LOLC FINANCE

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
30TH JUNE 2026

LOLC FINANCE PLC

LOLC Finance PLC

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1. FINANCIAL REVIEW

Strong first quarter performance supported by robust lending growth and sustained balance sheet expansion

- Profit after tax increased by 4% to Rs. 5.40 billion.
- Gross lending portfolio expanded significantly reaching Rs. 437.75 Bn as at 30 June 2026
- Net interest income increased by 17% to Rs. 13.37 billion.
- Total assets expanded to Rs. 588.59 billion, an increase of Rs. 30.04 billion (5%) since 31 March 2026.
- Customer deposits and borrowings grew to Rs. 288.83 billion and Rs. 105.05 billion, respectively.

Strong Profitability and Income Growth

LOLC Finance PLC delivered a resilient financial performance for the three months ended 30 June 2026, reporting a profit after tax of Rs. 5.40 billion, an increase of 4% compared with the corresponding period of the previous year.

Gross income increased by 27% to Rs. 23.99 billion, mainly driven by continued expansion of the lending portfolio. Interest income grew by 31% to Rs. 22.92 billion, reflecting higher lending volumes. Interest expenses increased by 56% to Rs. 9.55 billion, mainly due to higher funding costs arising from the growth in deposit liabilities and borrowings. Consequently, net interest income increased by 17% to Rs. 13.37 billion.

Net fee and commission income remained stable at Rs. 734 million, while total operating income increased by 12% to Rs. 14.02 billion, supported by strong core business growth despite lower trading gains and other operating income compared with the corresponding period of the previous year.

Asset Quality and Cost Management

The Company recorded a net impairment charge of Rs. 235 million during the period, compared with Rs. 180 million in the corresponding period of the previous year, reflecting prudent provisioning in line with portfolio growth and prevailing macroeconomic conditions.

Operating expenses increased by 19% to Rs. 6.94 billion, mainly attributable to personnel costs, depreciation, and continued investments in business expansion and operational infrastructure. Despite the increase in operating expenses, disciplined cost management enabled the Company to report a 5% growth in profit before tax, which reached Rs. 6.84 billion.

Financial Position and Lending Growth

Total assets increased by Rs. 30.04 billion (5%) to Rs. 588.59 billion as at 30 June 2026, compared with Rs. 558.55 billion as at 31 March 2026. The growth was primarily driven by the expansion of the lending portfolio, increased placements with banks, and higher investments in financial assets measured at fair value through profit or loss.

Gross loans and advances to customers increased by Rs. 14.7 billion (3.5%) to Rs. 437.75 billion during the quarter, reflecting continued business growth across the Company's lending segments.

Customer deposits increased by Rs. 17.33 billion (6%) to Rs. 288.83 billion, while borrowings increased by Rs. 6.64 billion (7%) to Rs. 105.05 billion, providing funding to support continued asset growth. Total equity strengthened to Rs. 160.81 billion, supported by the profit earned during the period, resulting in the net asset value per share improving to Rs. 5.44 from Rs. 5.26 as at 31 March 2026.

Capital & Liquidity

LOLC Finance continues to maintain a strong capital position, underpinned by a robust equity base and prudent risk management practices. As at 30 June 2026, total equity stood at Rs. 160.81 billion, while the Tier 1 and Total Capital Ratios were 22.43% and 22.21%, respectively, remaining well above the regulatory minimum requirements of 10% and 17%. This strong capital position provides a solid foundation to support future business growth and withstand potential economic uncertainties.

The Company also maintained a healthy liquidity position, supported by higher placements with banks, a well-diversified funding base, and adequate liquid assets to meet operational and growth requirements.

With a network of 205 branches, ongoing investments in digital transformation, and continued enhancements to its operational infrastructure, LOLC Finance remains well positioned to strengthen its market leadership, promote financial inclusion, and deliver sustainable value to its stakeholders.

The Company has commenced the new financial year on a strong footing, delivering resilient earnings growth alongside continued expansion of its balance sheet. Backed by its market leadership, diversified lending portfolio, strong capital and liquidity positions, and disciplined risk management framework, LOLC Finance is well positioned to sustain its growth momentum and create long-term value for all stakeholders.

LOLC Finance PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30th June 2026

	For the period ended		
	30.06.2026 (Unaudited) Rs.	**30.06.2025 (Unaudited) Rs.**	**Change %**
Gross income	**23,989,631,823**	**18,926,922,111**	**27**
Interest income	22,917,498,522	17,558,245,160	31
Interest expense	(9,551,572,052)	(6,104,395,882)	56
Net interest income	**13,365,926,470**	**11,453,849,277**	**17**
Fee and commission income	1,153,226,140	1,015,046,015	14
Less: Fee and commission expense	(419,540,171)	(286,245,318)	47
Net fee and commission income	**733,685,968**	**728,800,697**	**1**
Net gains / (losses) from trading	(179,092,093)	281,926,412	(164)
Sundry and other operating income	97,999,254	71,704,524	37
Other operating income	**(81,092,839)**	**353,630,936**	**(123)**
Total operating income	**14,018,519,599**	**12,536,280,911**	**12**
Less: Impairment (charges) / reversal			
Loans and advances	(231,265,537)	(221,812,853)	4
Sri Lanka International Sovereign Bonds	(4,099,255)	-	-
Other financial assets and credit related commitments	605,314	41,682,066	(99)
Total impairment (charge) / reversal	**(234,759,478)**	**(180,130,787)**	**30**
Net operating income	**13,783,760,122**	**12,356,150,124**	**12**
Less: Expenses			
Personnel expenses	(2,608,474,227)	(1,960,809,954)	33
Depreciation and amortisation	(665,970,926)	(407,527,118)	63
Other operating expenses	(3,665,424,785)	(3,472,402,257)	6
Total operating expenses	**(6,939,869,938)**	**(5,840,739,330)**	**19**
Profit before tax expense	**6,843,890,184**	**6,515,410,794**	**5**
Taxes on financial services	(1,442,926,205)	(1,312,093,528)	10
Profit for the period	**5,400,963,979**	**5,203,317,266**	**4**
Total other comprehensive income, net of tax	**-**	**-**	**-**
Total comprehensive income for the period	**5,400,963,979**	**5,203,317,266**	**4**
Basic earnings per share (Rs.)	**0.18**	**0.18**	

