

VALUE CREATION MODEL OF PEOPLE'S LEASING



Over the past two decades, we have solidified our position as a key player in Sri Lanka's Non-Banking Financial Institution (NBFI) sector, driven by a resilient and well-defined business strategy. The sustainability of our operations hinges on the continuous evolution of this strategy, which demands insights from multiple disciplines, including economics, finance, marketing, legislation, and strategic management.

At People's Leasing, we are committed to refining our value creation model, optimizing processes, and enhancing activities to ensure seamless alignment with inputs, outputs, outcomes, and desired impacts. This continuous adaptation is essential to navigating an increasingly competitive and complex market landscape, responding to a dynamic operating environment, and addressing emerging disruptions to conventional business models.

Vision



To become legendary in the financial service scene as a provider of customer-friendly innovative and total solution.



Mission



Dedicated value-added customer service to accomplish organizational service excellence whilst maintaining a sustainable competitive advantage.



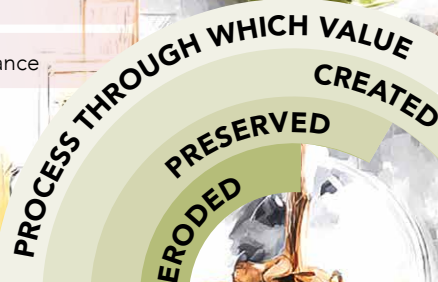
OUR VALUE CREATION COMMENCE WITH ESG

WE Focus ON OUR

Environmental Responsibility

Social Accountability

Conformity to the governance



WE INTEGRATE OUR STRATEGIES TO BUSINESS MODEL

Strategic OUR KEY IMPARATIVES

Sustainable Growth

Empowering People

Building Stronger Connections

Commitment to Sustainability and Social Responsibility

Integrity – Driven Governance

INPUTS WE USED, PROCESSES WE CARRIED OUT, OUTPUTS WE GENERATED AND THE IMPACT BY WAY OF OUTCOMES ARE EXPLAINED IN DETAIL BELOW:



People’s Leasing leverages a diverse range of inputs, which we recognize as “capitals” due to their critical role in driving our value creation process. These inputs come from both internal and external sources. Internally, we draw on financial capital contributed by investors and accumulated through retained earnings, manufactured capital acquired through strategic investments, and intellectual capital developed within the organization. Externally, we rely on the expertise and commitment of our employees, the trust and engagement of our customers, the support of business partners, regulatory frameworks, societal contributions, and environmental resources.

In addition to the strong backing of People’s Bank as our parent company and the public confidence it instills, People’s Leasing has cultivated significant competitive advantages over the past two decades. These include an extensive network of delivery channels and customer touchpoints, advanced digital platforms, deep institutional knowledge within our workforce, a well-established brand reputation, and the synergies created within the group. These strengths have positioned us ahead of the competition, enabling us to effectively source and utilize capital inputs to drive sustainable growth and operational excellence.

People’s Leasing’s value creation process is built on the principles of financial intermediation and maturity transformation. As a financial intermediary, we bridge the gap between various stakeholders seeking to underwrite financial products and services, empowering them to achieve their economic, social, and environmental objectives.

Through this process, we effectively convert short-term funding sources into medium- and long-term lending, ensuring optimal resource allocation and financial stability. These core functions not only enable us to create and deliver value to our stakeholders but also allow us to derive value from these relationships, forming the foundation of our primary revenue streams. Our value creation process is further reinforced by a focus-driven strategy, supported by Integrity-Driven Governance, a commitment to Building Stronger Connections with our customers, communities, and stakeholders, and a culture of Empowering People across the organization. Through our Commitment to Sustainability and Social Responsibility and focus on Sustainable Growth, we ensure that the value we create remains inclusive, responsible, and aligned with the long-term expectations of our stakeholders.

