

**SANASA Development Bank PLC
(PB 62 PQ)
No.12, Edmonton Road, Kirulapone
Colombo 06**

Circular to the Shareholders

Dear Valued Shareholders,

1. FINAL DIVIDEND OF LKR 0.87 PER SHARE FOR THE YEAR ENDED DECEMBER 31, 2023

As reflected in the Audited Financial Statements as at December 31, 2023, SANASA Development Bank PLC (“SDB” or “Bank”) has recorded a profit after tax of LKR 466,822,213/= for the year ended December 31, 2023. Subject to the approval of shareholders, the Board of Directors of SDB resolved on May 03, 2024 to declare a final dividend of LKR 0.87 per every issued and fully paid ordinary share which amounts to a total dividend of LKR 139,807,984 based on the existing 160,698,832 shares in issue to the ordinary shareholders duly registered in the Bank’s books as at the end of trading on the Record Date/Entitlement Date (i.e. 3rd Market Day from the date of the general meeting of the shareholders) by way of Scrip Dividend in the manner set out in below, subject to applicable government taxes.

i) By Way of a Scrip Dividend

A total sum of LKR 139,807,984 will be distributed by way of a Scrip Dividend from and out of the retained earnings of the Bank as at December 31, 2023, to the ordinary shareholders duly registered in the Bank’s books as at the end of trading on the Record Date/ Entitlement Date (i.e. 3rd Market Day from the date of the general meeting of the shareholders) amounting to LKR 0.87 per ordinary share. Accordingly, a maximum number of 3,467,662 shares will be issued under the Scrip Dividend based on the existing 160,698,832 shares in issue in the proportion of 1 new fully-paid ordinary share for every 46.34212677014 issued and fully-paid ordinary shares of SDB, increasing the total number of ordinary shares of the Bank after the scrip dividend to 164,166,494. Further, the ordinary share fractions arising in pursuance of the aforementioned Scrip Dividend will not be allotted and will be aggregated and subject to receiving the approval of the shareholders, fractional shares/entitlements arising therefrom will be allotted to trustees to be nominated by the Board who will hold the said shares in trust until they are sold in the market and such sales proceeds shall be distributed to charities approved by the Board. The sales of such shares will be effected within a reasonable period of time following which the aforesaid shareholder approval has been obtained.

The fractional entitlement referred to above shall mean the fractions arising after applying the following formula:

$$\frac{\text{Number of shares held by a shareholder as at end of trading on the Record Date} \times 1}{46.34212677014}$$

The consideration of LKR 34.27 per share for which the Scrip Dividend shares are issued is based on the Volume Weighted Average Price (VWAP) for the 6 month period ended April 30, 2024. In accordance with Section 52 of the Companies Act No. 7 of 2007, the Board of Directors of the Bank is of the view that the value of LKR 34.27 per share, being the consideration for the shares to be issued in terms of the aforesaid Scrip Dividend is fair and reasonable to the Bank and to all its existing shareholders.

The issue of shares under the aforementioned Scrip Dividend will be carried out in compliance with the Articles of Association of the Bank and the Companies Act No. 7 of 2007.

The new ordinary shares to be so issued via Scrip Dividend shall, immediately consequent to due allotment thereof to the entitled shareholders, rank equal and *pari passu* in all respects with the existing issued and fully paid ordinary shares of the Bank.

Consequent to the allotment and issue of new shares, the Stated Capital of SDB amounting to LKR 11,287,765,221 will increase up to approximately LKR 11,406,602,007 (net of 15% withholding tax) represented up to a maximum of 164,166,494 issued and fully paid ordinary shares.

The Board of Directors of the Bank is in the opinion that the Bank will immediately after the distribution of the final dividend, as set out above, satisfy the Solvency Test provided in Section 57 of the Companies Act No. 7 of 2007. The Board will submit a Certificate of Solvency from the Auditors to that effect prior to the submission of the declaration pertaining to the scrip dividend issuance to the Colombo Stock Exchange ("CSE").

The share price of SDB as at the end of trading on April 30, 2024 is LKR 34.40.

Currently, there are no Employee Share Option Plans (ESOP) Schemes in operation.