Figures in brackets indicate deductions.

LOLC Finance PLC

STATEMENT OF FINANCIAL POSITION

As at 30th June 2026

As at	30.06.2026 (Unaudited) Rs.	31.03.2026 (Audited) Rs.
ASSETS		
Cash and cash equivalents	10,011,024,474	12,696,724,455
Placements with banks	30,395,125,636	15,229,187,243
Securities purchased under resale agreements	3,002,882,740	7,643,438,768
Derivative financial instruments	341,650	10,267,200
Financial assets recognised through profit or loss – measured at fair value	18,651,695,423	14,440,560,537
Financial assets at amortised cost – loans and advances to customers	429,788,469,802	415,532,352,695
Financial assets at amortised cost – debt and other financial instruments	17,143,741,708	14,284,100,082
Financial assets measured at fair value through other comprehensive income	349,727,598	349,727,598
Property, plant and equipment	19,768,832,940	18,864,794,815
Intangible assets	39,835,632	41,045,967
Right-of-use assets	2,087,609,363	2,017,018,631
Investment properties	54,826,066,000	55,315,600,000
Deferred tax assets	3,695,100	-
Other assets	2,524,463,261	2,127,676,020
Total assets	**588,593,511,330**	**558,552,494,011**
LIABILITIES		
Bank overdraft	6,565,502,179	5,457,264,687
Derivative financial instruments	7,154,200	17,587,900
Financial liabilities at amortised cost – due to depositors	288,830,379,883	271,500,745,426
Financial liabilities at amortised cost – borrowings	105,045,192,133	98,400,336,751
Retirement benefit obligation	1,406,273,731	1,370,774,632
Current tax liabilities	1,960,980,539	1,960,980,539
Other liabilities	23,972,726,719	24,440,466,109
Total liabilities	**427,788,209,384**	**403,148,156,044**
EQUITY		
Stated capital	44,078,915,852	44,078,915,852
Reserves		
Statutory reserve fund	8,915,699,726	8,915,699,725
Other reserves	9,744,920,418	9,337,260,070
Retained earnings	98,065,765,951	93,072,462,320
Total equity	**160,805,301,946**	**155,404,337,967**
Total liabilities and equity	**588,593,511,330**	**558,552,494,011**
Net asset value per share	**5.44**	**5.26**

Certification :
These financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.
……..
(Mr.) Buddhika Weeratunga
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board,

Sgd.
……..
(Mr.) Conrad Dias
Chairman / Non Executive Director

Sgd.
……...
(Mrs.) K. T. Chamila Priyangani
Independent Director

10th August 2026
Rajagiriya (Greater Colombo)

