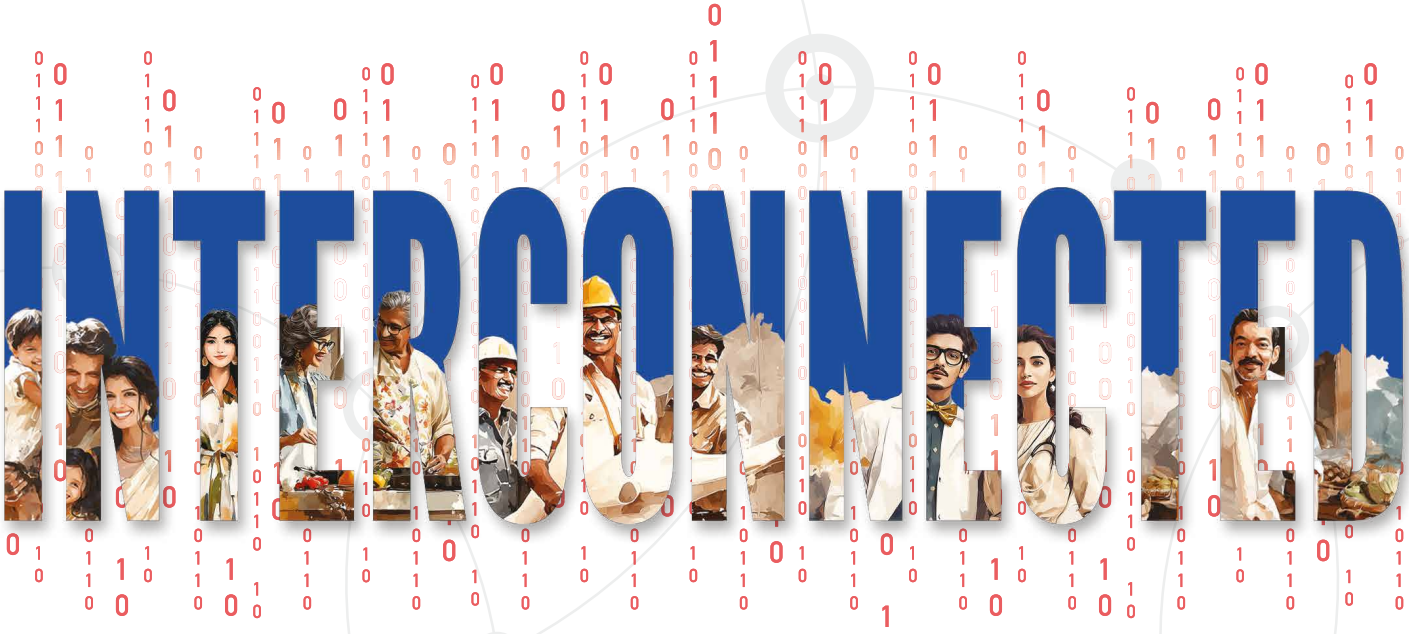


PLC PEOPLE'S LEASING
පීපල්ස් ලීසිං | பீப்பள்ஸ் லீசிங்
THE TRUSTED LEADER



Linking Humanity & Technology

Since our inception, People's Leasing & Finance PLC has been a trusted partner in the journeys of Sri Lankans across the island, playing a key role in their development and growth.

We firmly believe that true success is built on the strength of our relationships with each stakeholder, and this report highlights how our commitment to excellence goes beyond our products, services, cutting-edge digital solutions and responsive strategies.

By placing humanity at the heart of every decision, we have created a resilient and compassionate ecosystem that thrives, even in times of adversity. Every interaction is guided by empathy, respect, and a shared vision for growth. This year, more than ever, we have focused on building a lasting, interconnected network founded on trust, understanding, and mutual support enabling us not only to navigate challenges together, but to turn those challenges into opportunities for all.

As we look to the future, we know that our future-driven digital processes and commitment to humanity will continue to be our greatest strength. Together, we will achieve the impossible, ensuring that every journey we share is one of shared success.

