

Business Review

LOANS AND LEASES

OPERATING CONTEXT

Improved economic activity, driven by low interest rates, rapid disinflation, and greater political stability in the latter part of 2024, along with the removal of restrictions on vehicle imports in February 2025, created an environment for the long awaited credit expansion.

STRATEGY AND FOCUS

Loans and Leases

The remarkable 131.48% growth in loans and leases during 2024/25 underscores the success of a company-wide mindset shift, driven by strong leadership and an empowered workforce. A culture of open communication and trust enabled employees to contribute ideas and drive process improvements, directly enhancing operational efficiency and service delivery.

To support this momentum, the overall lending target was cascaded from the corporate level to branches and further refined into individual targets for marketing officers. To enable performance at the front line, marketing teams were equipped with SMART devices providing seamless access to the PLCCORE Credit Management System, a fully paperless digital platform that accelerates credit proposal submissions by eliminating the need for physical documentation at branches.

This was further reinforced by comprehensive training programs designed to enhance product knowledge and support informed, responsible credit evaluations, empowering staff with both the tools and capabilities needed to deliver exceptional results.

Meanwhile, amidst declining interest rates and intense competition from banks and non-banking financial institutions offering vehicle-based loans and leases, maintaining net interest margins remained a key priority. Steps were taken to expand the partner network and further deepen ties with existing networks, while marketing teams were encouraged to build strong relationships with suppliers, customers, and industry influencers to expand their reach.

These strategic initiatives collectively led to a significant increase in monthly disbursements ultimately leading to a robust 48.06% year-on-year growth in the loans and leases portfolio, which

reinforces the People's Leasing's market share within the local NBFI sector.

Gold Loans

The Company continued to deepen the penetration in the Loan space. As the demand for Gold Loans continued to grow against the backdrop of higher local gold prices influenced by rising prices globally, People's Leasing leveraged its extensive island-wide branch presence to drive gold loan growth. With Gold Loan centres established at 106 PLC branches customers around Sri Lanka have access to People's Leasing's Gold Loan products and services.

To complement these efforts, the existing Gold Loan portfolio was further diversified with the introduction of new customised products targeting various segments. This was coupled with aggressive promotional activities, including localised pocket campaigns to enhance awareness among target customer segments. Likewise, the focus on digital enablement for Gold Loan customers saw the PLC Touch-app and People's bank CDM network being linked to the Gold Loan product.

In testament to the success of these efforts, the Gold Loan portfolio demonstrated steady monthly growth, averaging 85.15% throughout the financial year.

Green Financing

Taking a decisive step towards venturing into green financing, People's Leasing entered into an MOU with a supplier of electric three-wheelers, securing a first-mover advantage in the sustainable leasing space. Additionally, continued emphasis on expanding the solar lease portfolio, saw the Company working to grow partner networks to further accelerate growth in this segment.

Margin Trading

With the local equities market witnessing a strong surge driven by improved investor confidence on the back of Sri Lanka's economic recovery, People's Leasing redoubled efforts to grow its margin trading portfolio. Underlining the success of this approach, margin trading portfolio of the Company registered a sizeable 68.89% YoY growth to reach Rs. 9,650.57 million as at 31 March 2025, while generating interest income of Rs. 843.38 million for the year.

IMPACT SCORECARD

Contribution to Consolidated Revenue

76.12%

Share of Group Assets

67.39%

Addressing Stakeholder Expectations through Material Themes

- ⊙ Geopolitical and Socio Economic Uncertainty
- ⊙ Business Model Flexibility in an Environment that is Continually Changing

Supporting broader national priorities

- ⊙ Promoting financial inclusion as well as financial literacy and discipline
- ⊙ MSME sector growth
- ⊙ Investment in renewable energy

Contribution to the achievement of the Sustainable Development Goals



PRODUCT PORTFOLIO

- ⊙ Leasing
- ⊙ Auto Loan
- ⊙ Business Loan
- ⊙ Gold Loan
- ⊙ PLC Solar Lease
- ⊙ Self-e-Cash
- ⊙ Fast Track
- ⊙ Margin Trading
- ⊙ Quick Cash



Credit Quality Management

Alongside the credit expansion strategy, balanced credit quality remained a top priority. Credit officers remained committed to maintaining a prudent risk-reward balance, aligning credit growth objectives with the Board's prudential credit quality limits.

