

CHAIRMAN'S MESSAGE



*Supporting
the country's
economic revival.*

WE NAVIGATED THIS YEAR WITH
CLARITY, DISCIPLINE, AND PURPOSE,
TRANSLATING MACROECONOMIC
NORMALIZATION AND INTERNAL
CONSOLIDATION INTO MOMENTUM
FOR SUSTAINED VALUE CREATION.

Rs 221 Bn

GROUP TOTAL ASSETS



It gives me great pleasure to present to you the Annual Report of People's Leasing & Finance PLC for the financial year 2024/25, a year that stood out as a decisive turning point for the Company, the country's macroeconomic environment, and the broader financial services industry.

We navigated this year with clarity, discipline, and purpose, translating macroeconomic normalization and internal consolidation into momentum for sustained value creation. In doing so, we embraced the opportunity not only to recover but to recalibrate our strategies, align with emerging trends, and accelerate our readiness for a future rooted in responsibility, innovation, and growth.

NAVIGATING A CHANGING MACROECONOMIC LANDSCAPE

Sri Lanka's economy began to emerge from one of its most challenging periods in modern history in 2024. Following the 2022 economic crisis and a tepid recovery in 2023, the country embarked on a more assured path of reform and renewal, anchored in fiscal discipline, structural transformation, and a recommitment to governance.

Real GDP growth reached approximately 5% in 2024, a significant improvement from the low base in 2023 and an encouraging sign of early-stage recovery. Growth was driven by the resurgence of several key sectors including agriculture, tourism, and services. Positive sentiments stemming from political and policy stability also contributed to a steady improvement in domestic and foreign investor confidence.

Importantly, inflation which had plagued the economy through 2022 and 2023 decelerated sharply throughout 2024, supported by tight monetary policy, reduced supply disruptions, and a relatively stable exchange rate. This disinflationary trend provided much-needed relief to both businesses and consumers, restoring purchasing power and improving investment visibility.

The easing inflation environment also paved the way for the Central Bank to commence a measured easing cycle in monetary policy, with policy rates being gradually brought down through the

year. This enabled a notable reduction in lending rates, catalysing credit expansion, particularly in the latter half of the financial year. In response, we witnessed a gradual improvement in credit demand across most segments, led by small and medium enterprises and individual borrowers seeking asset-backed financing.

Meanwhile, the Sri Lankan Rupee appreciated steadily throughout the year, buoyed by increased remittances, tourism revenue, and greater capital inflows. This appreciation helped contain import costs and further supported the inflation moderation trend.

In this emerging environment, licensed finance companies particularly systemically important institutions such as People's Leasing were presented with an opportunity to play a catalytic role in bridging financing gaps for underserved sectors of the economy, especially the micro, small and medium enterprise (MSME) segment.

STRATEGIC RESPONSE AND PERFORMANCE

Against this backdrop, People's Leasing & Finance PLC adopted a proactive and forward-looking strategic response. We calibrated our operational focus to align with the easing interest rate cycle and increased credit demand, while maintaining strict prudence in asset quality management and capital efficiency. As a result, we were able to deliver a robust recovery in performance, underscoring our resilience and commitment to sustainable value creation.

Internally, we focused on transforming our culture and building employee engagement, recognizing that our people are the foundation of long-term success. We empowered our teams through structured training and development programmes, financial empowerment initiatives, open communication platforms, and focused investments in well-being and workplace harmony. These actions translated into higher levels of employee motivation and operational effectiveness.

We expanded our lending portfolio by more than 50%, supported by both volume growth and an improvement in customer quality. Net Interest Income rose by 20.76% to Rs. 14,071.33 million

WE FOCUSED ON TRANSFORMING OUR CULTURE AND BUILDING EMPLOYEE ENGAGEMENT, RECOGNIZING THAT OUR PEOPLE ARE THE FOUNDATION OF LONG-TERM SUCCESS. WE EMPOWERED OUR TEAMS THROUGH STRUCTURED TRAINING AND DEVELOPMENT PROGRAMMES, FINANCIAL EMPOWERMENT INITIATIVES, OPEN COMMUNICATION PLATFORMS, AND FOCUSED INVESTMENTS IN WELL-BEING AND WORKPLACE HARMONY.

83.70%

DIVIDEND PAYOUT

CREDIT RATING

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(Iika) ; Outlook Stable

CHAIRMAN'S MESSAGE

from Rs. 11,652.42 million in the previous year, driven by better pricing strategies, liability management, and balance sheet optimization.

