue at the time of such conversion. Such a number can vary due to issuance of new shares by way of scrip dividends, capitalization of reserves, rights issues or private placements during the tenure of the subject Term Debt.

In the event the conversion price based on the above VWAP formula at the point of a Trigger Event is low, this would result in a comparatively higher number of ordinary voting shares being required to be issued by the Bank which would further dilute the holding percentage of existing shareholders.

On the contrary, if a higher VWAP prevails at the time of a Trigger Event, this would result in comparatively low number of ordinary voting shares requiring to be issued which would lead to a lesser degree of dilution in the holding percentage of existing shareholders.

In the event of the Lender not opting for a Conversion option, the Bank shall be required and entitled to exercise write down mechanism leading to a write off of up to the outstanding value of the Term Debt upon the occurrence of a Trigger Event as contemplated by Item 10(ii) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 1 of 2016 (as may be amended from time to time) subject to the approval of CBSL.

In the event of there being a likelihood of an occurrence of a 'Trigger Event', the then existing shareholders will be first called upon to bring in additional capital (subject to CSE and SEC approval as applicable), and only, **if they are unable to infuse fresh capital, (i.e. Tier 1 Capital) will the proposed Term Debt get converted to ordinary voting share capital (Tier 1 Capital) or write down upon the determination of the non-viability point by the Monetary Board.**

Reduction of the debt liability of the Bank will reduce the strain on the assets of the Bank in the event of liquidation i.e. more assets leftover for distribution to the shareholders though on a diluted basis with the inclusion of newly converted Lender (existing shareholders plus new shareholder as a result of the conversion).

With the reduction of the interest-bearing liabilities as stated above, the financing cost will reduce and is expected to improve the bottom line of the Bank.

The Bank on receipt of a Trigger Event notification from the CBSL will immediately make a market announcement of the same and further announce the "price" and "dates" (i.e. Trigger Event date, date of allotment) pertaining to such conversion of Term Debt to ordinary voting shares along with any other information required by the CSE.

If a Trigger Event does not occur during the tenure of the Term Debt, then such Debt shall be repaid at the end of its tenure.

6. LENDER INFORMATION

SDB intends to obtain the Term Debt from Stichting fondsbeheer DGGF lokaal MKB ("Foundation"). Stichting fondsbeheer DGGF lokaal MKB was incorporated in July 28, 2014, under the laws of the Netherlands as a foundation in accordance with the Dutch Civil Code, with its corporate seat in the municipality of The Hague, the Netherlands, and with its principal place of business at Nachtwachtlaan 20, 6th floor, 1058 EA Amsterdam, the Netherlands, registered with the trade register of the Chamber of Commerce in the Netherlands under number 61172863. As per Dutch Civil Code (i.e. Book 2 of the Code), the Foundation does not have any shareholders/ owners. The Foundation was formed by Pricewaterhouse Coopers Advisory N.V. and Triple Jump B.V., the parties managing the fund in a consortium, to receive the relevant funding from the Ministry of Foreign Affairs of the Netherlands. The Foundation has two corporate board members i.e. Triple Jump B.V. and Pricewaterhouse Coopers Advisory N.V. and does not have a custodian nor a trustee.

The general purpose of the foundation is to make investments which facilitate access to finance for small and medium-sized enterprises through financial institutions or investment funds. The sole source of capital is from the Dutch State. Stichting fondsbeheer DGGF lokaal MKB is part of the Dutch Good Growth Fund (DGGF), a fund of the State of the Netherlands, as represented by the Ministry of Foreign Affairs of the Netherlands. DGGF improves access to finance entrepreneurs in the Netherlands as well as in developing countries and emerging markets.

The total amount of capital available from the Ministry of Foreign Affairs for DGGF is EUR 327.5 million. The Foundation has invested in over 50 countries amounting to a total amount committed to funds and financial institutions of EUR 281 million as of December 31, 2018. The Foundation has the legal capacity to hold shares in Sri Lanka.