Video Chat
https://finsightv.plc.lk

Text Chat
https://finsightc.plc.lk

Video of the Introductory Section
https://www.plc.lk/plc-2024-25/introduction/

CONTENTS

ORGANISATIONAL OVERVIEW

6 About our Integrated Report
14 About Us
16 Performance Highlights
17 Value Creation Highlights
18 Our Journey
20 Organisational Structure
21 Our Sustainable Footprint
24 Distribution of Value Added
25 Value Added Statements
26 Chairman's Message
30 Chief Executive Officer's Review



26

Supporting the country's economic revival

Chairman's Message



30

Continued value creation to stakeholders

Chief Executive Officer

STRATEGY AND FOCUS

36 Value Creation Model of People's Leasing
40 Operating Environment
45 Stakeholder Engagement
52 Materiality
56 Our Sustainability Approach
62 SLFRS S1 & S2 Adoption
64 Strategy and Resource Allocation

MANAGEMENT COMMENTARY

76 Business Review
84 Subsidiary Review
90 Financial Capital
104 Manufactured Capital
112 Intellectual Capital
120 Human Capital
132 Social and Relationship Capital
146 Natural Capital

GOVERNANCE & RISK

158 Board of Directors
164 Corporate Management
168 Senior Management
172 Chairman's Introduction to Corporate Governance
173 Corporate Governance
232 Annual Report of the Board of Directors on the Affairs of the Company
239 Board of Directors' Communication Policy
240 Board Audit Committee Report
243 Report of the Human Resources and Remuneration Committee
246 Related Party Transactions Review Committee Report
248 Board Nomination & Governance Committee
250 Board Integrated Risk Management Committee Report
254 Board Credit Committee
256 Board Investment Committee
257 Compliance Risk Management Statement
260 Risk Management Review

SUPPLEMENTARY REPORTS

422 Quarterly Analysis
424 Ten Year Summary
426 Statement of Profit or Loss In US $
427 Statement of Financial Position in US $
428 Horizontal Analysis
429 Vertical Analysis
430 Independent Assurance Report on Sustainability Reporting
432 IR Assurance Report
434 GRI Content Index
440 SASB Index
443 Abbreviation
445 Glossary
448 Basis of Ratios
449 Corporate Information
451 Circular to Shareholders
453 Request Letter
455 Notice of Meeting
457 Form of Proxy
459 Feedback Form

FINANCIAL STATEMENTS

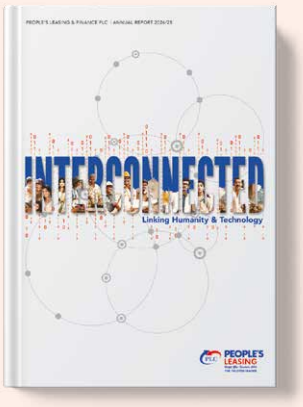
274 Financial Calendar
275 Statement of Directors' Responsibilities
277 Independent Assurance Report on Internal Control Over Financial Reporting
278 Directors Statement on Internal Control
280 Chief Executive Officer's and Chief Financial Officer's Responsibility Statement
281 Independent Auditors' Report
285 Financial Statement - Table of Contents
286 Statement of Profit or Loss
287 Statement of Comprehensive Income
288 Statement of Financial Position
289 Statement of Changes In Equity – Company
290 Statement of Changes In Equity – Group
291 Statement of Cash Flows
292 Notes to the Financial Statements



ABOUT OUR INTEGRATED REPORT

INTRODUCTION

This Integrated Annual Report presents a comprehensive overview of the performance of People's Leasing & Finance PLC (Hereinafter referred to as People's Leasing or the Company). The report offers a clear, concise, and transparent account of the strategic initiatives, operational milestones, and governance practices undertaken to drive long-term value creation. The report also reflects how People's Leasing effectively navigates an evolving external environment while balancing short-term priorities with long-term ambitions. In doing so, it underscores the unwavering commitment to advancing the vision of People's Leasing for sustainable and inclusive growth.

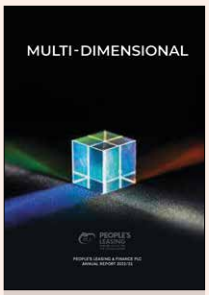


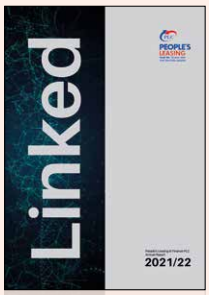
The current report is the 12th integrated report prepared by People's Leasing. All previous integrated reports for the past 11 years, including the most recent report for the FY 2024/25 is available on the corporate website -

https://www.plc.lk/financial-information-and-kpi/annual-reports/ for viewing and download.



