

17 November 2025

The Board of Directors  
LOLC Finance PLC  
No. 100/1 Sri Jayewardenepura Mawatha  
Rajagiriya  
Sri Lanka.

Dear Sirs/Mesdames

## **Accountants' report for inclusion in the prospectus of LOLC Finance PLC**

### **Introduction**

This report has been prepared for the inclusion in the prospectus issued in connection with the public offer of One Hundred Million (100,000,000) listed, rated, unsecured, senior redeemable debentures at rupees one hundred (LKR 100.00) to raise up to rupees Ten billion (LKR 10,000,000,000) with an option to raise further Fifty Million said debentures to raise up to rupees Fifteen Billion (LKR 15,000,000,000).

We have examined the financial statements of LOLC Finance PLC (the "Company") for the years ended 31 March 2021 to 31 March 2025 ("period"), and report as follows.

### **1. Incorporation**

LOLC Finance PLC is a quoted public company with limited liability incorporated in 2001 and domiciled in Sri Lanka. The registered office of the company and the principal place of business are situated at No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya.

The Company has been registered with the Central Bank of Sri Lanka as a Finance Company under the provisions of the Finance Business Act No. 42 of 2011. The Company has obtained registration from the Securities and Exchange Commission, as a Market Intermediary to perform the functions of a Margin Provider under section 19A of the Securities & Exchange Commission Act No. 36 of 1987 as amended by Act Nos. 26 of 1991 & 18 of 2003.

Ordinary shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange (CSE).

LOLC Finance PLC offers a range of financial services to both individuals and businesses. These services encompass Finance Business, Finance Leasing, Islamic Finance, issue of Payment (Debit & Credit) Cards, Micro Finance Loans, Gold Loans and provision of Advances for Margin Trading in the Colombo Stock Exchange.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

## 2. Financial Information

### 2.1. Five Year Summary of Financial Statements

A summary of statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity and statements of cash flows of LOLC Finance PLC for the financial years ended 31 March 2021 to 31 March 2025, based on the audited financial statements of the Company prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) are set out in Annexure 1 to this report.

### 2.2. Audit Reports

We have audited the financial statements of the Company for the year ended 31 March 2025. Previous four years of financial statements for 31 March 2021 to 31 March 2024 were audited by the predecessor auditor, Ernst and Young. Unqualified audit opinions have been issued for all the said financial years.

### 2.3. Application of Accounting Standards and Accounting Policies

The financial statements of the Company for the years ended 31 March 2021 to 31 March 2025 complied with Sri Lanka Accounting Standards (commonly referred as “SLFRS”/“LKAS”) laid down by the Institute of Chartered Accountant of Sri Lanka (CA Sri Lanka).

The accounting policies and changes in the accounting policies of the Company are stated in detail in the audited financial statements of the Company for the years ended 31 March 2021 to 31 March 2025. The adoption of revised/ new accounting standards and a summary of related amendments to the accounting policies of the Company for the financial years ended 31 March 2021 to 31 March 2025 are set out in Annexure 2.

### 2.4. Dividends

The company did not declare or pay any dividends in respect of ordinary shares during the years ended 31 March 2021 to 31 March 2025.

However, subsequent to the financial year ended 31st March 2025, the Company carried out a share repurchase at a price of Rs. 6.00 per share, following receipt of the necessary regulatory approvals. Under this offer, 3,519,065,138 shares were repurchased, for a total consideration of Rs. 21,114,390,828/-. The offer period commenced on 30th June 2025 and closed on 8th July 2025. Payments to shareholders were completed by 23rd July 2025, and the effective date of the repurchase was 30th July 2025.

### 2.5. Events after Reporting Date (31 March 2025)

- **Proposed public offer of debentures**

The Board of Directors approved to issue One Hundred and Fifty Million (100,000,000) listed, rated, unsecured, senior, redeemable debentures at rupees one hundred (LKR 100.00) to raise up to rupees Ten billion (LKR 10,000,000,000) with an option to raise further Fifty Million said debentures to raise up to rupees Fifteen Billion (LKR 15,000,000,000). The tenor of the instrument will be 5 years with different coupon rates based on coupon payment frequency. This instrument will be listed in the CSE and rated by Lanka rating. The proceeds of the proposed debenture offer will be used to support the growth of lending activities of the Company.

## 2.6. Restriction on Use

This report is made solely for the purpose of the Board of Directors of LOLC Finance PLC for the inclusion in the prospectus in connection with the proposed public issue of debentures amounting to Rupees Fifteen billion (LKR 10,000,000,000) ) with an option to raise further Fifty Million said debentures to raise up to rupees Fifteen Billion (LKR 15,000,000,000. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee. This report should not be used, circulated, quoted, or otherwise referred to any other purpose.