LOLC Finance PLC

STATEMENT OF CHANGES IN EQUITY

For the period ended 30th June 2026

	Stated Capital Rs.	Statutory Reserve Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Regulatory loss Allowance Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2025 (Audited)	**44,078,915,852**	**7,545,403,163**	**2,741,285,176**	**169,093,515**	**6,243,879,069**	**88,745,371,584**	**149,523,948,359**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	5,203,317,266	5,203,317,266
Transactions recorded directly in equity							
Transferred to / (from) regulatory loss allowance reserve	-	-	-	-	447,583,780	(447,583,780)	-
Total transactions recorded directly in equity	**-**	**-**	**-**	**-**	**447,583,780**	**(447,583,780)**	**-**
Balance as at 30 June 2025	**44,078,915,852**	**7,545,403,163**	**2,741,285,176**	**169,093,515**	**6,691,462,849**	**93,501,105,070**	**154,727,265,626**
Balance as at 01 July 2025	**44,078,915,852**	**7,545,403,163**	**2,741,285,176**	**169,093,515**	**6,691,462,849**	**93,501,105,070**	**154,727,265,626**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	22,202,613,972	22,202,613,972
Other comprehensive income, net of income tax							
Remeasurements of defined benefit liability	-	-	-	-	-	(339,628,311)	(339,628,311)
Deferred tax adjustment on revaluation surplus	-	-	(97,529,357)	-	-	-	(97,529,357)
Revaluation loss on fair value through OCI investments	-	-	-	26,006,865	-	-	26,006,865
Total other comprehensive income for the period	-	-	(97,529,357)	26,006,865	-	(339,628,311)	(411,150,802)
Total comprehensive income for the period	-	-	(97,529,357)	26,006,865	-	21,862,985,662	21,791,463,170
Transactions recorded directly in equity							
Transfer to Statutory Reserve Fund	-	1,370,296,562	-	-	-	(1,370,296,562)	-
Repurchase of shares	-	-	-	-	-	(21,114,390,828)	(21,114,390,828)
Transferred to / (from) regulatory loss allowance reserve	-	-	-	-	(193,058,980)	193,058,980	-
Total transactions recorded directly in equity	**-**	**1,370,296,562**	**-**	**-**	**(193,058,980)**	**(22,291,628,410)**	**(21,114,390,828)**
Balance as at 31 March 2026 (Audited)	**44,078,915,852**	**8,915,699,725**	**2,643,755,819**	**195,100,380**	**6,498,403,869**	**93,072,462,322**	**155,404,337,967**
Balance as at 01 April 2026 (Audited)	**44,078,915,852**	**8,915,699,725**	**2,643,755,819**	**195,100,380**	**6,498,403,869**	**93,072,462,322**	**155,404,337,967**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	5,400,963,978	5,400,963,978
Transactions recorded directly in equity							
Transferred to / (from) regulatory loss allowance reserve	-	-	-	-	407,660,349	(407,660,349)	-
Total transactions recorded directly in equity	**-**	**-**	**-**	**-**	**407,660,349**	**(407,660,349)**	**-**
Balance as at 30 June 2026	**44,078,915,852**	**8,915,699,725**	**2,643,755,819**	**195,100,380**	**6,906,064,218**	**98,065,765,951**	**160,805,301,946**

LOLC Finance PLC

STATEMENT OF CASH FLOWS

For the period ended 30th June 2026

For the period ended	30-Jun-26 Rs.	30-Jun-25 Rs.
Cash flows from operating activities		
Profit before income tax expense	6,843,890,184	6,515,410,794
Adjustments for:		
Depreciation & amortisation expenses	665,970,926	407,527,118
(Profit) / loss on sales of investment property and PPE	42,735,435	5,957,308
Change in fair value of derivatives - forward contracts	(508,150)	(10,122,493)
Dividend income	(192,815)	(35,764)
Net mark-to-market gains - government & debt securities	(12,358,891)	(234,979,942)
Fair value gains / (losses) from government securities	386,366,173	(22,816,976)
Impairment charges / (reversal)	234,759,478	180,130,787
Change in fair value of investment property	6,000,000	-
Provision for defined benefit plans	52,500,000	45,000,000
Investment income	(1,290,463,015)	(899,378,155)
Interest expense	9,551,572,052	6,104,395,882
Operating profit before changes in operating assets and liabilities	**16,480,271,376**	**12,091,088,560**
Change in other receivables	(397,537,838)	74,683,723
Change in trade payables	1,366,839,556	(22,182,766)
Change in other liabilities	(1,193,412,347)	(1,027,182,043)
Change in amounts due to / due from related parties	(425,021,929)	(322,527,617)
Change in financial assets at amortised cost – loans and advances	(14,487,382,644)	(23,425,362,083)
Change in financial liabilities at amortised cost – due to depositors	17,310,726,785	2,453,548,358
Cash (used in) / generated from operations	**18,654,482,958**	**(10,177,933,867)**
Interest paid on deposits	(7,176,356,215)	(7,367,497,350)
Benefits paid on defined benefit plans	(17,000,901)	(12,119,037)
Taxes on financial services paid	(1,755,118,377)	(2,232,224,742)
Income tax paid	(3,695,100)	(16,980,256)
Net cash from / (used in) operating activities	**9,702,312,365**	**(19,806,755,252)**
Cash flows from investing activities		
Acquisition of property, plant & equipment & investment property	(1,672,888,633)	(737,774,294)
Proceeds from sale of property, plant & equipment & investment property	474,297,751	15,811,536
Purchase of government securities	(616,099,901)	(1,681,157,188)
Proceeds from sale of government securities	5,697,301,799	2,247,398,103
Net proceeds from placements with banks	(15,024,923,486)	(1,491,053,506)
Net proceeds from investments / debt securities	(7,523,201,627)	8,737,920,308
Interest received from financial assets	783,120,815	568,099,501
Dividend received from financial assets	840,150	712,809
Net cash flows used in investing activities	**(17,881,553,132)**	**7,659,957,270**
Cash flows from financing activities		
Cash flows from interest bearing borrowings	11,735,900,000	22,299,100,000
Repayment of interest bearing borrowings	(5,266,597,012)	(4,459,596,279)
Repayment of principal portion of lease liabilities	(60,097,100)	(134,327,871)
Interest paid on borrowings	(2,023,902,593)	(389,256,582)
Net cash flows from / (used in) financing activities	**4,385,303,295**	**17,315,919,267**
Net increase / (decrease) in cash and cash equivalents	**(3,793,937,472)**	**5,169,121,284**
Cash and cash equivalents at the beginning of the period	**7,239,459,767**	**62,270,383**
Cash and cash equivalents at the end of the period	**3,445,522,295**	**5,231,391,667**