Two Grand Awards at ARC International Awards



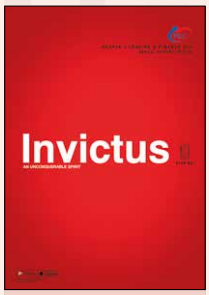


Winner – State Owned Enterprises – Leasing Sector

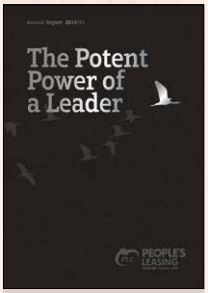


Became the joint winners at the SAFA Best Presented Annual Report Awards

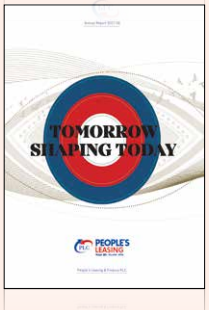




Gold Award in the Finance Companies and Leasing Companies Sector



Winner, Leasing and Finance Sector -CMA



Overall Second Runner Up - CMA



Silver - Overall Excellence in Financial Reporting - CA Sri Lanka

Grand Award for the Best Annual Report of Sri Lanka at the 31st International ARC Awards

The Grand Award for Infographics, ARC Awards, organized by Mercomm Inc., USA

KEY IMPROVEMENTS IN FY 2024/25 REPORT

Significant enhancement in the qualitative data provided through the six capitals through value drivers

Obtained independent assurance on adherence with GRI "In Accordance" universal standards

Comprehensive overview of corporate governance best practices, including steps taken to comply with the CSE's new listing rules on corporate governance.

Smart text and video chatbots, along with AI avatar videos, have been launched to provide faster and more personalized support through the website. This initiative supports the goal of creating a more interactive and user-friendly digital experience, enhancing stakeholder engagement and ensuring continuous connectivity. AI avatar videos are available in English, Sinhala, and Tamil, enabling a wider audience to understand and connect with the content. These avatars offer guided navigation through key sections of the annual report in a clear and engaging manner

Video Chat
https://finsightv.plc.lk

Text Chat
https://finsightc.plc.lk



NAVIGATING OUR REPORT

THE CAPITALS

- Financial Capital
- Human Capital
- Social & Relationship Capital
- Intellectual Capital
- Manufactured Capital
- Natural Capital

STAKEHOLDERS

- Customers
- Employees
- Investors
- Business Partners
- Government and Regulators
- Local Communities

ONLINE AND WEB DISCLOSURES

The current report for FY 2024/25 as well as all previous reports including the most receipt past report for FY 2023/24 are available under the "Financial Information and KPI" tab on the corporate website - https://www.plc.lk/.

MEANWHILE, STAKEHOLDERS SEEKING VITAL INFORMATION CAN CONVENIENTLY ACCESS AN INTERACTIVE HTML VERSION ON THE CORPORATE WEBSITE, FEATURING AN APPEALING PRESENTATION.

In keeping with the commitment to reduce paper consumption, readers of this annual report are encouraged to avoid printing the report, and instead opt to download and save in digital format for easy reference in the future.

PDF version of the Annual Report 2024/25

https://www.plc.lk/pdf/ar/annual-report-2024-25-English.pdf

Interactive HTML version of the Annual Report 2024/25

https://www.plc.lk/plc-2024-25/

Social media updates

https://www.facebook.com/PeoplesLeasingFinancePLC?mibextid=LQQJ4d

https://www.linkedin.com/company/peoples-leasing/

https://www.instagram.com/peoplesleasingandfinance?igsh=a3hsMmszb3MwNnZ2

https://youtube.com/@peoplesleasing9294?si=fevtun9XWwwtPmOi

ABOUT OUR INTEGRATED REPORT

GRI 2-2,2-3

SCOPE AND BOUNDARY

This Integrated Annual Report covers the period from 1 April 2024 to 31 March 2025 and incorporates relevant post-balance sheet events and developments up to the date of Board approval on 30 May 2025.