2. ALLOTMENT AND UPLOADING OF SHARES

In the event that the requisite resolution is approved by the shareholders at the 27th Annual General Meeting ("AGM"), the accounts of the shareholders whose shares are deposited with the Central Depository System ("CDS") would be directly uploaded with the new number of shares arising from the Scrip Dividend, as required in terms of a Directive issued by the Securities and Exchange Commission of Sri Lanka ("SEC") under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 dated November 30, 2010 issued by CDS, within five (5) Market Days from and excluding the Record Date/ Entitlement Date.

In determining the number of shares held by a shareholder as at the relevant date for the proposed Scrip Dividend, the holding of the shareholder as appearing in the CDS and the Shareholders' Register maintained by the Company will not be aggregated for the purpose of calculation. However, if a shareholder holds shares with multiple stockbrokers, the shares held with multiple brokers will be aggregated for calculation purpose, and the shares arising as a result of Scrip Dividend will be uploaded proportionately to the respective CDS accounts held with each broker.

Pursuant to a Direction issued by the Securities and Exchange Commission of Sri Lanka pertaining to the de-materialization of listed securities, shareholders who hold shares in scrip form (i.e. share certificates) as per the Share Register maintained by the Bank, will not be issued share certificates for the new shares allotted via Scrip Dividend nor be able to trade the new shares until such time these shares are deposited with the CDS. Such shareholders are advised to deposit their existing share certificates in the CDS through any stockbroker prior to the date of the AGM and to open an account with the CDS.

Until such a CDS account is opened by a shareholder and the CDS account number thereof informed in writing to the Company Secretary, the new ordinary shares that are allotted to such shareholder will only be registered in the Share Register maintained by the Bank (subject to compliance with Foreign Exchange regulations as may be applicable in respect of non-resident shareholders). Consequent to the opening of the CDS account by such shareholder, the new shares will be uploaded to such CDS account.

Direct uploads pertaining to written requests received from shareholders to deposit such shares will be carried out on a weekly basis.

3. APPROVALS IN RESPECT OF PROPOSED SCRIP DIVIDEND

The Bank has taken necessary steps to comply with all relevant provisions of the Listing Rules of the CSE in relation to the final dividend referred to in this circular. Approval in-principle has been obtained from the CSE for the issue and the listing of new shares, subject to the approval of shareholders of SDB. The Bank will be seeking the approval of the Director of Foreign Exchange for the allotment of new shares to the non-resident shareholders of SDB, where applicable.

The listing of the new ordinary shares by the CSE will in no way be reflective of the merits of the issue. The CSE assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports included.

The Annual Report – Year 2023

This year the Annual Report of SANASA Development Bank PLC (“SDB” or “the Bank”) is presented to you via the websites listed below, complying with the rules of the Colombo Stock Exchange.

The Bank’s official website – <https://www.sdb.lk/en/investor-relations/annual-reports> (**Investor Relations - Annual Reports**)

The Colombo Stock Exchange Website – <https://www.cse.lk/home/company-info/SDB.N0000/financial>.

Accordingly, please note that CDs will not be issued this year.

However, as per the Section 7.5 of CSE Listing Rules (amended), If you wish to receive a printed copy of the said Annual Report please provide us with a written request therefor. You may for this purpose complete and forward to us the attached Form of Request. We shall then, within eight (8) Market Days of the date of our receipt of your request, forward to you a printed copy of the said Annual Report.

In the event that you require assistance in accessing the above link or have any concerns pertaining to the above arrangement or if you have any queries, you may contact the following persons any time between 10.00 a.m. to 4.00 p.m. on any working day, on the following contact numbers.

Name	Contact Number	E-mail Address
Mr.Damitha Geeganage	0112-832592	sdbagm@sdb.lk
Mr.Uchitha Anuhas	0112-832625	sdbagm@sdb.lk
Ms.Imalka Madushani	0112-832625	sdbagm@sdb.lk

In the event you are a Shareholder of the Bank, please be advised that the notice convening the Annual General Meeting (AGM) of the Bank, and the related Form of Proxy are also enclosed and if any Shareholder is unable to participate via online at the AGM, please return the Form of Proxy to us duly completed, to reach us not later than 24 hours before the time fixed for the said Meeting.