Yours faithfully



**Deloitte Partners**  
Chartered Accountants  
Colombo

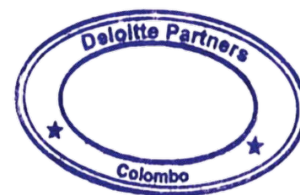
## Annexure 1

### STATEMENT OF PROFIT OR LOSS

For the year ended 31st March

Amounts in Rs.

	2025	2024	2023	2022	2021
Interest income	68,317,633,361	74,993,922,946	69,027,128,557	30,569,862,999	33,761,534,127
Interest expense	(26,211,477,746)	(37,019,229,768)	(36,124,595,817)	(8,979,991,819)	(12,446,790,398)
<b>Net interest income</b>	<b>42,106,155,615</b>	<b>37,974,693,177</b>	<b>32,902,532,740</b>	<b>21,589,871,180</b>	<b>21,314,743,729</b>
Net other operating income	4,130,120,104	12,788,099,725	12,767,702,863	11,522,271,915	10,298,438,290
<b>Total operating income</b>	<b>46,236,275,719</b>	<b>50,762,792,902</b>	<b>45,670,235,603</b>	<b>33,112,143,095</b>	<b>31,613,182,019</b>
Impairment reversal / (charges)	7,727,070,189	(4,656,710,270)	(6,396,889,918)	(2,991,759,900)	(16,341,362,321)
Personnel expenses	(7,940,798,668)	(6,886,450,056)	(6,057,681,094)	(3,564,802,548)	(3,156,954,655)
Depreciation and amortisation	(1,304,748,285)	(1,186,105,705)	(734,219,712)	(207,247,901)	(131,853,680)
Other operating expenses	(13,918,828,787)	(13,054,155,223)	(12,169,156,418)	(6,768,198,146)	(6,930,082,331)
<b>Profit from operations</b>	<b>30,798,970,168</b>	<b>24,979,371,648</b>	<b>20,312,288,461</b>	<b>19,580,134,600</b>	<b>5,052,929,032</b>
Value added tax on financial service	(5,736,663,732)	(3,465,809,949)	(4,023,910,543)	(1,837,501,042)	(556,145,927)
<b>Profit from operating activities</b>	<b>25,062,306,435</b>	<b>21,513,561,699</b>	<b>16,288,377,918</b>	<b>17,742,633,558</b>	<b>4,496,783,105</b>
Share of profit / (loss) of equity accounted investee	22,834,362	33,933,617	(895,111,321)	-	-
<b>Profit before tax</b>	<b>25,085,140,797</b>	<b>21,547,495,316</b>	<b>15,393,266,597</b>	<b>17,742,633,558</b>	<b>4,496,783,105</b>
Income tax (expense) / reversal	-	-	-	(792,048,095)	(130,844,548)
<b>Profit for the year</b>	<b>25,085,140,797</b>	<b>21,547,495,316</b>	<b>15,393,266,597</b>	<b>16,950,585,463</b>	<b>4,365,938,557</b>



# STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st March

Amounts in Rs.

	2025	2024	2023	2022	2021
<b>Items that will never be reclassified to profit or loss</b>					
Gains on remeasurement of defined benefit liability	53,275,540	27,395,624	51,711,081	24,422,219	19,845,167
Less: Deferred tax effect on actuarial gains	(15,982,662)	(8,218,687)	(28,785,054)	(5,861,333)	(12,619,816)
Net actuarial gains on defined benefit plans	37,292,878	19,176,937	22,926,027	18,560,886	7,225,351
Revaluation gain on property, plant and equipment	2,037,975,138	-	-	1,495,420,151	96,207,856
Less : Deferred tax effect on revaluation surplus	(27,324,939)	-	(258,444,158)	(318,626,179)	(8,897,344)
Net change in revaluation surplus	2,010,650,199	-	(258,444,158)	1,176,793,972	87,310,512
Net change in fair value (equity investments at FVOCI)	45,393,288	(29,428,973)	12,376,236	95,307,266	14,184,672
<b>Total of items that will never be reclassified to profit or loss</b>	<b>2,093,336,365</b>	<b>(10,252,036)</b>	<b>(223,141,895)</b>	<b>1,290,662,124</b>	<b>108,720,535</b>
<b>Items that are or may be reclassified to profit or loss</b>					
Movement in fair value through OCI reserve	-	-	175,480,700	-	19,304,507
Related tax	-	-	3,018,739	-	-
Movement in hedge reserve	-	-	155,895,000	(119,316,738)	130,492,506
Related tax	-	-	(31,179,000)	8,007,481	(25,575,150)
<b>Total of items that are or may be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>303,215,439</b>	<b>(111,309,257)</b>	<b>124,221,863</b>
Total other comprehensive income, net of tax	2,093,336,365	(10,252,036)	80,073,543	1,179,352,868	232,942,398
<b>Total comprehensive income for the period</b>	<b>27,178,477,162</b>	<b>21,537,243,280</b>	<b>15,473,340,140</b>	<b>18,129,938,330</b>	<b>4,598,880,955</b>



# STATEMENT OF FINANCIAL POSITION

As at 31st March

Amounts in Rs.