Meanwhile, despite improving economic conditions, recovery efforts continued to be hampered as many customers appeared to be under financial stress owing to the prolonged impact of the 2022 economic crisis. Fiscal Policy changes implemented to overcome economic crisis such as changes in tax structure also proved to be a major challenge for recovery teams. Working to support stressed customers, continued to offer settlement concessions for overdue facilities while customised rescheduling plans were also extended on a case by case basis.

At the same time, a new Call Management System (CMS) was rolled out across 51 branches to enable branch-level and head-office recovery teams to closely monitor the performance of newly granted facilities. This system enables early identification of risky facilities and prevents them from entering non-performing status.

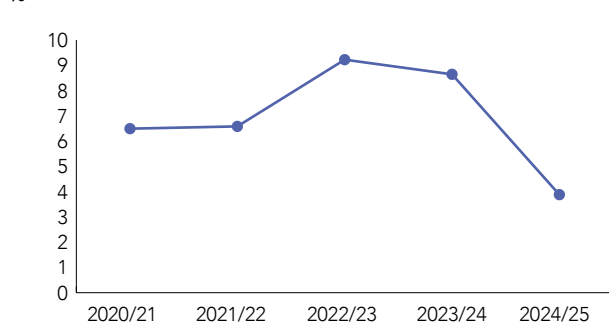
Simultaneously, on-site vehicle auctions were conducted to minimise losses, ensuring that repossessed assets were liquidated to alleviate the pressure on the company's bottom line. Enhancing the legal recovery process was another critical focus area, with significant improvements introduced to streamline proceedings. An automated transfer system was implemented for rental contracts in arrears exceeding 12 months, ensuring their smooth transition to the newly established Case Filing Unit (CFU). This unit, operating under the oversight of Head Office Legal Recoveries, was tasked with expediting legal actions to improve

recovery timelines. A Legal File Tracking System was also introduced to enable real-time monitoring of case progress and identify delays. Further strengthening legal enforcement, the Company initiated criminal action under "Breach of Trust" provisions where applicable. The on-site yard auctioning process for repossessed vehicles and writ-executed assets was further optimised, allowing for quicker asset liquidation and improved financial outcomes.

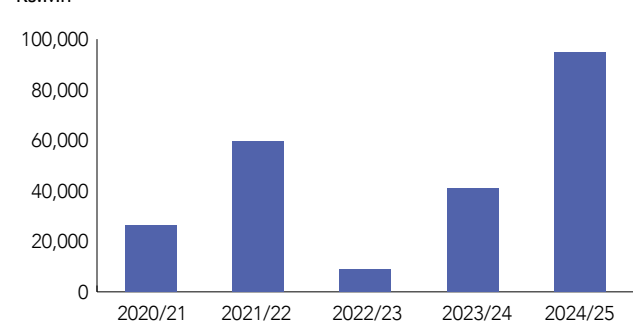
A culmination of these efforts helped boost collections, enabling the Company to successfully reduced the CBSL non-performing Loans and Leases - Stage 3 portfolio from Rs. 17.18 billion at the end of the previous year to Rs. 9.23 billion, by end March 2025 marking a Rs. 7.95 billion reduction year on year.