The beneficiaries of People’s Leasing’s operations extend across a broad spectrum of stakeholders, each playing a vital role in our value creation process. Through the responsible and sustainable management of our resources, we generate long-term benefits for investors by ensuring financial stability and sustainable returns. Our customers gain access to tailored financial solutions that support their economic aspirations, while employees benefit from a dynamic work environment, professional growth opportunities, and job security. Business partners, including suppliers and service providers, thrive through mutually beneficial collaborations that drive efficiency and innovation.

The government benefits from our contributions to economic development, regulatory compliance, and tax revenue, while the broader community gains through our corporate social responsibility initiatives and financial inclusion efforts. Additionally, we remain committed to environmental stewardship by minimizing our ecological footprint and promoting sustainable business practices. By prioritizing responsible resource management, People’s Leasing ensures that its operations create lasting value, not just for the company but for all stakeholders who rely on and contribute to our success.

OUTPUT

At People’s Leasing, our key products and services are regarded as outputs, encompassing both intended and unintended outcomes. Intended outputs include a diverse range of financial products such as leases, loans, deposits, margin trading, gold loans, and Islamic financial solutions, all designed to meet the evolving needs of our stakeholders.

Conversely, unintended outputs, such as emissions, e-waste, paper waste, and other forms of waste, are by-products of our operations. Recognizing the expectations of our stakeholders, we continuously refine and enhance our intended product offerings with innovative features, ensuring they align with market demands while maintaining our commitment to sustainability and responsible business practices.

OUTCOMES

Just as inputs drive our value creation process, People’s Leasing also evaluates its outcomes in relation to its capital base. These outcomes are the results of our operational activities, reflecting both internal and external impacts positive and negative on the various forms of capital we utilize. They represent the broader consequences of our business activities and outputs, shaping our financial, intellectual, social, and environmental footprint.

BY OUR DEDICATION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS), WE HOPE TO BRING MORE SOCIETAL, ENVIRONMENTAL VALUE, AND TRANSPARENCY.



WHAT DISTINGUISHES PEOPLE’S LEASING FROM OTHER INDUSTRY LEADERS?

People’s Leasing stands apart from other major players in the Non-Banking Financial Institution (NBFI) sector through its distinctive value creation approach, deeply rooted in strong stakeholder relationships and strategic priorities. Our commitment to long-term sustainability, financial inclusion, and national economic development sets us apart, reinforcing our role as a trusted financial partner. A key differentiator is our unwavering focus on Environmental, Social, and Governance (ESG) principles, which guide our strategic direction. We integrate material ESG concerns into our decision-making process, ensuring that our business growth aligns with sustainable practices, ethical governance, and social responsibility. By prioritizing these aspects, we contribute meaningfully to the well-being of our customers, employees, investors, and the broader community.

As a state-owned enterprise (SOE), People’s Leasing enjoys a unique position within the industry. Our affiliation with the government instills confidence among stakeholders and strengthens our role in national economic development. Beyond providing essential financial services, we contribute significantly to the government in multiple ways, including regulatory compliance, employment generation, and financial stability. Moreover, our earnings ultimately become part of the government’s revenue, reinforcing our role in supporting national economic objectives. Additionally, our strong brand reputation, extensive customer touchpoints, digital innovation, and group synergy further differentiate us from other NBFI players. By continuously evolving to meet market demands while maintaining a steadfast commitment to our strategic priorities, we remain a leader in the industry, delivering value to all stakeholders and driving sustainable growth.

VALUE PROPOSITIONS CAUSED TO DIFFERENTIATE THE PEOPLE’S LEASING;

As a state-owned enterprise (SOE), People’s Leasing remains committed to driving sustainable growth and fostering economic resilience. With over two decades of service in the financial sector, we have made a tangible impact on the local economy and our stakeholders. This is reflected in our strong and loyal investor base, a growing community of satisfied customers, a dedicated and passionate workforce, and long-standing, mutually beneficial relationships with business partners. Additionally, our collaborative engagement with regulators ensures compliance and industry stability, while our corporate social responsibility initiatives contribute positively to society and the environment. Through responsible financial practices and strategic initiatives, we continue to play a pivotal role in strengthening the national economy and delivering lasting value to all stakeholders.