FINANCIAL AND STATUTORY REPORTING BOUNDARY 01 APRIL 2024 TO 31 MARCH 2025

People's Leasing & Finance PLC

People's Insurance PLC

People's Micro-Commerce Ltd

People's Leasing Fleet Management Limited

People's Leasing Havelock Properties

People's Leasing Property Development

Alliance Finance PLC (Bangladesh)

Non-financial information contained in the report refers mainly to the Company, with appropriate references to subsidiaries, as needed. There has been no change in the scope and boundary of the current report, relative to the previous report, nor have there been significant changes in the size or ownership of the People's Leasing Group during the current reporting period, other than through organic growth of operations.

INTEGRATED REPORTING (V)
The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
SUSTAINABILITY REPORTING (V)
• Global Reporting Initiative (GRI) standards - 'In Accordance", issued by Global Sustainability Standards Board • United Nations Sustainable Development Goals (SDGs) • SASB (Sustainability Accounting Standards Board) Consumer Finance Standards • Guidance on ESG Reporting, Colombo Stock Exchange • Non-financial Reporting Guideline, The Institute of Chartered Accountants of Sri Lanka • SLFRS S 1 and S 2

FINANCIAL REPORTING (M)

- Companies Act No. 07 of 2007
- Finance Business Act No. 42 of 2011 and Directions for Licensed Finance Companies' by the Central Bank of Sri Lanka
- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Listing Rules of the Colombo Stock Exchange

GOVERNANCE, COMPLIANCE AND RISK REPORTING

- Code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (V)
- Corporate Governance Requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) - (M)
- Finance Business Act Direction No. 05 of 2021 on Corporate Governance (M)
- Transparency checklist of the TISL (Transparency International Sri Lanka) (V)

M - Mandatory Requirements *V - Voluntary Adoption*

TARGET AUDIENCE

This report is intended to satisfy the information needs of the Company's key stakeholders including shareholders, employees, customers, suppliers / business partners, regulators and communities and potential future long-term investors

MATERIALITY

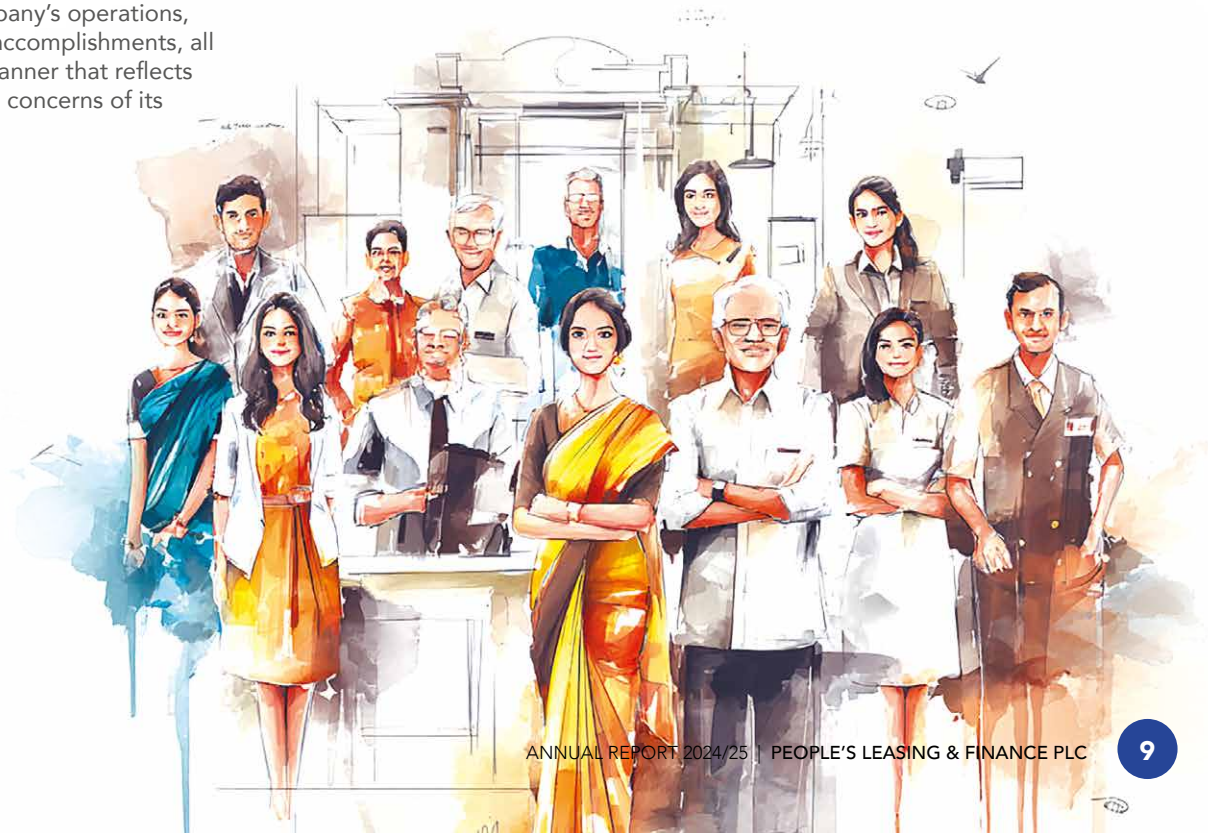
In preparing the Integrated Report for FY 2024/25, People's Leasing has diligently applied the materiality principle to ensure that the content is relevant, transparent, and meaningful. The report provides a well-rounded view of the Company's operations, challenges, and accomplishments, all presented in a manner that reflects the priorities and concerns of its stakeholders.