	2025	2024	2023	2022	2021
<b>ASSETS</b>					
Cash and cash equivalents	8,578,933,549	11,486,913,701	16,484,821,741	12,282,959,936	13,422,689,919
Placements with banks	2,794,250,923	4,060,474,917	2,493,925,171	8,885,610,812	7,203,305,870
Securities purchased under resale agreements	280,245,481	2,318,268,248	7,007,080,828	7,758,177,941	720,085,055
Derivative financial instruments	6,499,209	-	64,428,025	3,450,265,935	325,029,200
Financial assets recognised through profit or loss – measured at fair value	33,324,963,786	32,215,625,057	4,424,824,113	5,993,197,046	5,298,367,026
Financial assets at amortised cost – loans and advances to customers	297,509,139,757	249,641,762,357	246,568,258,840	206,810,085,449	104,648,916,790
Financial assets at amortised cost – debt and other financial instruments	14,828,164,580	12,990,946,525	24,445,631,648	16,083,304,829	-
Financial assets measured at fair value through other comprehensive income	323,720,733	278,327,445	307,756,418	295,369,182	15,318,002,538
Investment in associate	-	249,943,293	564,084,948	1,833,660,667	-
Property, plant and equipment	14,238,536,560	11,062,853,827	10,565,862,132	7,238,124,749	1,151,407,424
Intangible assets	60,107,649	39,582,753	5,176,259	36,197,600	11,811,014
Right-of-use assets	1,481,201,306	1,260,180,730	981,943,262	1,052,412,591	-
Investment properties	55,029,900,000	48,313,343,393	41,252,661,173	38,287,958,119	21,088,740,181
Other assets	1,278,500,865	3,554,007,179	5,681,283,087	1,559,743,490	1,036,640,560
<b>Total assets</b>	<b>429,734,164,397</b>	<b>377,472,229,425</b>	<b>360,847,737,645</b>	<b>311,567,068,346</b>	<b>170,224,995,577</b>
<b>LIABILITIES</b>					
Bank overdraft	8,516,663,167	5,017,647,042	8,783,895,368	5,675,768,259	1,861,003,040
Derivative financial instruments	1,937,593	-	11,634,977	13,175,698	-
Financial liabilities at amortised cost – due to depositors	225,717,328,979	206,368,226,125	201,270,901,382	159,252,382,263	107,791,136,377
Financial liabilities at amortised cost – borrowings	15,680,980,318	19,711,407,427	30,346,758,553	43,110,442,629	16,437,442,429
Retirement benefit obligation	752,325,774	710,960,950	652,806,770	565,709,494	332,531,588
Current tax liabilities	2,011,921,307	2,681,710,125	2,681,710,123	2,525,556,194	857,902,877
Deferred tax liabilities	2,992,430,886	2,999,055,285	2,990,836,600	2,974,781,275	1,733,249,164
Other liabilities	24,536,628,015	17,637,751,273	13,300,965,955	13,896,349,629	5,323,196,508
<b>Total liabilities</b>	<b>280,210,216,038</b>	<b>255,126,758,227</b>	<b>260,039,509,728</b>	<b>228,014,165,440</b>	<b>134,336,461,983</b>
<b>EQUITY</b>					
Stated capital	44,078,915,852	306,993,805,501	306,993,805,501	211,581,447,542	12,762,500,000
Reserves					
Statutory reserve fund	7,545,403,163	6,291,146,123	5,213,771,358	4,444,108,028	3,596,578,755
Merger reserve	-	(262,914,889,649)	(262,914,889,649)	(169,284,516,561)	-
Other reserves	9,154,257,760	8,406,525,710	4,851,331,510	1,562,683,614	401,891,632
Retained earnings	88,745,371,584	63,568,883,513	46,664,209,197	35,249,180,283	19,127,563,207
<b>Total equity</b>	<b>149,523,948,359</b>	<b>122,345,471,198</b>	<b>100,808,227,917</b>	<b>83,552,902,906</b>	<b>35,888,533,594</b>
<b>Total liabilities and equity</b>	<b>429,734,164,397</b>	<b>377,472,229,425</b>	<b>360,847,737,645</b>	<b>311,567,068,346</b>	<b>170,224,995,577</b>
<b>Contingent liabilities and commitments</b>	<b>32,967,663,778</b>	<b>30,509,028,757</b>	<b>31,665,622,336</b>	<b>22,863,999,342</b>	<b>9,332,907,623</b>
<b>Net asset value per share</b>	<b>4.52</b>	<b>3.70</b>	<b>3.05</b>	<b>4.34</b>	<b>6.84</b>

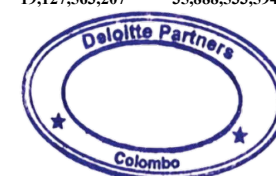


# STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March

Amounts in Rs.