TAX PAID RS.

2024/25	3,740 MN
2023/24	3,845 MN
2022/23	6,003 MN
2021/22	2,792 MN

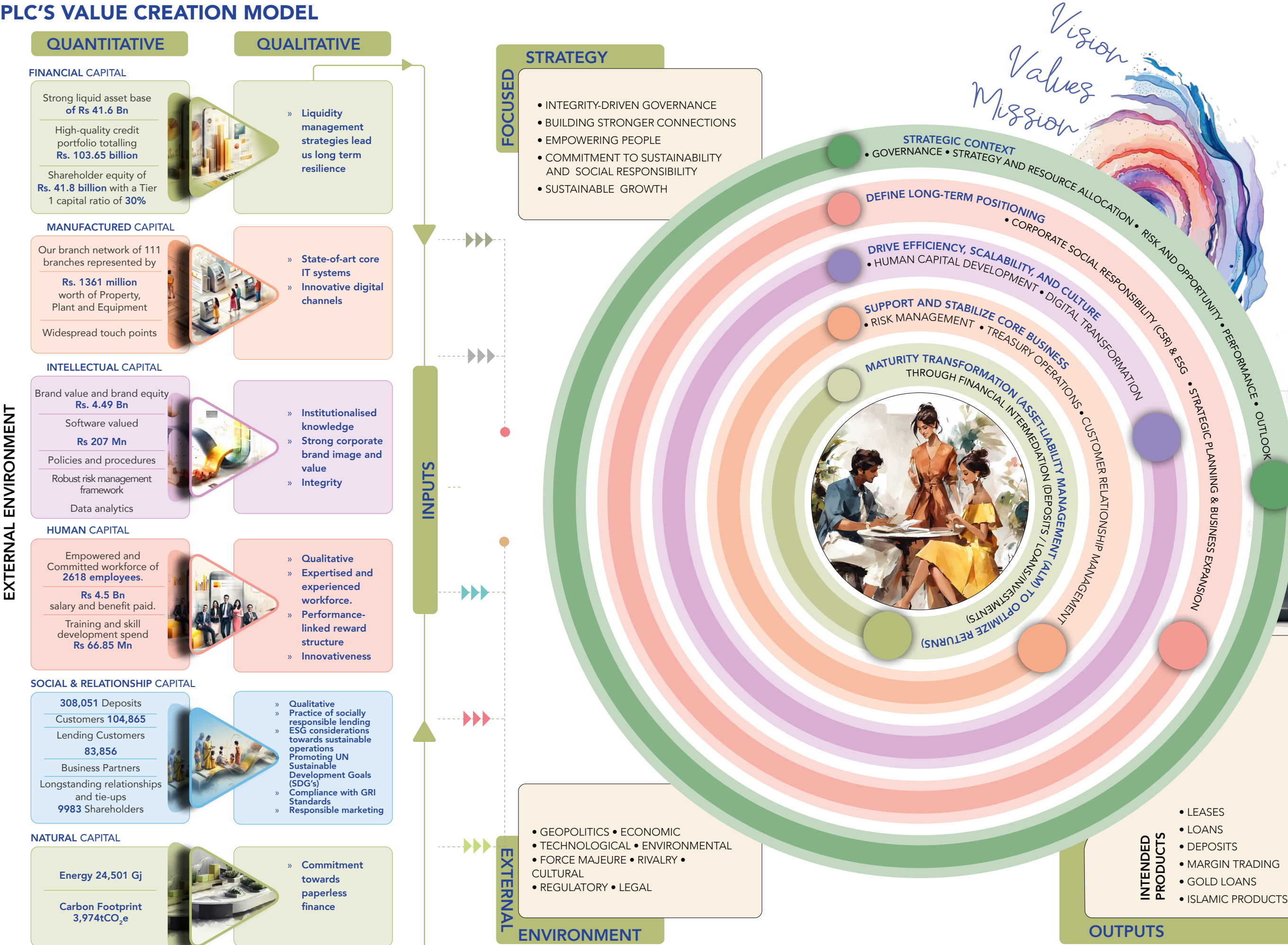
FINANCIAL INCLUSION

9.31% of the NBFI sector in terms of assets, People’s Leasing plays an important role in the financial system of Sri Lanka. Our focus has been mostly on the informal sector comprising SMEs and individuals. Meantime, our classique centre provides individualized services meticulously crafted to cater to comfort and convenience.