Shareholders are requested to kindly note that the AGM is scheduled to be held virtually and, in the event any further communications are to be made to the Shareholders the same will be made via the Colombo Stock Exchange (CSE) website and / or the / Bank website detailed above.

By order of the Board

SANASA Development Bank PLC



Tamarika Rodrigo
Company Secretary
08th May 2024

SANASA DEVELOPMENT BANK PLC (PB 62 PQ)
27TH ANNUAL GENERAL MEETING

NOTICE OF MEETING

Notice is hereby given that the 27th Annual General Meeting of SANASA Development Bank PLC (“SDB” or “the Bank”) will be held as an Online Virtual Meeting on May 31, 2024 at 10.00 a.m. at “Board Room”, SANASA Development Bank PLC, No.12, Edmonton Road, Kirulapone, Colombo 06 and 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 Bank for the year ended December 31, 2023 together with Auditors Report thereon.
2. To declare a final dividend of LKR 0.87 per share, as recommended by the Board of Directors as follows:

As an Ordinary Resolution

THAT a final dividend of a total sum of LKR 139,807,984 based on 160,698,832 issued and fully paid ordinary shares, recommended to the shareholders of SDB by the Board of Directors of the Bank constituting a dividend of LKR 0.87 per every issued and fully-paid ordinary share for the financial year ended December 31, 2023 and is hereby approved and declared on the basis that such dividend distribution shall be effected in the manner following to the ordinary shareholders who are duly registered in the books of the Bank as at the end of trading on the Record Date/ Entitlement Date (i.e. 3rd Market Day from the date of the general meeting of the shareholders):

By way of a Scrip Dividend:

A total sum of LKR 139,807,984 based on the existing 160,698,832 shares in issue, shall be distributed by way of a Scrip Dividend from and out of the retained earnings of the Bank as at December 31, 2023 to the ordinary shareholders registered in the Bank’s books as at the end of trading on the Record Date/ Entitlement Date (i.e. 3rd Market Day from the date of the general meeting of the shareholders) and such shares shall be issued to the aforesaid entitled shareholders amounting to a dividend per share of LKR 0.87 on the basis of 1 new fully-paid ordinary share for every 46.34212677014 existing issued and fully-paid ordinary shares constituting thereby a maximum issue of 3,467,662 new ordinary shares, and which new ordinary shares to be so issued shall, immediately consequent to due allotment thereof to the entitled shareholders, rank equal and *pari passu* in all respects with the existing issued and fully-paid ordinary shares of the Bank; and

The ordinary share fractions arising in pursuance of the aforementioned Scrip Dividend (after applying the formula referred in the Section 1 i) of the Circular to Shareholders) will not be allotted and will be aggregated and subject to receiving the approval of the shareholders, fractional shares/entitlements arising therefrom will be allotted to trustees to be nominated by the Board who will hold the said shares in trust until they are sold in the market and such sales proceeds shall be distributed to charities approved by the Board. The sales of such shares will be effected within a reasonable period of time following which the aforesaid shareholder approval has been obtained.

3. To re-elect the following two Directors;

- To re-elect as a Director, Mr. Conrad Dias who retires at the 27th AGM by rotation in terms of Article 6 (4) (I) of the Articles of Association who represents LOLC Investment Holdings One (Private) Limited.
- To re-elect as a Director, Mr. B.R.A. Bandara who retires at the 27th AGM by rotation in terms of Article 6 (4) (I) of the Articles of Association who represents Polgahawela SANASA Societies Union Ltd.

4. To appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the Financial Year 2024 and to authorize the Board to determine their remuneration.