	Stated Capital Rs.	Statutory Reserve Rs.	Revaluation Reserve Rs.	Cash flow Hedge Reserve Rs.	Fair Value Reserve Rs.	Regulatory loss Allowance Reserve Rs.	Merger Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
<b>Balance as at 01 April 2019</b>	<b>7,880,000,000</b>	<b>3,189,297,618</b>	<b>241,527,671</b>	<b>(39,059,404)</b>	<b>(21,756,425)</b>	<b>-</b>	<b>-</b>	<b>11,516,578,923</b>	<b>22,766,588,383</b>
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	-	-	3,779,684,187	3,779,684,187
<i>Other comprehensive income, net of income tax</i>									
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-	-	-	(134,582,674)	(134,582,674)
Revaluation gain on fair value through OCI investments	-	-	-	-	11,029,027	-	-	-	11,029,027
Movement in fair value through OCI reserve	-	-	-	-	22,683,918	-	-	-	22,683,918
Net movement of cashflow hedges	-	-	-	(38,250,201)	-	-	-	-	(38,250,201)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,250,201)</b>	<b>33,712,944</b>	<b>-</b>	<b>-</b>	<b>(134,582,674)</b>	<b>(139,119,931)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,250,201)</b>	<b>33,712,944</b>	<b>-</b>	<b>-</b>	<b>3,645,101,513</b>	<b>3,640,564,256</b>
<b>Transactions recorded directly in equity</b>									
Transfer to Investment Fund Reserve	-	-	-	-	-	-	-	-	-
Transferred to retained earnings during the year	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	188,984,209	-	-	-	-	-	(188,984,209)	-
Shares issued during the year	4,882,500,000	-	-	-	-	-	-	-	4,882,500,000
<b>Total transactions recorded directly in equity</b>	<b>4,882,500,000</b>	<b>188,984,209</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(188,984,209)</b>	<b>4,882,500,000</b>
<b>Balance as at 31 March 2020</b>	<b>12,762,500,000</b>	<b>3,378,281,827</b>	<b>241,527,671</b>	<b>(77,309,605)</b>	<b>11,956,519</b>	<b>-</b>	<b>-</b>	<b>14,972,696,227</b>	<b>31,289,652,639</b>
<b>Balance as at 01 April 2020</b>	<b>12,762,500,000</b>	<b>3,378,281,827</b>	<b>241,527,671</b>	<b>(77,309,605)</b>	<b>11,956,519</b>	<b>-</b>	<b>-</b>	<b>14,972,696,227</b>	<b>31,289,652,639</b>
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	-	-	4,365,938,557	4,365,938,557
<i>Other comprehensive income, net of income tax</i>									
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-	-	-	7,225,351	7,225,351
Revaluation gain on property, plant and equipment	-	-	87,310,512	-	-	-	-	-	87,310,512
Revaluation gain on fair value through OCI investments	-	-	-	-	14,184,672	-	-	-	14,184,672
Movement in fair value through OCI reserve	-	-	-	-	19,304,507	-	-	-	19,304,507
Net movement of cashflow hedges	-	-	-	104,917,355	-	-	-	-	104,917,355
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>87,310,512</b>	<b>104,917,355</b>	<b>33,489,179</b>	<b>-</b>	<b>-</b>	<b>7,225,351</b>	<b>232,942,397</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>87,310,512</b>	<b>104,917,355</b>	<b>33,489,179</b>	<b>-</b>	<b>-</b>	<b>4,373,163,908</b>	<b>4,598,880,954</b>
<b>Transactions recorded directly in equity</b>									
Transfer to Investment Fund Reserve	-	-	-	-	-	-	-	-	-
Transferred to retained earnings during the year	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	218,296,928	-	-	-	-	-	(218,296,928)	-
<b>Total transactions recorded directly in equity</b>	<b>-</b>	<b>218,296,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(218,296,928)</b>	<b>-</b>
<b>Balance as at 31 March 2021</b>	<b>12,762,500,000</b>	<b>3,596,578,755</b>	<b>328,838,183</b>	<b>27,607,751</b>	<b>45,445,698</b>	<b>-</b>	<b>-</b>	<b>19,127,563,207</b>	<b>35,888,533,594</b>
<b>Balance as at 01 April 2021</b>	<b>12,762,500,000</b>	<b>3,596,578,755</b>	<b>328,838,183</b>	<b>27,607,752</b>	<b>45,445,698</b>	<b>-</b>	<b>-</b>	<b>19,127,563,207</b>	<b>35,888,533,594</b>



