



P. O. Box 1825  
40, Navam Mawatha,  
Colombo - 2, Sri Lanka.

21 December 2018

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



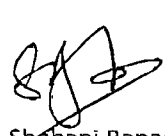
Dear Sir,

**NATIONAL DEVELOPMENT BANK PLC (PQ 27) (NDB) – RIGHTS ISSUE – GENERAL DISCLOSURE**

Further to the previous correspondence on the subject matter, the Board of Directors of NDB wishes to update you that considering the current market conditions and since no finality has been reached with the strategic investor who is/was in the process of carrying out a detailed evaluation of NDB with a view to investing in the unsubscribed shares arising from the Rights Issue, the Board has decided that it will cease to further pursue exploring avenues in terms of powers vested in the Board under Articles 7 (v) and 7 (vi) of the Articles of Association in this respect.

In furtherance thereof, the allotment of shares in excess of the single shareholding restrictions imposed under the Banking Act which was stayed in respect of some affected existing shareholders of NDB (with their consent) will not be allotted and steps will be taken by NDB to return the funds retained by NDB in lieu of such unallotted shares to the respective shareholders in due course.

BY ORDER OF THE BOARD

  
Shehani Ranasinghe  
Company Secretary

*N/P*  
*Circulate*  
*21/12*