

# The Power of Our Partnerships

Just as the relationships we share with our business partners are mutually beneficial, we ensure that they remain professional, transparent, and fair at all times. Being deeply rooted in the rural community, we have a deep understanding of the needs of our customers and are able to proactively provide solutions for them while working as business partners.

## Strategic partnerships

During the year under review, we successfully raised USD 10 Mn. from Stichting Fondsbeheer DGGF Lokaal MKB duly represented by Triple Jump B.V. and USD 8 Mn. from the Belgian Investment Company for Developing Countries (BIO) through an issuance of unlisted subordinated five-year term debt with a non-viability conversion under Tier 2 Capital of the Bank. Both debts are subject to compliance with the conditions stipulated in the Banking Act Director No. 1 of 2016 on capital requirements under BASEL III guidelines published by the Central Bank and are due to be repaid in 2024.

To explore opportunities in the global co-operative arena we have relationships with International Cooperative Alliance (ICA), Asian Confederation of Credit Unions (ACCU), International Raiffeisen Union (IRU) and Centre for International Cooperation in Agricultural Banking (CICAB).

Since 1978, we have also been partnered by Rabo Bank of the Netherlands, The World Council of Credit Unions and other world co-operative associates for the roll-out of various development programmes. Internationally SANASA Federation is connected with all world co-operative federations and is a member of all international and regional co-operative bodies.

## Partnerships to benefit customers

During the year under review, we entered into a partnership with DIMO, to offer special leasing facilities for Mahindra tractors. This partnership benefits the agricultural sector, particularly smallholder farmers in need of leasing tractors. Through this partnership we were able to offer customers a range of benefits including leasing facilities of up to 85% of the value of the tractor, which is not usually available in the market, and the flexibility to make payments either monthly or seasonally, which is very important for rural farmers.

We also signed a landmark agreement with the Central Bank of Sri Lanka (CBSL). The MOU entered into involves the Smallholder Agribusiness Partnership Programme (SAPP), an initiative to enhance production levels, productivity, quality, and value-addition of agricultural products. Set to further boost the country's agricultural sector, the project includes the joint efforts of CBSL, the Presidential Secretariat, International Fund for Agricultural Development (IFAD) and Smallholder Agribusiness Partnerships Programme (SAPP), along with SDB bank.

The above venture enhances other existing partnerships signed in late 2018 which had a positive impact on activities during the year under review. These include the memorandum of understanding with Brown & Company PLC to offer financing solutions for the brand new TAFE and Massey Ferguson four wheel tractors. We also signed an agreement with a leading pilgrimage tour operator, Lotus *Sancharakayo*, at their

request in order to organise pilgrimages to *Dambadiva* in India at a concessionary rate for retired government servants. The devotees are able to obtain the tour cost through the SDB bank *Upahara* Loan Scheme. These loans are offered without any guarantors for a minimal instalment amount. The customer has a repayment period up to 10 years until they reach the age of 75.

As leaders in our respective fields, there are many synergies that will arise from these partnerships – synergies that will benefit our customers and the organisations themselves.

We have also tied-up with the Ministry of Defence to bring greater benefits to women entrepreneurs and youth. Together our goal is to increase their participation in the workforce and facilitate their ability to contribute towards the economy of the country.

## Procurement policy

In line with our Vision to be “A Leading Partner of National Development,” we have strong partnerships with local suppliers in order to further economic development in the areas and communities within which we operate. For this reason, wherever possible, we also partner with members of the SANASA Federation to procure the products and services that we need in order to fulfil our Mission.

As depicted below, our level of dependency on business partners varies from critical to ad hoc.

## Critical operations

Business critical services remain a key focus to the Management of SDB bank.

- Utility services providers
- Travel and transport
- Software support
- Material suppliers

Providers of electricity, telecommunication, and software systems support ensure the smooth functioning of our business. As we have limited capacity to influence or switch such suppliers easily without incurring hefty costs in the case of most services, we take precautions to build long-standing relationships with them. This contributes towards ensuring that our expectations are met.

## Ongoing support

Covering a wide variety of services that allow us to operate at an optimum, on a daily basis, these suppliers range from large corporates to SMEs and individuals.

- Maintenance
- Software suppliers
- Material suppliers
- Staff welfare
- Waste management
- Debt collection agencies

Some of the many sustainability challenges they face are identified below:

Business partners	Material aspects
Maintenance service providers	Labour practices
Health and safety of workers	Effluents and waste
Travel and transport providers	Emissions
Material suppliers	Responsible sourcing, human rights of workers
Waste management service providers	Effluents and waste

We maintain regular dialogue with these business partners about areas of concern, working towards resolving identified issues and encouraging the adoption of best practices.

### ***Infrequent engagement***

While we deal with the following business partners in an ad hoc or infrequent manner, nevertheless, we take pains to ensure that relationships remain strong as their services are of great importance to SDB bank.

- Premises providers
- Contractors
- Professional service providers

As with all supplier groups, we require compliance with all applicable regulations.