5. To authorize the Directors to determine donations for the year 2024.

Manner of Holding the 27th Annual General Meeting:

1. The 27th Annual General Meeting (AGM) of the Bank is to be held by way of a Virtual Meeting in accordance with the Articles of Association of the Bank, the prevailing laws and the guidelines issued by the Colombo Stock Exchange.
2. Chairperson, Board of Directors, Acting Chief Executive Officer, Company Secretary and the representatives of the Bank, and others essential for the administration of formalities of the meeting will assemble at the place specified as the venue of the meeting. All others, including Shareholders, will participate via Zoom following the steps below;
 - a) All shareholders wishing to participate at the Virtual Meeting must forward the duly completed Form 1 (attached hereto) via post / by hand to the Company Secretary at the registered office of the Bank or email to the Company Secretary (sdbagm@sdb.lk) or to facsimile number – 0112-514256 not later than 24 hours prior to the meeting to enable the Bank to share the login information.
 - b) All participating shareholders will have to pre-register themselves online prior to the commencement of the meeting and will be authenticated to participate. As such all Shareholders must strictly ensure that the details provided in the Form 1 shared with the Company Secretary and the online pre-registration must be the same.
3. Shareholders who participate the meeting required to identify themselves, if they speak at the AGM during the time allotted for comments by Shareholders as directed by the Chairperson. 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.
4. Shareholders are also given the opportunity to forward their queries via post to the Company Secretary at the registered office of the Bank or email to the Company Secretary (sdbagm@sdb.lk) or to facsimile number 011–2514256 before 24 hours prior to the meeting and your concerns will be addressed as deemed appropriate by the Chairperson.
5. Shareholders are encouraged to opt to duly completing the Form of Proxy clearly setting out their preference of vote under each item of the Agenda set out in the Form of Proxy and to appoint one of the Directors of the Bank to act on their behalf in order that in the event a Shareholder cannot participate at the meeting, such Shareholder's vote may be identified and recorded as if such shareholders were present at the meeting.

The duly completed Form of Proxy must reach the Company Secretary (in accordance with the instructions specified therein), not less than twenty-four (24) hours before the time appointed for the holding of the Meeting so that your proxy could represents you at the AGM and exercise your vote in accordance with your directions.

As this meeting will be a 'Virtual Meeting' and for the Bank's administrative convenience, the Bank would very much appreciate and requests all Shareholders to send in their Proxy Forms along with their Registration Form (Form 1) to reach the Bank, not later than 24 hours prior to the meeting as this would enable the Bank to efficiently make all arrangements for the virtual meeting.

6. The Bank intends to proceed to hold the Virtual Meeting as planned despite any prevailing situation in the Country. As such in the event any further communications are to be made to the Shareholders of the Bank, the same will be made via the Colombo Stock Exchange website www.cse.lk and/ or the Bank website <https://www.sdb.lk/en/>
7. Contact Company Secretary Department via 0112-832592 by the Shareholders participating at the Virtual Meeting to address any technical difficulties faced in accessing / participating at the meeting.

*Login details are authorized only for the use by Individual Shareholders / Proxy holders and authorized representatives in the case of corporate / institutional shareholders. The Bank will not be responsible or liable for the misuse of login details and access granted to the Meeting.

By Order of the Board

SANASA DEVELOPMENT BANK PLC



Tamarika Rodrigo
Company Secretary
08th May 2024

FORM OF PROXY
27th Annual 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;

e-mail address & 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;

e-mail address & Mobile No

Failing him / her, Chairperson Ms.Dinithi Ratnayake, or failing her Director Prof.Sampath Amaratunge, 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 Mr.Thusantha Wijemanna, or failing him Director Mr.Sarath Nandasiri, or failing him Director Mr.Conrad Dias, or failing him Director Mr.Naveendra Sooriyarachchi, or failing him Director Mr.Romani De Silva, or failing him Director Mr.Chandana Dissanayake, or failing him Director Dr.Mahesha Ranasoma as my/our proxy to speak /vote for me / us on my /our behalf at the 27th Annual General Meeting of the Bank to be held on the May 31 , 2024 at 10.00 a.m. at "Board Room", SANASA Development Bank PLC, No.12, Edmonton Road, Kirulapone , Colombo 06 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" against the resolutions.