KEY PERFORMANCE HIGHLIGHTS

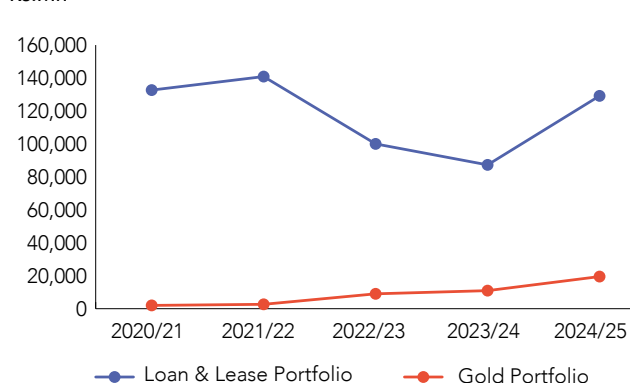
Impairment as a % of Portfolio



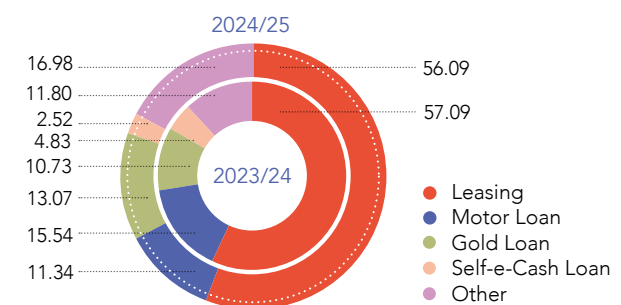
Loan and Lease Disbursements



Loan and Lease Portfolio Movement



Composition - Loan and Lease Portfolio



Business Review

LOANS AND LEASES

FUTURE OUTLOOK

Focus for the Future	Loans & Leases	Recoveries
Short-Term	<ul style="list-style-type: none"> ⊙ Leverage favorable macroeconomic conditions to drive credit expansion. ⊙ Utilise the new Credit Management System for 24/7 service delivery. ⊙ Enhance operational efficiency through a skilled workforce. 	<ul style="list-style-type: none"> ⊙ Implement digital platforms to facilitate convenient repayment of dues. ⊙ Improve accessibility and efficiency in collections.
Medium-Term	<ul style="list-style-type: none"> ⊙ Establish strategic partnerships to expand green lending. ⊙ Strengthen sustainable financing solutions. 	<ul style="list-style-type: none"> ⊙ Enhance arbitration and settlement negotiations for faster recoveries. ⊙ Streamline the summons-serving process for legal proceedings.
Long-Term	<ul style="list-style-type: none"> ⊙ Expand margin trading by capitalizing on undervalued equity markets. ⊙ Increase retail client participation to diversify the customer base. ⊙ Strengthen risk assessment frameworks for sustainable portfolio growth. ⊙ Deliver value-driven financial solutions while navigating market conditions. 	<ul style="list-style-type: none"> ⊙ Strengthen proactive monitoring of high-value exposures ⊙ Initiate targeted legal actions (DDR, ARB, and money recovery proceedings). ⊙ Execute writ processes to improve debt recovery effectiveness.

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ISLAMIC FINANCE

OPERATING CONTEXT

Following three consecutive years of weak demand, the year 2024 marked a notable turnaround in the appetite for Islamic financing in Sri Lanka. Improved economic stability and renewed market confidence contributed to a resurgence of interest in Shari'ah-compliant financial products, creating a more favourable operating environment for Islamic finance providers.

STRATEGY AND FOCUS

Financing

Fuelled by the growing demand for Shari'ah-compliant financial solutions, core financing products of Islamic Finance unit of People's Leasing experienced robust growth in the current financial year, outperforming key competitors and demonstrating strong competitive momentum.

The Islamic Finance unit's flagship product - the Wadi'ah Gold Safekeeping service, which is now offered across 39 branches island-wide, continued to gain further traction in the year under review, signalling the growing recognition of Islamic finance as a viable alternative to conventional lending. The Wadi'ah Gold Safekeeping product which was launched in 2023, gathered significant momentum in the current year supported by aggressive branch-led promotional efforts, which saw the Wadi'ah portfolio expanding by 40.72% from Rs. 464.38 million in the previous year to reach a historical high of Rs. 783.33 million by the end of the current year.

Likewise, the Ijarah, a leasing solution that allows customers to use assets without assuming ownership burdens, also saw a demand upsurge, particularly among businesses seeking flexible financing options to capitalise on the economic revival in 2024. The Musharakah continued to be the preferred choice for MSME's looking for flexible options based on the profit-sharing financing model.

Savings

On the savings front, the Mudarabah Savings Accounts witnessed strong growth, reflecting a growing preference for ethical investment options. The Wakalah Fixed Investment Product, introduced in 2023, emerged as a preferred choice for those seeking long-term financial security. The product experienced significant expansion throughout the year, driven by rising the products' competitive features, including its ability to deliver stable returns within an Islamic finance framework.

Asset Quality

Alongside aggressive efforts to grow the financing portfolio, maintaining high asset quality remained a key priority, prompting the introduction of stringent credit assessment criteria across all financing activities. This was accompanied by ongoing follow-ups and aggressive recovery efforts to minimise overdue accounts.