	Stated Capital Rs.	Statutory Reserve Rs.	Revaluation Reserve Rs.	Cash flow Hedge Reserve Rs.	Fair Value Reserve Rs.	Regulatory loss Allowance Reserve Rs.	Merger Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	-	-	16,950,585,463	16,950,585,463
<b>Other comprehensive income, net of income tax</b>									
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-	-	-	18,560,886	18,560,886
Revaluation gain on property, plant and equipment	-	-	1,176,793,972	-	-	-	-	-	1,176,793,972
Revaluation gain on fair value through OCI investments	-	-	-	-	95,307,266	-	-	-	95,307,266
Movement in fair value through OCI reserve	-	-	-	-	-	-	-	-	-
Net movement of cashflow hedges	-	-	-	(111,309,257)	-	-	-	-	(111,309,257)
	-	-	1,176,793,972	(111,309,257)	95,307,266	-	-	18,560,886	1,179,352,868
<b>Total comprehensive income for the year</b>	-	-	1,176,793,972	(111,309,257)	95,307,266	-	-	16,969,146,349	18,129,938,330
<b>Transactions recorded directly in equity</b>									
Transferred to retained earnings during the year	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve fund	-	847,529,273	-	-	-	-	-	(847,529,273)	-
Shares issued during the year	198,818,947,542	-	-	-	-	-	-	-	198,818,947,542
Excess of the investment and other adjustments on merger with subsidiary	-	-	-	-	-	-	(169,284,516,561)	-	(169,284,516,561)
<b>Total transactions recorded directly in equity</b>	198,818,947,542	847,529,273	-	-	-	-	(169,284,516,561)	(847,529,273)	29,534,430,981
<b>Balance as at 31 March 2022</b>	211,581,447,542	4,444,108,028	1,505,632,154	(83,701,504)	140,752,964	-	(169,284,516,561)	35,249,180,282	83,552,902,905
<b>Balance as at 01 April 2022</b>	211,581,447,542	4,444,108,028	1,505,632,154	(83,701,504)	140,752,964	-	(169,284,516,561)	35,249,180,282	83,552,902,905
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	-	-	15,393,266,597	15,393,266,597
<b>Other comprehensive income, net of income tax</b>									
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-	-	-	22,926,027	22,926,027
Revaluation gain on property, plant and equipment	-	-	(258,444,158)	-	-	-	-	-	(258,444,158)
Revaluation gain on fair value through OCI investments	-	-	-	-	12,376,236	-	-	-	12,376,236
Movement in fair value through OCI reserve	-	-	-	-	178,499,439	-	-	-	178,499,439
Net movement of cashflow hedges	-	-	-	124,715,999	-	-	-	-	124,715,999
	-	-	(258,444,158)	124,715,999	190,875,675	-	-	22,926,027	80,073,543
<b>Total comprehensive income for the year</b>	-	-	(258,444,158)	124,715,999	190,875,675	-	-	15,416,192,623	15,473,340,140
<b>Transactions recorded directly in equity</b>									
Transfer to regulatory loss allowance reserve	-	-	-	-	-	3,231,500,379	-	(3,231,500,379)	-
Transferred to retained earnings during the year	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve fund	-	769,663,330	-	-	-	-	-	(769,663,330)	-
Shares issued during the year	95,412,357,959	-	-	-	-	-	-	-	95,412,357,959
Excess of the investment and other adjustments on merger with subsidiary	-	-	-	-	-	-	(93,630,373,088)	-	(93,630,373,088)
<b>Total transactions recorded directly in equity</b>	95,412,357,959	769,663,330	-	-	-	3,231,500,379	(93,630,373,088)	(4,001,163,709)	1,781,984,871
<b>Balance as at 31 March 2023</b>	306,993,805,501	5,213,771,358	1,247,187,997	41,014,495	331,628,639	3,231,500,379	(262,914,889,649)	46,664,209,197	100,808,227,917
<b>Balance as at 01 April 2023</b>	306,993,805,501	5,213,771,358	1,247,187,997	41,014,495	331,628,639	3,231,500,379	(262,914,889,649)	46,664,209,198	100,808,227,917