We recorded a Profit After Tax of Rs. 3,603.38 million and expanded our total asset base to Rs. 194,530.94 million. Shareholders' equity also improved to Rs. 42,411.76 million, up from Rs. 41,826.14 million in the previous year. Our capital adequacy ratios remained well above regulatory thresholds, a testament to our disciplined risk management and robust governance framework.

SHAREHOLDER RETURNS AND DIVIDEND DISTRIBUTION

In alignment with our commitment to deliver consistent and competitive shareholder returns, the Board of Directors declared a gross dividend of Rs. 1.40 per share for the year under review, amounting to a total distribution of Rs. 3,016.13 million. This corresponds to a dividend payout ratio of 83.70%, which remains one of the highest among listed companies in the Colombo Stock Exchange.

This dividend decision was made after careful consideration of the Company's capital requirements, risk buffers, and future investment plans, underscoring our ability to balance short-term returns with long-term financial sustainability.

CREDIT RATING AND RECOGNITION

One of the defining achievements of the year was the upgrade of our National Long-Term Rating by Fitch Ratings from A-(lka) to A(lka), with a Stable Outlook in January 2025. This rating enhancement reflects the Company's solid financial profile, strong capital position, and effective governance structures. It also strengthens our ability to attract and retain low-cost funding and reinforces stakeholder confidence in our long-term creditworthiness.

GROUP PERFORMANCE

Our Group-level performance mirrored the resilience of the standalone entity. People's Leasing Group recorded a Net Interest Income of Rs. 16,460.08 million, up by 17.99% from the previous year, and a Profit After Tax of Rs. 4,090.25 million. Total Group Assets increased to Rs. 220,582.29 million, while Group Equity

stood at Rs. 50,025.37 million, reflecting sound asset growth, operational efficiency, and prudent consolidation across our subsidiaries.

STRENGTHENING GOVERNANCE AND LEADERSHIP

The year under review also marked a period of transformation in our governance framework. In keeping with our commitment to Board renewal and regulatory compliance, we undertook significant changes to Board composition and committee structures.

Nine Directors resigned during the financial year, and seven new appointments were made, bringing in fresh perspectives and strategic insights. We conducted a comprehensive assessment of the updated CSE Corporate Governance Listing Rules and achieved full compliance with Section 9. All Board sub-committees including the Nomination, Audit, Related Party Transactions, Integrated Risk Management, Remuneration, and Strategic Planning Committees were reconstituted to enhance their effectiveness.

Additionally, recognising the critical importance of digital transformation, the Board established a new IT and Digital Marketing Committee, effective from April 1, 2025. This Committee is tasked with steering our technology roadmap, ensuring that we remain competitive in an increasingly digital-first world.

ADVANCING SUSTAINABILITY AND ESG INTEGRATION

Environmental, Social, and Governance (ESG) considerations continued to be central to our strategy. During the year, we stepped up our green financing initiatives, supporting electric three-wheeler leasing and rooftop solar projects through strategic partnerships. Disbursements under these initiatives grew significantly, supporting both national climate goals and customer energy affordability.

We also enhanced our ESG reporting framework, aligned with the CBSL Green Finance Taxonomy and Sustainable Finance Guidelines. As part of our preparedness to adopt the IFRS Sustainability Disclosure Standards (SLFRS S1 and S2), we initiated a climate scenario analysis with an external ESG

83.60%

EMPLOYEE RETENTION

Rs. 38.56Bn

MARKET CAPITALISATION

consultant, helping us identify both risks and opportunities under different climate trajectories.

Our dedicated Sustainable Finance Unit worked closely with operational teams to develop ESG-linked credit products, build internal capacity, and raise awareness among customers and suppliers. We believe that this integrated approach will not only future-proof our business but also contribute meaningfully to Sri Lanka's transition toward a low-carbon, inclusive economy.

LOOKING AHEAD

While the outlook for 2025 remains cautiously optimistic, we acknowledge the need for sustained reforms, consistent policy implementation, and structural investments to support durable economic recovery. We remain confident that People's Leasing & Finance PLC is well-positioned to thrive in this environment.

Our strategic priorities for the coming year include expanding MSME lending, deepening digital capabilities, strengthening data governance, and embedding sustainability across all facets of the business. We will continue to invest in our people, modernise our infrastructure



Prof. Ajantha Samarakoon
Chairman

30 May 2025
Colombo