IMPACT SCORECARD

Contribution to Consolidated Revenue

3.03%

Share of Group Assets

4.06%

Addressing Stakeholder Expectations through Material Themes

- ⊙ Geopolitical and Socio Economic Uncertainty
- ⊙ Business Model Flexibility in an Environment that is Continually Changing

Supporting broader national priorities

- ⊙ Promoting financial inclusion as well as financial literacy and discipline
- ⊙ Increase in aggregate national savings
- ⊙ MSME sector growth
- ⊙ Socioeconomic upliftment through long term wealth creation

Contribution to the achievement of the Sustainable Development Goals



PRODUCT PORTFOLIO

- ⊙ Ijarah
- ⊙ Musharakah
- ⊙ Wadi'ah Gold Safekeeping
- ⊙ Mudharabah Savings
- ⊙ Mudharabah Fixed Investments
- ⊙ Wakalah Fixed Investments



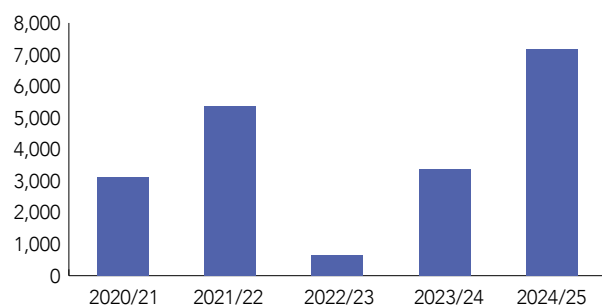
Business Review

ISLAMIC FINANCE

KEY PERFORMANCE HIGHLIGHTS

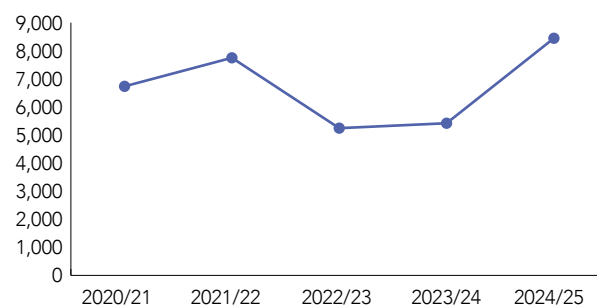
New Disbursements

Rs.Mn



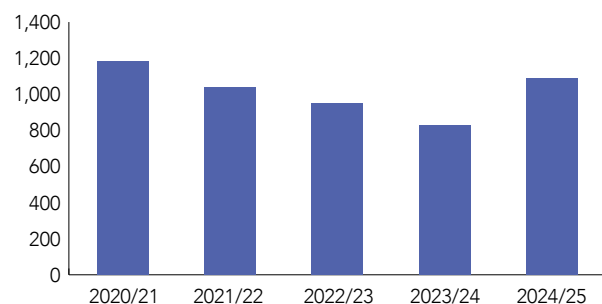
Portfolio Movement

%



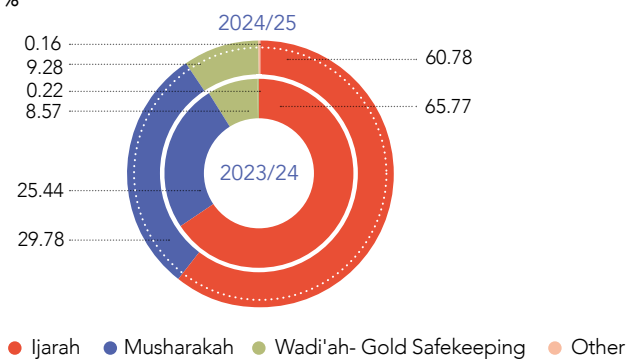
Financing Income

Rs.Mn



Composition - Islamic Finance Portfolio

%



Islamic Finance Unit of People's Leasing continued to earn multiple accolades in the current year from both local and international awarding bodies. A notable highlight was its recognition as one of the top three entities in Sri Lanka's Islamic finance industry, a milestone that acknowledges the Unit's exceptional growth in FY 2024/25 and signifies its sustained commitment to advancing Islamic finance across the country. Further enhancing its regional standing, the Unit was also recognized in the South Asia region at the IFFSA Awards.

AWARDS AND ACHIEVEMENTS

Sri Lanka Islamic Banking and Finance Industry (SLIBFI) Awards

- ⊙ Bronze Award for Islamic Finance Entity of the Year
- ⊙ Merit Award for Islamic Finance Product of the Year
- ⊙ Gold Award for Transformative Leadership- Head of Islamic Finance -Al Safa Islamic Unit

Islamic Finance Forum of South Asia (IFFSA) Awards 2024

- ⊙ Silver Award- Islamic Banking Window / Unit of the Year
- ⊙ Silver Award- Digital Marketing Campaign of the Year
- ⊙ Bronze Award - Marketing Campaign of the Year
- ⊙ Merit Award- Islamic Finance Product of the Year
- ⊙ Special Recognition Award- Standout Submission Awards

