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GSM/WDPL/KMW

12 August 2026

Board of Directors
DFCC Bank PLC
No.73/5,
Galle Road,
Colombo 03.

Accountants' Report
DFCC Bank PLC

Dear Sirs/Mesdames,

Introduction

This report has been prepared for the purpose of the prospectus issued in connection with the issue of up to One Hundred and Twenty Five Million (125,000,000) BASEL III Compliant, Tier 2,Listed, Rated, Unsecured, Subordinated, Redeemable 5 year (2026/2031) Debentures with Non-viability Conversion feature("Debentures") Each of the par value of Sri Lankan Rupees One Hundred (LKR 100/-) by DFCC Bank PLC to raise up to maximum amount of Sri Lankan Rupees Twelve Billion Five Hundred Million (LKR 12,500,000,000/-).

We have examined the Financial Statements of the DFCC Bank PLC (the "Bank") for the years ended 31 December 2021 to 31 December 2025, and report is as follows.

1. Incorporation

DFCC Bank PLC ("the Bank") is a limited liability company incorporated and domiciled in Sri Lanka. It was incorporated in 1955 under DFCC Bank Act No 35 of 1955. Consequent to the enactment of the DFCC Bank (Repeal and Consequential Provisions) Act No 39 of 2014, the DFCC Bank Act No 35 of 1955 was repealed and the Bank was incorporated under the Companies Act No 07 of 2007 as a public limited company listed in the Colombo Stock Exchange with the name "DFCC Bank PLC" with effect from 6th January 2015.

DFCC Bank PLC(DFCC) also obtained a commercial banking license from the Monetary Board of the Central Bank of Sri Lanka in terms of the Banking Act No 30 of 1988 as amended and accordingly, upon the amalgamation now operates as a licensed commercial bank.

The registered office of the Bank is at No 73/5,Galle road, Colombo 03.

The Bank is engaged in provisioning range of financial services such as accepting deposits, corporate credit and retail banking ,personal financial services ,project financing, investment banking, foreign currency operations, trade finance, and dealing in government securities and treasury related products. The Bank does not have an identifiable parent of its own.

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), L K H L Fonseka FCA, P V K N Sajeewani FCA, A A J R Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Paranavitane ACA ACMA (UK) LLB (Colombo), B Vasanthan ACA ACMA (UK), W D P L Perera ACA, M U M Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

Principals: T P M Ruberu FCMA (UK) FCCA MBA, G B Goudian ACMA (UK), D L B Karunathilaka ACMA (UK), W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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2. Financial Information

2.1 Five-year Summary of Audited Financial Statements

A summary of Statements of Financial Position, Income Statements and Statements of Cash Flows of the Bank for the financial years ended 31 December 2021 to 31 December 2025, based on the audited Financial Statements are set out on Annexure of the Accountants' Report.

2.2 Audited Financial Statements for the Year Ended 31 December 2025

Audit report on the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its Subsidiaries for the year ended 31 December 2025 together with such Financial Statements comprising the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows along with the accounting policies and notes thereon is available on the website of CSE, www.cse.lk, where the management is responsible for the electronic presentation of the financial report and to ensure the electronic version of the audited financial report and the auditors report on the website is identical to the final signed hard copy version.

2.3 Audit Reports

Messrs. KPMG have audited the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries for the years ended 31 December 2021 to 31 December 2025. Unmodified audit opinions have been issued for the said financial years by their reports dated 17 February 2022, 17 February 2023, 19 February 2024, 19 February 2025 and 24 February 2026 respectively.

2.4 Accounting Policies

The Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries for the years ended 31 December 2021 to 31 December 2025 comply with Sri Lanka Accounting Standards. The accounting policies of the Bank and its Subsidiaries are stated in detail in the audited Financial Statements of DFCC Bank PLC for the year ended 31 December 2025.

2.5 Dividends

2.5.1 The Bank has paid dividends during the last five years as follows.

Year	Dividend Paid (Rs. 'Mn')	Dividend Per Share (Rs.)
31st December 2021	918	3*
31st December 2022	962	3*
31st December 2023	805	2*
31st December 2024	2,110	5**
31st December 2025	2,596	6***

* Scrip Dividend
**Rs 3 per share cash dividend and Rs 2 per share scrip dividend.
*** Rs 4 per share cash dividend and Rs 2 per share scrip dividend.

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2.6 Events after Reporting Date

There were no material circumstances that have arisen since the reporting date, which require adjustment to or disclosure in the Financial Statements except the following.

2.6.1. First & Final Dividend:

The directors have approved the payment of first and final dividend of LKR 7.50 per share which will consist of LKR 2.50 per share in cash and LKR 5.00 in the form of scrip dividend, for the financial year ended 31 December 2025.

2.6.2. Issuance of BASEL III Compliant GSS+ Bond:

The Bank raised LKR 10 Bn on 13 February 2026, through the issuance of One Hundred Million (100,000,000) Basel III compliant, subordinated, listed, rated, unsecured, redeemable GSS+ bonds with a non-viability conversion feature, each at an issue price (par value) LKR 100/- with maturity terms of 5, 7 and 10 years.

2.6.3. Proposed Acquisition of the Wealth and Retail Banking business of Standard Chartered Bank Sri Lanka Branch:

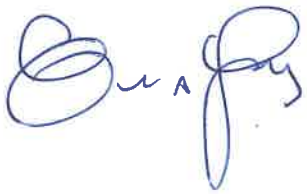
DFCC Bank PLC has entered into a binding Business Sale Agreement (BSA) with Standard Chartered Bank, United Kingdom, to acquire the wealth and retail banking operations of Standard Chartered Bank Sri Lanka for purchase consideration of LKR 3.7 Bn and has received approval from the Central Bank of Sri Lanka, in terms of Section 12 (1) (c) of the Banking Act No. 30 of 1988 (as amended), to proceed with the proposed acquisition.