LOLC Finance PLC

OPERATING SEGMENTS

For the period ended 30th June 2026

For the period ended 30th June 2026

Item	SME Finance Rs.	Personal Finance Rs.	Alternate Finance Rs.	Gold Loans Rs.	Others Rs.	(Eliminations) / Unallocated Rs.	Total / Consolidated Rs.
Interest income	13,139,647,660	2,630,705,319	2,711,790,989	3,185,661,975	1,571,329,871	(321,637,292)	22,917,498,522
Interest expense	(5,789,178,866)	(739,341,983)	(983,843,775)	(1,482,902,237)	(507,457,566)	(48,847,624)	(9,551,572,052)
Net interest income	**7,350,468,794**	**1,891,363,336**	**1,727,947,214**	**1,702,759,738**	**1,063,872,305**	**(370,484,916)**	**13,365,926,470**
Net fee and commission income	322,802,673	41,700,219	88,632,451	82,989,139	21,578,082	175,983,405	733,685,968
Net gains / (losses) from trading	-	-	-	-	-	(179,092,093)	(179,092,093)
Net other operating income	64,081,963	8,278,221	10,880,653	16,474,792	4,283,626	(6,000,000)	97,999,254
Total other operating income	**386,884,636**	**49,978,440**	**99,513,104**	**99,463,931**	**25,861,708**	**(9,108,688)**	**652,593,130**
Net operating income	**7,737,353,430**	**1,941,341,776**	**1,827,460,318**	**1,802,223,668**	**1,089,734,012**	**(379,593,604)**	**14,018,519,599**
Less: Expenses							
Impairment (charge) / reversal	49,678,723	165,164,580	(54,180,539)	(66,228,682)	(325,699,619)	(3,493,941)	(234,759,478)
Total operating expenses	(4,171,416,017)	(833,557,353)	(832,887,806)	(705,431,739)	(643,861,045)	247,284,023	(6,939,869,938)
Profit before income tax expense	**3,615,616,136**	**1,272,949,002**	**940,391,973**	**1,030,563,247**	**120,173,348**	**(135,803,523)**	**6,843,890,184**
Other information							
Depreciation	293,117,495	38,646,096	69,462,957	77,620,229	19,699,470	167,424,679	**665,970,926**
Capital expenditure - Property, plant and equipment	646,170,995	85,194,459	144,971,674	171,112,068	43,427,043	369,083,980	**1,459,960,219**
Total assets	260,508,505,428	34,346,761,828	58,446,378,073	68,985,066,451	17,507,926,216	148,798,873,335	**588,593,511,330**
Total liabilities	187,867,851,623	24,769,449,827	45,468,243,265	49,749,148,139	12,625,985,010	107,307,531,519	**427,788,209,384**

For the period ended 30th June 2025

Item	SME Finance Rs.	Personal Finance Rs.	Alternate Finance Rs.	Gold Loans Rs.	Others Rs.	(Eliminations) / Unallocated Rs.	Total / Consolidated Rs.
Interest income	11,270,431,893	2,034,126,512	2,006,679,198	1,721,661,823	1,175,654,482	(650,308,749)	17,558,245,160
Interest expense	(4,016,311,275)	(492,293,750)	(528,231,991)	(775,298,721)	(292,260,145)	-	(6,104,395,882)
Net interest income	**7,254,120,617**	**1,541,832,762**	**1,478,447,207**	**946,363,101**	**883,394,337**	**(650,308,749)**	**11,453,849,277**
Net fee and commission income	329,555,949	40,992,498	70,505,168	64,419,453	24,549,484	198,778,145	728,800,697
Net gains / (losses) from trading	-	-	-	-	-	281,926,412	281,926,412
Net other operating income	45,205,580	5,622,990	8,671,980	8,836,493	3,367,482	-	71,704,524
Total other operating income	**374,761,529**	**46,615,488**	**79,177,148**	**73,255,946**	**27,916,966**	**480,704,557**	**1,082,431,634**
Net operating income	**7,628,882,146**	**1,588,448,250**	**1,557,624,355**	**1,019,619,047**	**911,311,304**	**(169,604,192)**	**12,536,280,911**
Less: Expenses							
Impairment (charge) / reversal	(17,955,541)	118,453,171	9,707,547	5,683,133	(337,701,164)	41,682,066	(180,130,787)
Total operating expenses	(3,725,405,413)	(699,940,553)	(641,358,150)	(584,403,682)	(453,590,839)	263,959,307	(5,840,739,330)
Profit before income tax expense	**3,885,521,193**	**1,006,960,868**	**925,973,753**	**440,898,498**	**120,019,300**	**136,037,182**	**6,515,410,794**
Other information							
Depreciation	183,745,764	22,698,289	46,057,529	36,824,363	13,325,766	104,875,408	**407,527,118**
Capital expenditure - Property, plant and equipment	347,935,607	42,980,817	71,781,156	69,729,538	25,233,281	198,589,007	**756,249,405**
Total assets	206,315,553,955	25,486,356,937	42,564,108,358	41,347,559,538	14,962,591,206	117,757,424,613	**448,433,594,606**
Total liabilities	132,663,569,957	16,388,057,185	32,726,999,260	26,587,015,628	9,621,139,692	75,719,547,259	**293,706,328,982**

2. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

For the period ended 30th June 2026

Item	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total carrying amount
	Rs.	Rs.	Rs.	Rs.
Financial Assets				
Cash and cash equivalents	-	10,011,024,474	-	10,011,024,474
Placements with banks	-	30,395,125,636	-	30,395,125,636
Derivative financial instruments	341,650	-	-	341,650
Financial assets - fair value through profit or loss	18,651,695,423	-	-	18,651,695,423
Financial assets at amortised cost – loans and advances	-	429,788,469,802	-	429,788,469,802
Financial assets at amortised cost – debt instruments	-	17,143,741,708	-	17,143,741,708
Financial assets - fair value through OCI	-	-	349,727,598	349,727,598
Other financial assets	-	519,236,650	-	519,236,650
Total financial assets	**18,652,037,073**	**490,860,481,011**	**349,727,598**	**509,862,245,683**
Financial Liabilities				
Bank overdraft	-	6,565,502,179	-	6,565,502,179
Derivative financial instruments	7,154,200	-	-	7,154,200
Financial liabilities at amortised cost – due to depositors	-	288,830,379,883	-	288,830,379,883
Financial liabilities at amortised cost – borrowings	-	105,045,192,133	-	105,045,192,133
Other financial liabilities	-	6,278,714,441	-	6,278,714,441
Total financial liabilities	**7,154,200**	**406,719,788,636**	**-**	**406,726,942,836**

For the period ended 31st March 2026 (Audited)

Item	Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at Amortised Cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total carrying amount
	Rs.	Rs.	Rs.	Rs.
Financial Assets				
Cash and cash equivalents	-	12,696,724,455	-	12,696,724,455
Placements with banks	-	15,229,187,243	-	15,229,187,243
Securities purchased under resale agreements	-	7,643,438,768	-	7,643,438,768
Derivative financial instruments	10,267,200	-	-	10,267,200
Financial assets - fair value through profit or loss	14,440,560,537	-	-	14,440,560,537
Financial assets at amortised cost – loans and advances	-	415,532,352,695	-	415,532,352,695
Financial assets at amortised cost – debt instruments	-	14,284,100,082	-	14,284,100,082
Financial assets - fair value through OCI	-	-	349,727,598	349,727,598
Other financial assets	-	227,545,674	-	227,545,674
Total financial assets	**14,450,827,737**	**465,613,348,917**	**349,727,598**	**480,413,904,252**
Financial Liabilities				
Bank overdraft	-	5,457,264,687	-	5,457,264,687
Derivative financial instruments	17,587,900	-	-	17,587,900
Financial liabilities at amortised cost – due to depositors	-	271,500,745,426	-	271,500,745,426
Financial liabilities at amortised cost – borrowings	-	98,400,336,751	-	98,400,336,751
Other financial liabilities	-	5,290,851,928	-	5,290,851,928
Total financial liabilities	**17,587,900**	**380,649,198,793**	**-**	**380,666,786,693**

3. FAIR VALUE OF ASSETS & LIABILITIES

The Company measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of fair value measurement of financial and non-financial assets and liabilities is provided below:

Level 1

Inputs that are quoted market prices (unadjusted) in an active market for identical instruments. When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations, without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).
This category includes instruments valued using;
(a) quoted prices in active markets for similar instruments,
(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable.
This category includes financial instruments valued using techniques that rely on significant unobservable inputs. These may involve adjustments to quoted prices of similar instruments or models such as discounted cash flows. Key inputs and assumptions include interest rates, risk premiums, market prices, exchange rates, and price volatilities.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and Government Securities such as Treasury Bills and Treasury Bonds. Availability of observable prices and model inputs reduces the need for Management judgement and estimation while reducing uncertainty associated in determining the fair values.

For the period ended 30th June 2026

Item	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total fair value Rs.	Total carrying amount Rs.
Financial Assets					
Cash and cash equivalents	-	10,011,024,474	-	10,011,024,474	10,011,024,474
Placements with banks	-	30,395,125,636	-	30,395,125,636	30,395,125,636
Securities purchased under resale agreements	-	3,002,882,740	-	3,002,882,740	3,002,882,740
Derivative financial instruments	-	341,650	-	341,650	341,650
Financial assets - fair value through profit or loss	16,502,328,511	-	2,149,366,912	18,651,695,423	18,651,695,423
Financial assets at amortised cost – loans and advances	-	428,558,439,259	-	428,558,439,259	429,788,469,802
Financial assets at amortised cost – debt instruments	12,815,830,563	3,053,890,895	-	15,869,721,458	17,143,741,708
Financial assets - fair value through OCI	-	349,727,598	-	349,727,598	349,727,598
Other financial assets	-	519,236,650		519,236,650	519,236,650
Total financial assets	**29,318,159,074**	**475,890,668,902**	**2,149,366,912**	**507,358,194,889**	**509,862,245,683**
Financial Liabilities					
Bank overdraft	-	6,565,502,179	-	6,565,502,179	6,565,502,179
Derivative financial instruments	-	7,154,200	-	7,154,200	7,154,200
Financial liabilities at amortised cost – due to depositors	-	289,043,377,092	-	289,043,377,092	288,830,379,883
Financial liabilities at amortised cost – borrowings	-	105,077,130,981	-	105,077,130,981	105,045,192,133
Other financial liabilities	-	6,278,714,441	-	6,278,714,441	6,278,714,441
Total financial liabilities	**-**	**406,971,878,893**	**-**	**406,971,878,893**	**406,726,942,836**