	Stated Capital Rs.	Statutory Reserve Rs.	Revaluation Reserve Rs.	Cash flow Hedge Reserve Rs.	Fair Value Reserve Rs.	Regulatory loss Allowance Reserve Rs.	Merger Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	-	21,547,495,316	21,547,495,316
<b>Other comprehensive income, net of income tax</b>									
Remeasurements of defined benefit liability	-	-	-	-	-	-	-	19,176,937	19,176,937
Revaluation gain on property, plant and equipment	-	-	-	-	-	-	-	-	-
Revaluation loss on fair value through OCI investments	-	-	-	-	(29,428,973)	-	-	-	(29,428,973)
Net movement of cashflow hedges	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income for the period</b>	-	-	-	-	(29,428,973)	-	-	19,176,937	(10,252,036)
<b>Total comprehensive income for the period</b>	-	-	-	-	(29,428,973)	-	-	21,566,672,253	21,537,243,280
<b>Transactions recorded directly in equity</b>									
Transfer to Statutory Reserve Fund	-	1,077,374,766	-	-	-	-	-	(1,077,374,766)	-
Transferred to / (from) regulatory loss allowance reserve	-	-	-	-	-	3,584,623,173	-	(3,584,623,173)	-
Shares issued during the year	-	-	-	-	-	-	-	-	-
Excess of the investment and other adjustments on merger with subsidiary	-	-	-	-	-	-	-	-	-
<b>Total transactions recorded directly in equity</b>	-	1,077,374,766	-	-	-	3,584,623,173	-	(4,661,997,939)	-
<b>Balance as at 31 March 2024</b>	<b>306,993,805,501</b>	<b>6,291,146,123</b>	<b>1,247,187,997</b>	<b>41,014,495</b>	<b>302,199,666</b>	<b>6,816,123,553</b>	<b>(262,914,889,649)</b>	<b>63,568,883,512</b>	<b>122,345,471,198</b>
<b>Balance as at 01 April 2024</b>	<b>306,993,805,501</b>	<b>6,291,146,123</b>	<b>1,247,187,997</b>	<b>41,014,495</b>	<b>302,199,666</b>	<b>6,816,123,553</b>	<b>(262,914,889,649)</b>	<b>63,568,883,512</b>	<b>122,345,471,198</b>
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	-	25,085,140,798	25,085,140,798
<b>Other comprehensive income, net of income tax</b>									
Remeasurements of defined benefit liability	-	-	-	-	-	-	-	37,292,878	37,292,878
Revaluation gain on property, plant and equipment	-	-	2,010,650,199	-	-	-	-	-	2,010,650,199
Revaluation gain on fair value through OCI investments	-	-	-	-	45,393,288	-	-	-	45,393,288
<b>Total other comprehensive income for the period</b>	-	-	2,010,650,199	-	45,393,288	-	-	37,292,878	2,093,336,365
<b>Total comprehensive income for the period</b>	-	-	2,010,650,199	-	45,393,288	-	-	25,122,433,676	27,178,477,161
<b>Transactions recorded directly in equity</b>									
Transferred to stated capital during the year	(262,914,889,649)	-	-	-	-	-	262,914,889,649	-	-
Transfer to Statutory Reserve Fund	-	1,254,257,040	-	-	-	-	-	(1,254,257,040)	-
Revaluation surplus transferred to retained earnings upon the disposal of fixed assets	-	-	(91,911,123)	-	-	-	-	91,911,123	-
Transferred to / (from) regulatory loss allowance reserve	-	-	-	-	-	(572,244,483)	-	572,244,483	-
Transferred to retained earnings during the year	-	-	(424,641,896)	(41,014,495)	(178,499,439)	-	-	644,155,830	-
<b>Total transactions recorded directly in equity</b>	<b>(262,914,889,649)</b>	<b>1,254,257,040</b>	<b>(516,553,019)</b>	<b>(41,014,495)</b>	<b>(178,499,439)</b>	<b>(572,244,483)</b>	<b>262,914,889,649</b>	<b>54,054,396</b>	<b>-</b>
<b>Balance as at 31 March 2025</b>	<b>44,078,915,852</b>	<b>7,545,403,163</b>	<b>2,741,285,176</b>	<b>-</b>	<b>169,093,515</b>	<b>6,243,879,069</b>	<b>-</b>	<b>88,745,371,584</b>	<b>149,523,948,359</b>



## STATEMENT OF CASH FLOWS

For the year ended 31st March

Amounts in Rs.