The transaction was completed on 1st August 2026 subsequent to the year end.

3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of DFCC Bank PLC for inclusion in the application for the purpose of prospectus issued in connection with the issue of up to One Hundred and Twenty Five Million (125,000,000), BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable five-year (2026/2031) Debentures with Non-viability conversion feature("Debentures") each of the par value of Sri Lankan Rupees One Hundred (LKR 100/-) By DFCC Bank PLC to raise up to a maximum amount of Sri Lankan Rupees Twelve Billion Five Hundred Million (LKR 12,500,000,000/-).

Yours faithfully,



FIVE-YEAR SUMMARY OF FINANCIAL STATEMENTS (BANK)

INCOME STATEMENT

(LKR MN)

Description	2025	2024	2023	2022	2021
Gross income	96,696	89,559	106,883	74,960	42,649
Interest income	81,344	76,907	96,922	69,863	36,599
Interest expenses	50,391	48,786	65,697	43,342	23,946
Net interest income	30,953	28,121	31,224	26,521	12,653
Non-Interest Income	13,103	11,246	9,273	4,330	5,757
Operating profit before taxes on financial services	20,322	17,914	14,146	3,693	5,544
Operating profit after taxes on financial services	15,582	13,498	10,960	2,439	4,326
Profit for the year	16,028	8,353	7,220	2,513	3,222

STATEMENT OF FINANCIAL POSITION

(LKR MN)

Description	2025	2024	2023	2022	2021
Cash and cash equivalents	22,771	13,505	14,478	16,123	10,688
Balances with Central Bank of Sri Lanka	2,953	2,328	2,108	9,031	9,359
Placements with banks	37,443	11,229	29,138	15,225	6,288
Derivative financial assets	8,494	9,643	16,499	20,474	280
Financial assets measured at fair value through profit or loss	9,015	7,416	1,741	1,429	219
Financial assets at amortized cost - Loans and advances to banks	-	1,500	-	-	-
Financial assets at amortized cost - Loans and advances to customers	510,924	395,047	348,767	369,072	365,901
Financial assets at amortized cost - Debt and other instruments	114,796	105,642	68,031	50,948	26,675
Financial assets measured at fair value through OCI	124,553	138,258	134,903	63,319	54,329
Investments in subsidiaries	237	237	237	237	217
Investments in associate	33	33	33	33	35
Investments in joint venture	-	-	755	755	755
Investment property	10	10	10	10	10
Property, plant and equipment	4,509	3,873	3,500	3,199	3,237
Intangible assets and goodwill	2,608	2,002	1,926	2,198	2,228
Deferred tax asset	5,732	4,893	5,408	4,138	1,359
Other assets	8,449	7,821	13,416	9,751	3,925
Asset held for sale	-	755	-	-	-
Total assets	857,146	704,193	640,950	565,940	485,505
Due to banks	12,372	7,149	52,793	15,858	3,845

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Derivative financial liabilities	201	909	382	85	814
Financial liabilities at amortized cost - Due to depositors	564,759	465,153	407,225	370,314	319,861
Financial liabilities at amortized cost - Due to other borrowers	134,355	96,756	72,023	81,146	69,094
Debt securities in issue	12,287	14,691	16,312	16,304	16,297
Retirement benefit obligation	1,182	1,409	1,371	592	689
Current tax liabilities	2,669	3,067	4,427	2,480	952
Deferred tax liability	-	-	-	-	-
Other liabilities	12,545	12,792	9,605	10,041	6,580
Subordinated term debt	9,363	18,234	9,072	18,400	18,387
Total liabilities	749,734	620,160	573,209	515,219	436,519
Stated capital	15,446	14,710	13,867	13,182	8,600
Statutory reserve	4,460	3,658	3,240	2,875	2,747
Retained earnings	50,291	35,835	28,250	22,601	22,092
Other reserves	37,216	29,830	22,384	12,063	15,547
Total equity attributable to equity holders of the Bank	107,413	84,033	67,741	50,721	48,986
Total equity	107,413	84,033	67,741	50,721	48,986
Total equity and liabilities	857,146	704,193	640,950	565,940	485,505
Contingent liabilities and commitments	262,237	222,538	193,993	169,133	144,278

STATEMENT OF CASH FLOWS **(LKR MN)**

Description	**2025**	**2024**	**2023**	**2022**	**2021**
Operating cash flows before changes in operating assets and liabilities	16,259	14,452	26,214	20,483	488
(Increase)/decrease in operating assets and liabilities	20,556	15,801	48,696	33,093	(58,200)
Net cash flows before income tax	(4,296)	30,253	74,910	53,577	57,711
Surcharge tax paid				(1,232)	
Income tax paid	(6,207)	(6,035)	(4,306)	(1,531)	(1,621)
Net cash flows from operating activities	(10,505)	24,219	70,605	50,813	(59,333)
Net cash flows used in investing activities	18,868	(29,180)	(84,293)	(31,257)	42,670
Net cash flows from/(used in) financing activities	27,117	(13,921)	25,958	(5,185)	10,500
Net increase/(decrease) in cash and cash equivalents	35,480	(18,882)	12,269	14,371	(6,162)
Cash and cash equivalents at beginning of year	24,734	43,617	31,347	16,976	23,139
Cash and cash equivalents at end of year	60,214	24,734	43,617	31,347	16,976

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The above summarized financial information has been extracted from the Audited Financial Statements, and is signed on behalf of the management by:

Chathura Weerasinghe
Vice President
Accounting & Reporting

Chinthika Amarasekare
Chief Financial Officer

12 August 2026

Date

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