For the period ended 31st March 2026 (Audited)

Item	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total fair value Rs.	Total carrying amount Rs.
Financial Assets					
Cash and cash equivalents	-	12,696,724,455	-	12,696,724,455	12,696,724,455
Placements with banks	-	15,229,187,243	-	15,229,187,243	15,229,187,243
Securities purchased under resale agreements	-	7,643,438,768	-	7,643,438,768	7,643,438,768
Derivative financial instruments	-	10,267,200	-	10,267,200	10,267,200
Financial assets - fair value through profit or loss	12,291,193,625	-	2,149,366,912	14,440,560,537	14,440,560,537
Financial assets at amortised cost – loans and advances	-	415,782,667,189	-	415,782,667,189	415,532,352,695
Financial assets at amortised cost – debt instruments	12,542,485,906	514,889,890	-	13,057,375,796	14,284,100,082
Financial assets - fair value through OCI	-	349,727,598	-	349,727,598	349,727,598
Other financial assets	-	227,545,674		227,545,674	227,545,674
Total financial assets	**24,833,679,531**	**452,454,448,018**	**2,149,366,912**	**479,437,494,461**	**480,413,904,252**
Financial Liabilities					
Bank overdraft	-	5,457,264,687	-	5,457,264,687	5,457,264,687
Derivative financial instruments	-	17,587,900	-	17,587,900	17,587,900
Financial liabilities at amortised cost – due to depositors	-	271,956,161,326	-	271,956,161,326	271,500,745,426
Financial liabilities at amortised cost – borrowings	-	97,963,928,969	-	97,963,928,969	98,400,336,751
Other financial liabilities	-	5,290,851,928	-	5,290,851,928	5,290,851,928
Total financial liabilities	**-**	**380,685,794,811**	**-**	**380,685,794,811**	**380,666,786,693**

4. EXPLANATORY NOTES

- These interim financial statements have been prepared in accordance with LKAS 34 Interim Financial Reporting and do not include all of the information required for a full set of financial statements. The requirements of the Colombo Stock Exchange and the Companies Act No.7 of 2007 have also been considered in preparing these financial statements.

- The information for the preparation of these interim financial statements has been drawn up from the previous year's audited financial records of the Company. Accounting policies and methods of computation as stated in the audited financial statements for the year 2025/26 are followed in the preparation of these Interim Financial Statements.

- There are no significant changes in the nature of the contingent liabilities other than disclosed in the audited financials for the year ended 31 March 2026. All expenses related to management expenditure are fully provided for in these Interim Financial Statements.

5. SHARE INFORMATION

The Stated Capital of the Company is represented by 29,560,147,161 ordinary shares. Market prices of ordinary shares recorded for the quarter ended 30th June 2026 are as follows:

	30-Jun-26 Rs.	30-Jun-25 Rs.
Last traded price	5.20	6.00
Highest Price	5.80	6.50
Lowest Price	5.10	5.40

6. DEBENTURE INFORMATION

These represent listed, rated, senior, unsecured, redeemable debentures amounting to 100 million units, issued in December 2025. The debentures are listed on the Colombo Stock Exchange and are rated A+ (Stable) by Lanka Rating Agency.

- Interest rates of the debentures

Instrument type	Interest frequency	Rate of interest (% p.a)	Interest yield as at last trade	Yield to maturity of last trade done	Interest rate of comparable Government Security
Type A - 5 Years Tenor	Annually	11.25%	11.25%	11.25%	10.92%
Type B - 5 Years Tenor	Semi-annually	10.95%	10.95%	10.95%	10.92%
Type C - 5 Years Tenor	Annually	T Bill + 2.50%	10.53%	10.53%	10.92%

- Market prices & issue prices of debentures recorded during the quarter ended 30th June 2026 are as follows.

Instrument Type	Issue Price Rs.	Highest Price Rs.	Lowest Price Rs.	Last Traded Price Rs.	Last Traded Date
Type A - 5 Years Tenor	100.00	Not Traded	Not Traded	Not Traded	N/A
Type B - 5 Years Tenor	100.00	Not Traded	Not Traded	Not Traded	N/A
Type C - 5 Years Tenor	100.00	Not Traded	Not Traded	Not Traded	N/A

7. OTHER DISCLOSURE INFORMATION

The proceeds derived from debenture and rights issues

The proceeds derived from the debenture and rights issues, including those raised in previous periods, have been fully utilised in accordance with the objectives set out in the respective prospectuses. Accordingly, in compliance with Rule 7.6 (XIII) and Appendix 7A, Part (a), Item 3 of the Colombo Stock Exchange (CSE) Listing Rules, no further disclosures are required.

8. COMPARATIVE INFORMATION

Comparative information has been reclassified to conform to the current period presentation, where necessary. No information has been restated.

9. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Financial Statements other than disclosed below.

Proposed repurchase of shares

On 22 July 2026, the Board of Directors of LOLC Finance PLC resolved to repurchase up to 2,299,122,556 ordinary voting shares at a price of Rs. 7.00 per share to enhance shareholder value. The proposed repurchase represents 7 shares for every 90 ordinary voting shares held by shareholders as of the relevant record date and is subject to all applicable regulatory approvals and requirements. The opening and closing dates of the offer will be announced in due course.