	2025 Rs.	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.
<b>Cash flows from operating activities</b>					
Profit before income tax expense	25,085,140,797	21,547,495,317	15,393,266,597	17,742,633,558	4,496,783,105
Adjustments for:					
Net mark-to-market gains - government & debt securities	(1,889,356,450)	(3,790,705,927)	-	-	-
Change in fair value of derivatives - forward contracts	(4,561,616)	52,793,048	2,864,647,190	(1,790,082,378)	195,730,991
Provision for fall / (increase) in value of investments	-	-	(51,672,111)	(518,067,319)	(183,575,967)
Dividend income	(2,513,505)	(11,978,302)	-	-	-
Profit / (loss) on disposal of property, plant & equipment	75,712,207	(109,661,812)	(48,178,109)	(10,787,672)	(298,765,475)
Profit / (loss) on disposal of investment property	(49,495,000)	34,211,000	-	-	-
Fair value change in investment properties	(2,740,806,466)	(7,065,106,338)	(3,525,884,968)	(6,925,550,077)	(3,291,066,776)
Derecognition loss on restructuring of SLISBs	3,710,480,458	-	-	-	-
Depreciation & amortisation expenses	1,304,748,285	1,186,105,705	734,219,712	207,247,901	131,853,680
Impairment charges / (reversal)	(7,727,070,189)	4,656,710,270	1,685,314,523	(6,593,369,409)	5,909,098,541
Provision for defined benefit plans	175,551,424	198,531,438	62,301,733	25,946,126	57,482,706
Share of (profit)/loss of associate, net of tax	(22,834,362)	(33,933,617)	895,111,321	-	-
Investment income	(4,204,282,232)	(5,126,324,142)	(5,695,903,918)	(2,423,673,259)	(1,881,378,487)
Interest expense	26,211,477,746	37,019,229,768	36,124,595,817	8,979,991,819	12,446,790,398
<b>Operating profit before changes in operating assets &amp; liabilities</b>	<b>39,922,191,098</b>	<b>48,557,366,409</b>	<b>48,437,817,788</b>	<b>8,694,289,290</b>	<b>17,582,952,716</b>
Change in other assets	2,711,503,888	1,917,539,195	(3,194,070,232)	(781,709,078)	(502,237,719)
Change in trade payables	1,893,751,163	(155,866,759)	883,192,183	(997,140,180)	904,156,204
Change in other liabilities	4,162,102,041	5,080,014,547	974,628,079	1,815,063,678	(692,122,037)
Change in amounts due to / due from related parties	548,027,175	(791,140,880)	(2,698,991,721)	21,850,967	(205,851,269)
Change in financial assets at amortised cost – loans and advances	(47,929,542,413)	(5,154,185,945)	(23,483,690,171)	(11,501,430,102)	22,710,299,188
Change in financial liabilities at amortised cost – due to depositors	21,846,681,188	5,787,350,879	24,380,791,311	13,117,728,933	9,169,635,550
<b>Cash from (used in) / generated from operations</b>	<b>23,154,714,138</b>	<b>55,241,077,445</b>	<b>45,299,677,236</b>	<b>10,368,653,508</b>	<b>48,966,832,632</b>
Interest paid on deposits	(26,651,743,661)	(34,042,087,957)	(23,301,640,135)	(8,312,826,411)	(10,070,523,876)
Benefits paid on defined benefit plans	(80,911,060)	(81,019,419)	(37,477,082)	(22,311,473)	(23,093,102)
Income tax paid	(669,788,818)	-	(7,523,981)	(10,570,091)	(424,660,905)
<b>Net cash from / (used in) operating activities</b>	<b>(4,247,729,400)</b>	<b>21,117,970,069</b>	<b>21,953,036,037</b>	<b>2,022,945,533</b>	<b>38,448,554,749</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment / investment property	(7,826,438,197)	(3,575,071,475)	(2,505,371,926)	(6,084,962,864)	(928,434,263)
Proceeds from sale of property, plant & equipment / investment property	1,113,144,559	2,114,172,328	329,772,361	299,161,584	641,820,465
Purchase of government securities	(15,585,858,522)	(32,117,687,011)	(76,882,231,614)	(31,393,852,407)	(14,846,086,394)
Proceeds from sale of government securities	20,283,450,480	32,178,656,975	71,794,463,715	27,628,388,944	9,594,334,231
Net proceeds from placements with banks	1,167,980,595	(1,566,549,747)	6,391,685,641	(779,142,636)	10,078,970,814
Net proceeds from investments / debt securities	(183,423,165)	(10,337,484,909)	1,528,110,747	696,021,218	(2,345,513,947)
Net proceeds from the disposal of associate	272,777,655	-	-	-	-
Interest received from financial assets	4,370,399,315	5,126,324,142	5,695,903,918	2,423,673,259	1,881,378,487
Dividend received from financial assets	1,800,696	11,978,302	-	-	-
<b>Net cash flows used in investing activities</b>	<b>3,613,833,414</b>	<b>(8,165,661,396)</b>	<b>6,352,332,842</b>	<b>(7,210,712,902)</b>	<b>4,076,469,393</b>
<b>Cash flows from financing activities</b>					
Cash flows from interest bearing borrowings	31,937,195,314	18,031,078,347	-	-	-
Repayment of interest bearing borrowings	(35,133,919,467)	(23,940,533,941)	-	-	-
Proceeds from interest bearing loans & borrowings	-	-	(21,638,670,777)	218,510,687	(34,900,228,157)
Proceeds from issue / (disposal) of debentures	-	(2,500,000,000)	-	-	-
Repayment of principal portion of lease liabilities	(414,378,532)	(522,561,601)	(11,045,700)	(26,703,945)	(97,521,906)
Interest paid on borrowings	(2,161,997,605)	(5,251,951,192)	(6,061,266,990)	(1,044,961,881)	(3,015,947,149)
<b>Net cash flows from / (used in) financing activities</b>	<b>(5,773,100,291)</b>	<b>(14,183,968,388)</b>	<b>(27,710,983,468)</b>	<b>(853,155,139)</b>	<b>(38,013,697,212)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(6,406,996,277)</b>	<b>(1,231,659,714)</b>	<b>594,385,412</b>	<b>(6,040,922,509)</b>	<b>4,511,326,930</b>
<b>Addition on merger with subsidiary</b>	<b>-</b>	<b>-</b>	<b>499,349,282</b>	<b>1,086,427,307</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,469,266,659</b>	<b>7,700,926,373</b>	<b>6,607,191,677</b>	<b>11,561,686,879</b>	<b>7,050,359,949</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>62,270,382</b>	<b>6,469,266,659</b>	<b>7,700,926,372</b>	<b>6,607,191,677</b>	<b>11,561,686,879</b>