PRECAUTIONARY APPROACH

The report consistently highlights the application of the precautionary approach, reflecting the Company's dedication to proactively addressing sustainability challenges and strengthening decision-making in the face of uncertainty. This approach provides a structured framework for identifying and minimising potential risks associated with People's Leasing's products, services, and operations, reinforcing its commitment to ethical, responsible, and sustainable business conduct.

SOURCES OF INFORMATION

All information presented in this report has been gathered through comprehensive interviews with senior management across various business units. Where appropriate references have also been made to external research reports and other third party sources. All external sources have been quoted as relevant.



ABOUT OUR INTEGRATED REPORT

INTEGRATED REPORTING ECOSYSTEM OF PEOPLE'S LEASING

Accuracy | Balance | Clarity | Comparability | Completeness

WHAT WE CONSIDER WHEN CREATING VALUE

VISION

CORPORATE GOVERANCE

1. OPERATING CONTEXT

Continuously evaluates emerging developments and trends that shape its operating environment, enabling the proactive identification of risks and opportunities that influence strategic direction and supports the adaptation of the business model to create sustained value for all stakeholders. Refer Operating Environment

page 40

2. KEY RISK

Systematically identifies the key risks that could impact its business model, strategic objectives, and long-term value creation and has implemented the Integrated Risk Management Framework to manage risks and ensure resilience in the face of uncertainty while safeguarding stakeholder interests. Refer Risk Report

page 260

3. STAKEHOLDER ENGAGEMENT

Build strong and meaningful relationships with stakeholders in order to understand their needs and expectations and determine how best to respond to these. Refer Stakeholder Engagement

page 45

4. MATERIAL TOPIC

Determination of material matters through a structured and inclusive process that takes into account the priorities of its stakeholders, as well as a comprehensive analysis of both internal and external environments. Refer Materiality Matters

page 52

5. SUSTAINABLITY FRAMEWORK

Adoption of global best practices for sustainability reporting, aligning its disclosures with internationally recognised frameworks to demonstrate transparency, consistency, and accountability in communicating the Group's, environmental, social, and governance (ESG) performance, while reinforcing the commitment to sustainable value creation for all stakeholders. Refer Sustainability Framework -

page 56

Conciseness | Connectivity | Timeliness | Verifiability

HOW WE CREATE VALUE

MISSION

6. STRATEGIC PILLARS

An agile and evolving strategy that integrates material issues and sustainability priorities across five core strategic pillars, reflecting PLC's ongoing commitment to reinforcing its foundational strengths and enabling greater adaptability, scalability, and resilience in a dynamic operating environment. - Refer Strategy and Resource Allocation - **page 64**

FIVE KEY STRATEGIC PILLARS

- Integrity Driven Governance
- Building Stronger Connections
- Empowering People
- Commitment to Sustainability and Social Responsibility
- Sustainable Growth

7. RESOURCE ALLOCATION

Allocation of financial and non-financial resources to facilitate the creation and delivery of stakeholder value - Refer Capital Management Reports - **page 90 to 155**