Sri Lanka Branding and Marketing Leadership Awards 2024

- ⊙ Islamic Finance Service Provider of the Year
- ⊙ Islamic Finance Innovative product of the year
- ⊙ Transformative Leadership- Head of Islamic Finance - Al Safa Islamic Unit
- ⊙ Rising Personality of the year in Islamic Finance-Women's Category



FUTURE OUTLOOK

Focus for the Future		
Short-Term	<ul style="list-style-type: none"> Extend Islamic Finance services across the branch network (30 branches to be covered in the next financial year). 	<ul style="list-style-type: none"> Launch a Loyalty Card for Wadi'ah Gold Safekeeping customers
Medium-Term	<ul style="list-style-type: none"> Expand the savings suite through the introduction of Sahim (Investment Plan). 	<ul style="list-style-type: none"> Diversify the financing portfolio through the introduction of Self-e-Cash – Benevolent loan against Islamic Investment.
Long-Term	<ul style="list-style-type: none"> Expand investment offerings to cater to institutional investors and international markets with the launch of Sukuk (Bonds) 	<ul style="list-style-type: none"> Develop a structured product for Margin Trading.

Business Review

DEPOSITS

OPERATING CONTEXT

Greater economic stability and policy rate cuts by the Central Bank of Sri Lanka (CBSL) were the main factors that impacted the demand for savings and deposits in the current year. With the Average Weighted Deposit Rate (AWDR) declining significantly following three successive reductions in policy rates, the market appetite for savings and deposits moderated, as investors began seeking higher-yielding alternatives.

STRATEGY AND FOCUS

Savings

Influenced by the steady decline in interest rates throughout the current year, People's Leasing redoubled efforts to mobilise low-cost funds via savings growth. To gain an early advantage, competitive rate adjustments were made with the general savings rate being increased from 4.5% to 6.5%, while the minor savings rate was raised to 7%. Branch resources were also further strengthened with the appointment of dedicated teams across the network, while a central savings team was formed from within the Deposit unit to provide more stringent oversight to support the branch savings growth initiative. Meanwhile in testimony to early steps taken towards savings growth, People's Leasing's savings base reported a healthy growth in the current year, expanding by 30.73% compared to the previous year.

Deposits

Considering the risk of customer attrition in the deposit portfolio owing to the low interest rates, significant emphasis was placed on customer retention. Branches were assigned customer retention targets and sales teams empowered with mobile devices to enable them to proactively follow up on maturities and provide real-time support to clients.

As the year progressed, the overall economic and social conditions in the country began to stabilise, leading to renewed interest in term deposits as a reliable source of investment. This shift prompted a concerted effort by People's Leasing to promote mainstream deposit products, accompanied by competitive interest rates and flexible tenors tailored to meet the diverse financial needs of customers. Aggressive localised promotional campaigns involving direct ground level engagement with potential customers were also carried out by the branch network to promote both savings and FDs.

A culmination of these initiatives saw People's Leasing's term deposit base crossing the landmark Rs. 100 billion in early 2025 to close at Rs.117.51 billion as at 31 March 2025. Average Fixed Deposit Renewal Rate of the Company for the financial year increased to 65.31% compared to 57.85% in 2023/24.

IMPACT SCORECARD

Attribution to Consolidated Interest Expense

83.70%

Share of Group Liabilities

73.01%

Addressing Stakeholder Expectations through Material Themes

- ⊙ Geopolitical and Socio Economic Uncertainty
- ⊙ Business Model Flexibility in an Environment that is Continually Changing
- ⊙ Developing Sustainable Ecosystems to support Sustained Wealth Creation regardless of Headwinds
- ⊙ Increase Customer Awareness through Responsible Communication

Supporting broader national priorities

- ⊙ Promoting financial inclusion and financial discipline
- ⊙ Increase in aggregate national savings
- ⊙ Reducing household debt burden
- ⊙ Socioeconomic upliftment through long term wealth creation

Contribution to the achievement of the Sustainable Development Goals



PRODUCT PORTFOLIO

FD Products

- ⊙ Normal fixed deposits
- ⊙ Senior Citizens Fixed Deposits
- ⊙ Senehasa Minor Fixed Deposits