The maximum consideration payable under the repurchase amounts to Rs. 16.09 billion. As at the date of approval, the Company had 29,560,147,161 ordinary voting shares in issue. The repurchase will be undertaken in accordance with the Company's Articles of Association, the Companies Act No. 7 of 2007, and the Colombo Stock Exchange Listing Rules.

The Company's auditors have confirmed that the proposed repurchase price represents the fair value of the shares, and the Board is satisfied that the repurchase is in the best interests of the Company and its shareholders. Upon completion, the repurchased shares will be dealt with in accordance with the applicable legal and regulatory requirements, and the Company's issued share capital and reserves will be adjusted, where applicable.

10. SELECTED KEY PERFORMANCE INDICATORS

Item	30-Jun-26	31-Mar-26	30-Jun-25
Regulatory Capital Adequacy (Rs. 000)			
Tier 1 Core Capital	113,490,481	113,933,001	109,866,172
Total Capital Base	112,402,840	112,845,522	108,783,940
Regulatory Capital Adequacy (%)			
Tier 1 Capital Adequacy Ratio - Minimum requirement 10%	22.43	23.54	24.96
Total Capital Adequacy Ratio - Minimum requirement 17%	22.21	23.31	24.71
Capital Funds to Deposit Liabilities Ratio - Minimum requirement 10%	38.92	41.56	48.06
Debt to equity ratio (with Deposits)	2.49 times	2.42 times	1.72 times
Assets Quality (Quality of Loan Portfolio) (%)			
Net Non-Performing Loans Ratio	3.63	3.24	5.49
Net Non-Performing Loans to Core Capital Ratio	14.02	12.03	16.42
Provision Coverage Ratio	33.35	35.43	30.66
Profitability (%)			
Net Interest Margin	11.07	12.16	12.83
Return on Assets (before tax)	3.77	4.96	4.74
Return on Equity (after Tax)	13.66	17.98	13.68
Liquidity (%)			
Available Liquid Assets to required liquid assets (Minimum 100%)	101.98	101.58	120.78
Liquid Assets to external funds	8.86	8.60	11.48
Interest Cover (Times)	1.57 times	1.95 times	1.85 times
Memorandum information			
Number of branches	205	203	201
External Credit rating	*(SL) A+ Stable	(SL) A+ Stable	(SL) A Positive

*The Company has been assigned A+ Stable outlook by Lanka Rating Agency.

11. ANALYSIS OF LOANS AND ADVANCES TO CUSTOMERS

As at	30-Jun-26 Rs.	31-Mar-26 Rs.
Gross loans and advances	**437,750,486,234**	**423,054,809,508**
Less: Provision for impairment	**(7,962,016,432)**	**(7,522,456,812)**
Stage 1	(327,870,777)	(513,323,654)
Stage 2	(360,850,337)	(232,854,765)
Stage 3	(7,273,295,317)	(6,776,278,393)
Net loans and advances	**429,788,469,802**	**415,532,352,695**

Analysis of loans and advances to customers by product

As at	30-Jun-26 Rs.	31-Mar-26 Rs.
Speed drafts	97,563,746,877	98,087,171,065
Finance lease receivable	83,921,665,331	81,815,813,715
Credit cards	7,278,417,880	7,143,425,544
Gold Loan	76,254,507,888	70,236,343,556
Staff loans	359,813,088	366,140,130
Housing development loans	2,081,087,417	2,125,616,990
Personal loans	28,037,516,496	25,942,245,886
Individual loans	5,996,123,882	6,026,560,087
Factoring	5,112,314,860	5,215,384,449
Loans against fixed deposits	11,221,197,979	10,509,519,291
Margin trading	5,621,388,903	5,166,546,868
Alternate finance portfolio - Other receivables (Murabaha, Musharakah etc.)	39,952,379,459	39,185,722,407
Term loans		
Short term	973,349,152	81,977,997
Long term	73,376,977,022	71,152,341,524
Total	**437,750,486,234**	**423,054,809,508**

12. ANALYSIS OF DEPOSITS

As at	30-Jun-26 Rs.	31-Mar-26 Rs.
Local currency deposits	**283,082,776,352**	**266,153,147,603**
Savings deposits	17,208,167,251	16,066,107,055
Fixed deposits	265,874,609,101	250,087,040,548
Foreign currency deposits	**5,747,603,531**	**5,347,597,823**
Savings deposits	379,153,335	315,815,025
Fixed deposits	5,368,450,196	5,031,782,799
Total	**288,830,379,883**	**271,500,745,426**

13. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES

As at Jun 30, 2026

	Name of the Director	No. of shares	%
1	Mr. F. K. C. P. N. Dias - Chairman / Non Executive Director	-	-
2	Mr. D. M. D. K. Thilakaratne - Director / CEO	-	-
3	Mr. B. C. G. de Zylva - Non Executive Director	-	-
4	Mr. Manruk Reshan Dewapura - Independent Director	-	-
5	Mrs. K. T. Chamila Priyangani - Independent Director	-	-
6	Mr. J. T. Fernando - Independent Director	-	-
7	Mr. S. Lankathilake - Independent Director	-	-
	Total	**-**	**-**