8 OUTCOMES

Quantitative and qualitative outcomes for stakeholders representing value enhancement or at a minimum value preservation, while minimising value erosion. Value Creation Model - **page 36**

9 OUTLOOK PROSPECTS

Outlook and Prospects - Chairman's Message **page 26** and CEO's Review **page 30**

THE SIX CAPITALS THAT WE USE TO CREATE VALUE



ABOUT OUR INTEGRATED REPORT

INTEGRATED REPORTING INFORMATION FLOW

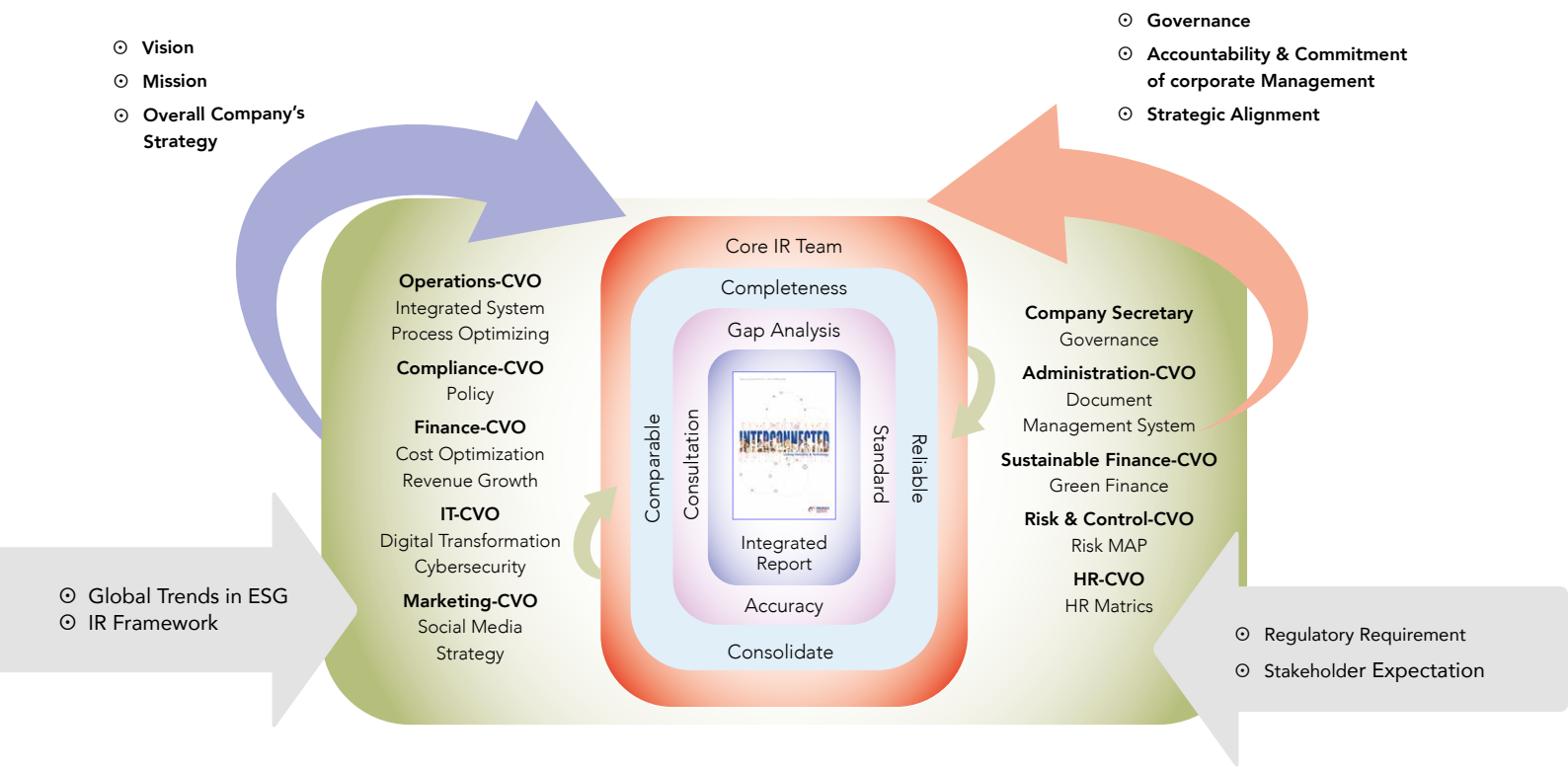
This visualization demonstrates the structured flow of information that supports the preparation of the Integrated Report (IR). The process begins with the Company's Vision, Mission, Strategy, and Corporate Goals, which set the foundational direction for all activities. These guide all departments under a framework of governance, accountability, and strategic alignment. External factors like Global ESG Trends, the IR Framework, Stakeholder Expectations, and Regulatory Requirements shape this process.