Savings Products

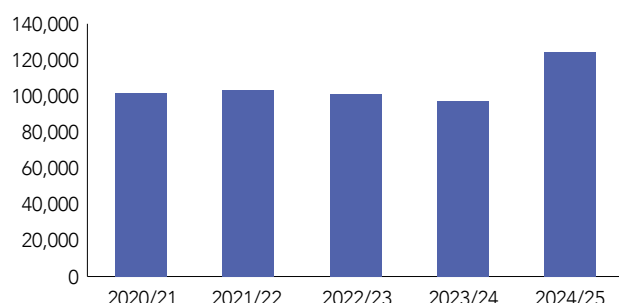
- ⊙ Super savings
- ⊙ Senior Citizen Savings
- ⊙ Premier Investment Plan
- ⊙ Senehasa Savings
- ⊙ Senehasa Future Investment Plan
- ⊙ Micro-finance Savings



KEY PERFORMANCE HIGHLIGHTS

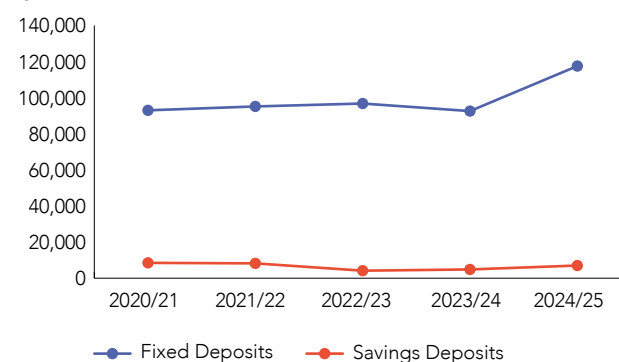
Deposit Portfolio

Rs.Mn



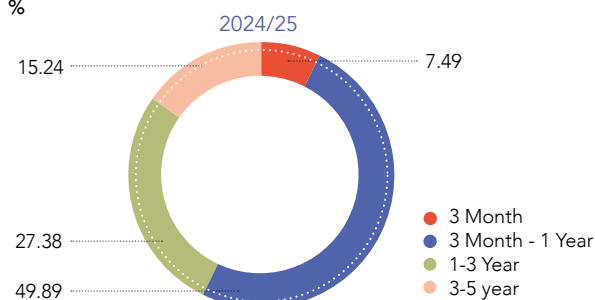
Fixed Deposits & Savings Deposits Movement

Rs.Mn



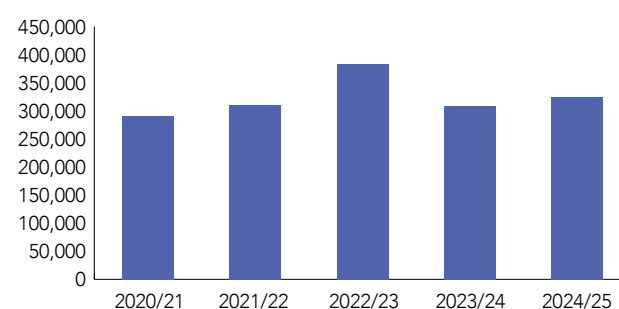
Deposit based on Maturity

%



Number of Deposit Customers

Number



FUTURE OUTLOOK

Focus for the Future	Fixed Deposits	Savings
Short-Term	<ul style="list-style-type: none"> ☉ Sustain and strengthen the existing deposit portfolio in the face of increasing market competition. 	<ul style="list-style-type: none"> ☉ The Company intends to roll out a targeted three-month campaign commencing in May 2025, aimed at promoting and enhancing awareness of Minor Savings. ☉ In celebration of Women's Day, the Company plans to introduce a new product specifically designed for women, aiming to meet their unique financial needs and preferences. ☉ Aligned with Children's Day, the Company expects to undertake a dedicated promotional campaign to further enhance visibility and engagement around its Minor Savings offerings.
Medium-Term	<ul style="list-style-type: none"> ☉ Strategically target the younger, digitally-inclined audience through enhanced online engagement, complemented by tailored financial solutions and reward-based offerings. 	<ul style="list-style-type: none"> ☉ Facilitate the digital onboarding of clients by offering a seamless and efficient online savings account opening process.
Long-Term	<ul style="list-style-type: none"> ☉ Aspire to establish market leadership in the Fixed Deposit portfolio segment through competitive offerings and sustained growth. 	<ul style="list-style-type: none"> ☉ Strive to become the market leader in the Savings portfolio through sustained growth and customer-focused strategies.