14. TWENTY LARGEST SHAREHOLDERS

As at Jun 30, 2026

	Name of the Shareholder	No. of shares	%
1	LOLC Ceylon Holdings Limited	27,153,165,444	91.86
2	Hatton National Bank PLC / LOLC Ceylon Holdings Limited	1,309,523,810	4.43
3	Commercial Bank of Ceylon PLC / Phantom Investments (Private) Limited	108,430,628	0.37
4	Sampath Bank PLC / Andaradeniya Estate Private Limited	25,059,524	0.08
5	Mr. V.R. Ramanan	20,900,000	0.07
6	Mr. S. Vasudevan	14,906,375	0.05
7	Assetline Finance PLC / M.D.N.P. Fonseka & W.H. Nawodya	11,401,141	0.04
8	Mr. B.C.S.T.I. Rodrigo	9,650,000	0.03
9	Mr. Y.R.T.S. Premachandra	9,500,010	0.03
10	CIC Holdings PLC / CIC Charitable & Educational Trust Fund	8,707,200	0.03
11	Miss. M.I. Thanudara	7,885,776	0.03
12	Senkadagala Finance PLC / S.Gobinath	7,102,400	0.02
13	Mr. A.B.V.U. Alaharuwan	7,000,000	0.02
14	Mr. R.E. Rambukwelle	6,358,752	0.02
15	Mr. B.W. Kundanmal	5,750,000	0.02
16	Mr. A.A. Sunil	5,665,468	0.02
17	Hatton National Bank PLC / Ramaraj Kuhan	5,500,000	0.02
18	Hatton National Bank PLC / Ravindra Erle Rambukwelle	5,200,000	0.02
19	Dr. K.A.S.S. Rodrigo	4,821,000	0.02
20	Assetline Finance PLC / M.W.A.Lakmal	4,650,000	0.02
	Total shares held by twenty largest shareholders	**28,731,177,528**	**97.20**
	Others	**828,969,633**	**2.80**
	Total	**29,560,147,161**	**100.00**

Public shareholding

Information pertaining to public shareholding as at 30th June 2026 is as follows:

	30-Jun-26	30-Jun-25
Public holding percentage	3.69%	3.31%
Number of public shareholders	18,553	17,693
Float Adjusted Market Capitalization - Rs.	5,678,057,039	6,577,642,008

The Company is not compliant with the minimum public holding requirement stipulated in the Listing Rule 7.13.1.i (b) of the Colombo Stock Exchange. This arose consequent to the merger with subsidiaries (Commercial Leasing and Finance PLC and LOLC Development Finance PLC) took place on 31st March 2022 and 31st January 2023 respectively. The Company is in the process of evaluating options in this regard.

CORPORATE INFORMATION

NAME OF THE COMPANY
LOLC Finance PLC

COUNTRY OF INCORPORATION
Sri Lanka

DATE OF INCORPORATION
13th December 2001

LEGAL FORM
A quoted public Company with limited liability

COMPANY REGISTRATION NO.
PB 244 PQ

TAX PAYER IDENTIFICATION NO.
134009578

VAT REGISTRATION NO.
134009578 7000

STOCK EXCHANGE LISTING
The ordinary shares of the Company were listed on the Diri Savi Board of the Colombo Stock Exchange (CSE) on 7th July 2011.

CREDIT RATING
Lanka Rating Agency assigned the Company with a long-term rating of 'A+' with a (Stable) outlook.

REGISTERED OFFICE AND HEAD OFFICE
No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya
Tel: 011 7248248
Fax: 011 2865606
Website: https://www.lolcfinance.com/
Swift: LOFCKLC

DIRECTORS
Mr. F. K. C. P. N. Dias - Chairman / Non Executive Director
Mr. D. M. D. K. Thilakaratne - Director / CEO
Mr. B. C. G. de Zylva - Non Executive Director
Mr. Manruk Reshan Dewapura - Independent Director
Mrs. K. T. Chamila Priyangani - Independent Director
Mr. J. T. Fernando - Independent Director
Mr. S. Lankathilake - Independent Director

THE COMPANY SECRETARY
Mrs M V S C Rodrigo
100/1, Sri Jayawardenapura Mawatha, Rajagiriya
Tel: 0117 248 578
Email: veronicac@lolcfinance.com

AUDITORS
Deloitte Partners, Chartered Accountants

LAWYERS
Julius & Creasy, Attorneys-at-Law
Nithya Partners

REGISTRARS
Central Depository System (Pvt) Limited
04 - 01, West Block, World Trade Centre, Echelon Square, Colombo 01.
Tel: 011 244 0396

PRINCIPAL ACTIVITIES
During the period the principal activities of the Company comprised; Finance Business, Finance leasing, Islamic Finance, issue of Payment Cards, Micro Finance Loans, Gold Loans, Advances for Margin Trading in the Colombo Stock Exchange and Renting of properties.

BANKERS
Standard Chartered Bank
Nations Trust Bank PLC
Citi Bank N.A.
Commercial Bank of Ceylon PLC
NDB Bank PLC
Bank of Ceylon
Seylan Bank PLC
MCB Bank
Deutsche Bank
Hatton National Bank PLC
Pan Asia Bank PLC
Sampath Bank PLC
DFCC Bank
Peoples Bank
Cargills Bank Limited
Union Bank of Colombo PLC