Each functional area contributes to the information flow through their respective Chief Value Officers (CVOs) particularly the relevant Divisional Heads who focus on critical value drivers such as:

- Branch Network (Operations-CVO) • Policies (Compliance-CVO) • Human Rights & Recruitment (HR-CVO)
- Balance Sheet Optimization (Finance-CVO) • Brand Heritage (Marketing-CVO) • IT Infrastructure (IT-CVO)
- Supplier Development (Admin-CVO) • Green Finance Initiatives (Sustainable Finance-CVO)
- Governance Compliance (Company Secretary)

The Core IR Team consolidates this input under standards of reliability, comparability, and accuracy, followed by a Gap Analysis to align all data with the Company's Value Creation Model.

Ultimately, these combined efforts from all CVOs and departments lead to the creation of a coherent and comprehensive Integrated Report.



GRI 2-3,2-4, 2-5

ASSURANCE

All sections of the Integrated Annual Report of People's Leasing & Finance PLC, encompassing both financial and non-financial information including narrative disclosures and supporting qualitative and quantitative data have been rigorously reviewed by the Board Audit Committee. This review was conducted to provide the Board with a high level of assurance regarding the accuracy, consistency, and completeness of the report's content.

An independent review of the Group's Financial Statements has been carried out by the Auditor General of Sri Lanka. His report is on pages 281 to 284 of this annual report. The Auditor General's Department has also provided External Assurance on the Company's compliance with Corporate Governance Directions to the Central Bank of Sri Lanka. As part of this process, the Directors' Statement on Internal Controls over Financial Reporting has been reviewed by the Auditor General and the opinion is set out on page 277.

In addition, People's Leasing has sought the expertise of Messrs. Ernst & Young to obtain independent assurance to confirm that the Integrated Annual Report for the FY 2024/25 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and is aligned with the International <IR> Framework issued by the International Integrated Reporting Council. These assurance statements can be found on pages 432 and 433 of this report, respectively.

SIGNIFICANT CHANGES DURING THE YEAR AND RESTATEMENTS

There were no significant changes to the organisation or the supply chain and there were no significant changes requiring restatements of financial or sustainability information during the reporting period.

FORWARD-LOOKING STATEMENTS

The report incorporates, where applicable, forward-looking statements and future plans that reflect People's Leasing's current position and strategic outlook at the time of publication. However, due to the inherently dynamic and rapidly changing business environment in which the Group operates, actual outcomes and actions may differ materially from those anticipated in these statements as a result of unforeseen developments and uncertainties. Consequently, the Group undertakes no obligation to update or revise any forward-looking information publicly following the publication of this report. Stakeholders are therefore cautioned to consider these statements with care and refrain from placing undue reliance on them.

Furthermore, the Board confirms that there have been no restatements or amendments to any information disclosed in previous annual reports issued by People's Leasing & Finance PLC.

BOARD RESPONSIBILITY STATEMENT

The Board of Directors of People's Leasing & Finance PLC assumes full accountability for the completeness, accuracy, and integrity of this Integrated Report. The Board confirms that it has conducted a thorough and collective review of the report's contents, underpinned by comprehensive assurance processes from both internal and external auditors and assurance providers. Following this rigorous evaluation, the Board is confident that the report comprehensively addresses all material matters critical to the Group's capacity to create, preserve, and enhance value for its stakeholders across short, medium, and long-term horizons.

FEEDBACK

The Board values stakeholder feedback on this integrated annual report and encourages readers to share their comments using the Investor Feedback Form available on page 459.

Senior Manager – Finance

People's Leasing & Finance PLC

No. 1161, Maradana Road,

Colombo 8,

Sri Lanka.