7. THE BENEFITS OF THE TERM DEBT RAISING TO THE EXISTING SHAREHOLDERS AND THE BANK

SDB believes that the Term Debt raising would bring the following benefits:

Improvement of Capital Adequacy

The proposed Term Debt obtained via the Foundation is an efficient deployment of Tier 2 capital for the Bank which would benefit the Bank and the existing shareholders. Through the Term Debt set out herein, SDB would be able to strengthen the Tier 2 capital base and thereby support the anticipated asset growth. The Term Debt set out herein will initially strengthen the Tier 2 capital base. The proceeds raised through this Term Debt facility would further assist the expected loan book growth of SDB. If SDB is unable to obtain the fund raising mentioned above, it may hinder the expected asset growth which would negatively impact the profitability and liquidity of the Bank.

Healthy credit rating and access to cheaper sources of funding in the future

In addition to the capital improvement, the investment by Development Financial Institutions in SDB will improve the credibility of the Bank which would enable the Bank to improve its credit rating. A higher credit rating would open up further avenues for funding with lower costs and longer terms which would further assist SDB's expected loan book growth and improvement of profitability.

8. DIRECTORS' RECOMMENDATION

The Board of Directors of the Bank recommends that the shareholders approve the Term Debt to be obtained from the Foundation as contemplated in the Circular, subject to obtaining the applicable regulatory approvals and shareholder approvals by means of a special resolution as set out in the Notice of Meeting.

9. EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting, notice of which is enclosed, will be held on May 30, 2019 at Uththamavi Hall, SANASA Campus Limited, Paragamma, Hettimulla, Kegalle for the purposes of obtaining the requisite shareholder approvals by means of a special resolution for the matters discussed in this Circular. The relevant resolutions to be passed at such meeting are set out in the Notice of Meeting enclosed herewith.

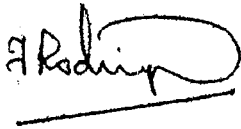
The Directors of the Bank collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief that there are no other facts, the omission of which would render any statement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

If you are unable to attend the Extraordinary General Meeting, 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 the Meeting so that your proxy could represent you thereat and exercise your vote in accordance with your directions.

Yours faithfully,

By Order of the Board

SANASA DEVELOPMENT BANK PLC

A handwritten signature in dark ink, appearing to read 'T. Rodrigo', is written over a horizontal line.

Tamarika Rodrigo
Company Secretary

May 6, 2019

SANASA DEVELOPMENT BANK PLC
NOTICE OF MEETING

Notice is hereby given that the Extraordinary General Meeting of SANASA Development Bank PLC (the "Bank") will be held at Uththamavi Hall, SANASA Campus Limited, Paragammana, Hettimulla, Kegalle on May 30, 2019 at 11 a.m. for the following purpose:

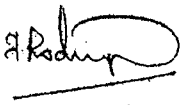
To consider and if thought fit to pass the following as a Special Resolution:

That the Directors of SANASA Development PLC (the "Bank") be and are hereby authorised:

- (i) to obtain unlisted subordinated five (05) year term debt in the equivalent of an amount up to a maximum of United States Dollars Ten Million (USD 10,000,000) in Sri Lanka Rupees with a Non- Viability Conversion or a Write Down mechanism in compliance with BASEL III requirements as may be agreed by the Board of the Bank with Stichting fondsbeheer DGGF lokaal MKB;
- (ii) that ordinary voting shares of the Bank be issued to Stichting fondsbeheer DGGF lokaal MKB (hereinafter referred to as "Lender") in the event the Monetary Board of the Central Bank of Sri Lanka determines that a Trigger Event as defined in the Circular to Shareholders dated May 6, 2019 has occurred and the Lender has exercised its option for a Non-Viability Conversion, at a conversion price based on the simple average of the daily Volume Weighted Average Price of an ordinary voting share of the Bank as published by the Colombo Stock Exchange during the three (03) month period immediately preceding such Trigger Event and that such ordinary voting shares be issued without it being offered to the then existing ordinary voting shareholders of the Bank and to rank *pari passu* with the ordinary voting shares then in issue subject to any regulatory approvals which are required for such an issuance.

By order of the Board of

SANASA DEVELOPMENT BANK PLC



Tamarika Rodrigo
Company Secretary

May 6, 2019

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.