	FOR	AGAINST
1. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Bank for the year ended December 31, 2023 together with Auditors Report thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.To declare a final dividend of LKR 0.87 per share as recommended by the Board of Directors and to pass the Ordinary Resolution set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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|---|--------------------------|--------------------------|
| 3. To re-elect as a Director, Mr. Conrad Dias who retires at the 27 th AGM by rotation in terms of Article 6 (4) (I) of the Articles of Association who represents LOLC Investment Holdings One (Private) Limited. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-elect as a Director, Mr. B.R.A. Bandara who retires at the 27 th AGM by rotation in terms of Article 6 (4) (I) of the Articles of Association who represents Polgahawela SANASA Societies Union Ltd. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. To appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the Financial Year 2024 and to authorize the Board to determine their remuneration. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. To authorize the Directors to determine donations for the year 2024. | <input type="checkbox"/> | <input type="checkbox"/> |

For Societies / Union / Companies

..... Chairman	Seal Vice Chairman / Secretary
..... Date	 Proxy Holder's Signature

For Individuals

..... Date Signature Proxy Holder's Signature
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INSTRUCTIONS

- 1) In perfecting 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 later than 24 hours before the time fixed for the 27th AGM.
 - 3) Please fold this form properly and post to the following address.
 - 4) The instrument appointing a proxy may be in writing under the hand of the appointer or of his / her attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney or duly authorized person and together with the instrument appointing a proxy should be deposited at the registered office of the Bank.
- ❖ **Please forward the duly filled "FORM 1" along with the "Form of Proxy" herewith not later than 24 hours prior to the Meeting.**

**The Company Secretary
SANASA Development Bank PLC
No12, Edmonton Road
Kirulapone
Colombo 06.**

FORM 1

TO BE COMPLETED BY SHAREHOLDERS TO CONNECT VIA DIGITAL MEANS

**SANASA DEVELOPMENT BANK PLC
27th ANNUAL GENERAL MEETING – MAY 31st 2024**

BY EMAIL / BY FAX / BY HAND / BY POST

To The Company Secretary
SANASA Development Bank PLC
No. 12, Edmonton Road
Kirulapone
Colombo 06
sdbagm@sdb.lk

Full Name of Shareholder (In the event of a Joint holder please indicate full name and details of <u>primary holder</u>).	
National Identity Card No (NIC) / Passport No. / Company Registration No.	
Telephone number	Mobile
	Landline
Email address	
IF A PROXY IS APPOINTED* :	
FULL Name of Proxy holder	
National Identity Card No (NIC) / Passport No. of Proxy holder	
Telephone number	Mobile
	Landline
Email address	
*Please ensure that the Proxy Form is attached.	

I/We confirm that the undersigned or as duly represented by my / our proxy will connect to the AGM of SANASA Development Bank PLC via digital means as provided by the Bank. In the event a proxy is appointed, I/we hereby acknowledge my / our vote for the resolutions detailed in the Notice of Meeting shall be in accordance with the preference indicated in the Form of Proxy.

.....
Shareholder / Shareholders signature/s

1. In case of a corporate shareholder, this form must be executed under its Common Seal (if applicable) or in such other manner prescribed by the Articles of Association or other constitutional documents.
2. If this form is signed by an Attorney, the Power of Attorney or a copy certified by a Notary Public thereof duly registered in the books of SDB should be attached.
3. This form must be returned to the Company Secretary not later than 24 hours prior to the Meeting.
4. This form could be sent to the Company Secretary preferable by Email (sdbagm@sdb.lk) or through facsimile number 0112-514256 at any time between 10.00 a.m. to 4.00 p.m. on working days.
5. Please contact 0112-832592 for any queries.

FORM OF REQUEST

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

Request for the printed copy of the Annual Report 2023 of SANASA Development Bank PLC

Please forward a printed copy of the “Annual Report” for the financial year ended 31 December 2023 of SANASA Development Bank PLC.

My / Our details are as follows;

Full Name of the Shareholder :

Shareholder’s NIC/Passport/Company Registration No :

Shareholder’s Folio Number (Please refer the address label) :

Shareholder’s Address :

Contact Number :

Jointly With :

.....

.....

Signature of the Shareholder/s

Date

Notes:

1. If you need a printed version please complete the Form of Request by filling in legibly the required information, signing the space provided and filling in the date of signature.
2. If the Form of Request is signed by an Attorney, the relative Power of Attorney should accompany the Form of Request.
3. In the event the shareholder is a Company, the Form of Request should be signed under its Common Seal or by a duly authorized officer of the Company in accordance with its Articles of Association.
4. In the case of the joint shareholding, the request may be executed by the Primary holder.