EMPLOYEE LOYALTY

Employees are the live capital among all other capital inputs that reflect the company’s brand image. Within the year, People’s Leasing creates 2,679 job opportunities and over 22,000 experience years. Our 83.60% employee retention ratio reflects a fair indicator, which indicates we are not highly affected by brain drain compared to other key players in the industry.

PLC'S VALUE CREATION MODEL



OUTCOMES

FINANCIAL CAPITAL



VALUE CREATING

- ⊙ Dividend payout 83.70%
- ⊙ Share price increased to Rs. 17.90 from Rs. 11.00.
- ⊙ Portfolio increased to Rs 157,092Mn

MANUFACTURED CAPITAL



- ⊙ ISO 27001:2022 version upgrade

INTELLECTUAL CAPITAL



- ⊙ Improved credit rating to "A" (Ika) outlook stable from "A-" (Ika)

HUMAN CAPITAL



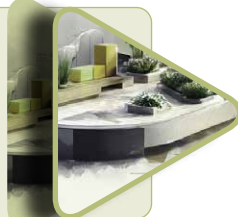
- ⊙ Personnel expenses increased to 4.8 Bn by 14.7 %
- ⊙ Staff turnover ratio decreased to 8.22% from 20.26%

SOCIAL & RELATIONSHIP CAPITAL



- ⊙ Lending customers increased to 129,763
- ⊙ Deposits customers increased to 324,966
- ⊙ Digital transaction volumes increased to 1.2 Mn

NATURAL CAPITAL



- ⊙ 68% year on year reduction in energy intensity

PRESERVING

- ⊙ Retain earnings are maintaining same level of 19.9 Bn
- ⊙ PAT of Rs. Mn 3,603, up by 2%

ERODING

- ⊙ ROE Decreased to 8.56%
- ⊙ Capital Adequacy ratio decreased to 22.94%

- ⊙ No of branches 110

- ⊙ Obsolescence of PCs Due to Technological Advancements

- ⊙ Organizational tacit knowledge

- ⊙ Loss of Key Personnel or Expertise

- ⊙ Diversity metrics remain same

- ⊙ Female representation at Senior management level decreased to 9.09% from 10.64%

- ⊙ Longstanding relationship and alliances

- ⊙ Dispute related to digital transaction increased to 831

- ⊙ Strengthen the paper reduction initiatives

- ⊙ Increase in carbon footprint by 42.51% compared to previous financial year



STAKEHOLDERS

- ⊙ Investor
- ⊙ Funders
- ⊙ Customers
- ⊙ Other business partners
- ⊙ Government
- ⊙ Community
- ⊙ Vehicle suppliers
- ⊙ Employees
- ⊙ Environment
- ⊙ Other regulatory bodies

IMPACT

- ⊙ Optimum risk return trade-off
- ⊙ Enhanced customer experience
- ⊙ Compliance to environment law
- ⊙ Transparency long lasting mutual beneficial relationship
- ⊙ "Voice" of the Company
- ⊙ Efficient Capital Formation
- ⊙ Responsible lending

IMPACTS FROM THE OPERATING ENVIRONMENT

- ECONOMIC RECESSION & UNCERTAINTY
- GOVERNMENT
- INCREASED AUTOMATION
- THE PANDEMIC GOVERNMENT POLICY

UNINTENDED PRODUCTS

- EMISSIONS
- E-WASTE
- PAPER WASTE
- OTHER WASTE