## Annexure 2

31 March 2021	There were no material changes.
31 March 2022	<p>Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021</p> <p>In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.</p> <p>The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.</p> <p><b>Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform Phase 1 and 2</b></p> <p><b>IBOR reform Phase 1</b></p> <p>In 15 January 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest Rate Benchmark Reform (Phase 1). A summary of Phase 1 amendments are as follows:</p> <ul style="list-style-type: none"> <li>• <b>Highly Probable Requirement:</b> when determining whether a forecast transaction is highly probable to be designated as a hedged item, an entity shall assume that the interest rate benchmark on which the hedged cashflows are based is not altered as a result of the reform</li> <li>• <b>Prospective assessments:</b> when performing prospective assessments to evaluate whether a hedging relationship qualifies for hedge accounting, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.</li> <li>• <b>LKAS 39 retrospective assessment:</b> an entity is not required to undertake the 'LKAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other LKAS 39 hedge accounting requirements, including the prospective assessment.</li> </ul>

	<ul style="list-style-type: none"> <li>Separately identifiable risk components: For hedges of noncontractually specified benchmark component of interest rate risk, an entity shall apply the requirement of risk component (or a portion) to be separately identifiable to be eligible for hedge accounting, only at the inception of such hedging relationships.</li> </ul> <p><b>IBOR reform Phase 2</b></p> <p>In addition to Phase 1 amendments, CA Sri Lanka also issued amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 due to Interest Rate Benchmark Reform. The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).</p> <p>The amendments include several practical expedients. The effective date of both IBOR reform Phase 1 and Phase 2 amendments is for annual reporting periods beginning on or after 1 January 2021 in the Sri Lankan context.</p>
31 March 2023	<p><b>Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021</b></p> <p>In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19- Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.</p> <p>The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.</p> <p><b>Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 -Interest Rate Benchmark Reform Phase 1 and 2</b></p> <p><b>IBOR reform Phase 1</b></p> <p>In 15 January 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest Rate Benchmark Reform (Phase 1). A summary of Phase 1 amendments are as follows:</p>

	<p>Highly Probable Requirement: when determining whether a forecast transaction is highly probable to be designated as a hedged item, an entity shall assume that the interest rate benchmark on which the hedged cashflows are based is not altered as a result of the reform</p> <p>Prospective assessments: when performing prospective assessments to evaluate whether a hedging relationship qualifies for hedge accounting, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.</p> <p>LKAS 39 retrospective assessment: an entity is not required to undertake the 'LKAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other LKAS 39 hedge accounting requirements, including the prospective assessment.</p> <p>Separately identifiable risk components: For hedges of non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement of risk component (or a portion) to be separately identifiable to be eligible for hedge accounting, only at the inception of such hedging relationships.</p> <p><b>IBOR reform Phase 2</b></p> <p>In addition to Phase 1 amendments, CA Sri Lanka also issued amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 due to Interest Rate Benchmark Reform. The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include several practical expedients.</p> <p>The effective date of both IBOR reform Phase 1 and Phase 2 amendments is for annual reporting periods beginning on or after 1 January 2021 in the Sri Lankan context.</p>
31 March 2024	There were no material changes
31 March 2025	There were no material changes.