



PUBLIC NOTICE BY LOLC HOLDINGS PLC



Public Clarification on Misleading Information Concerning People's Bank Facility

LOLC Holdings PLC refers to certain misleading and factually inaccurate information currently being circulated through online and social-media channels concerning a banking facility involving the LOLC Group and People's Bank.

LOLC categorically rejects the misleading narrative being created around this transaction.

The fundamental fact is straightforward: **the local-currency borrowing is secured against a US-dollar deposit maintained with People's Bank itself.**

As part of its global treasury operations, LOLC Group entities maintain US-dollar deposits with a number of international and local banks, including People's Bank, while Sri Lankan Group entities utilize the value of such deposits as security to raise local-currency funding. Accordingly, **People's Bank itself holds full collateral supporting the facility which is the most secure form of bank credit.**

There is therefore no factual basis for suggestions that the existence or location of the deposit is uncertain, that People's Bank would have to pursue or recover an unidentified asset situated overseas, or that the transaction represents an unsecured exposure of public deposits.

The arrangement is a conventional treasury transaction undertaken as part of the Group's management of funds and foreign-currency resources across multiple currencies and jurisdictions. Rather than converting an existing US-dollar asset into Sri Lankan rupees, the Group preserves that foreign-currency asset while utilizing its value to raise local-currency funding in Sri Lanka and across its wider international operations spanning 27 countries. Such structures form part of commonly used treasury and foreign-exchange risk-management practices adopted by multinational groups globally.

Attempts to portray this straightforward, cash-secured transaction as evidence of questionable banking practices, foreign-exchange speculation or improper use of public funds are **without factual foundation and create a materially distorted impression of the transaction.**

LOLC is therefore treating the matter with the seriousness it warrants and is bringing relevant publications, and the dissemination of materially misleading information contained therein, to the attention of the appropriate regulatory and other authorities.

The Group also **reserves and intends to exercise all rights and remedies available to it under applicable law** against persons and organizations responsible for originating, publishing, knowingly republishing or recklessly continuing to disseminate materially false or misleading information concerning the Group, where the applicable legal thresholds are satisfied.

LOLC will continue to conduct its operations transparently and responsibly and will not hesitate to take appropriate action to protect the interests of the Group and its stakeholders.

LOLC Holdings PLC