Postal code: 00800

Phone: +94 11 263 1927

ABOUT US

INTRODUCTION

People's Leasing & Finance PLC (People's Leasing) holds a prominent position within Sri Lanka's Non-Banking Financial Institution (NBFI) sector. With a diverse portfolio of financial solutions tailored to meet the evolving needs of a broad customer base, the Company remains committed to delivering superior customer satisfaction. Through strategic efforts to enhance accessibility and expand its footprint, People's Leasing continues to serve a wide demographic across the country.

Over the years, People's Leasing has demonstrated industry leadership by forging strategic partnerships aimed at fostering innovation, strengthening capabilities, and unlocking new growth opportunities. Today, with a customer base exceeding 450,000 across Sri Lanka, the Company is widely recognised as a trusted financial partner for individuals and businesses alike empowering them to pursue their financial goals with confidence.



Vision

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



Values

- Social Accountability
- Economic Viability
- Environmental Responsibility



Mission

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

A PEOPLE'S BUSINESS

Depositors	**324,966**
Borrowers	**129,763**
Employees	**2,679**

MARKET SHARE

Total Assets	**9.31%**
Deposits	**11.11%**
Loans & Advances	**10.02%**

KEY VALUATIONS

Market Capitalisation	**Rs. 38.56 Bn**
Brand Value	**Rs. 5.40 Bn**
Net Assets	**Rs. 42.41 Bn**

OUR CORPORATE GUIDING PRINCIPLES AS A PURPOSEFUL BUSINESS

At People's Leasing, our business is built on four foundational pillars: Transparency, Accountability, Governance, and Sustainability. These principles guide every aspect of our operations and reflect our commitment to ethical, responsible, and forward-thinking business practices.

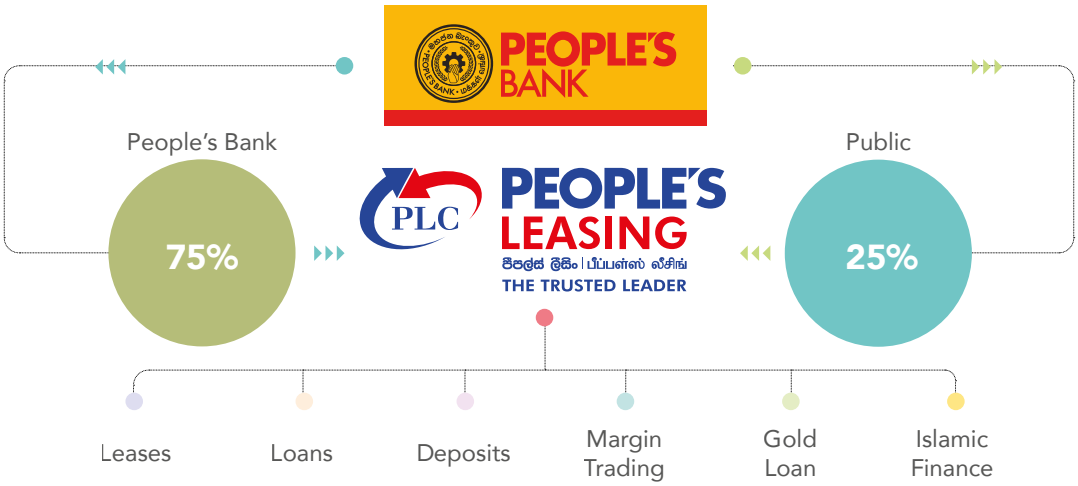
We uphold Transparency by ensuring all stakeholders, customers, partners, employees, and regulators have access to accurate, timely, and clear information. This openness fosters trust and reinforces confidence in our processes and decision-making.

Through robust Accountability frameworks, we take full responsibility for our actions and their outcomes. We are committed to maintaining the highest standards of integrity and ethical conduct across all levels of the organization.

Our Governance mechanisms are carefully structured to uphold fairness, reinforce compliance, and promote ethical behaviour. These structures not only ensure operational efficiency but also safeguard the interests of all stakeholders.

Sustainability is deeply embedded in our corporate ethos. We actively pursue initiatives that support environmental protection, social well-being, and economic resilience. By integrating sustainable practices into our business strategy, we contribute meaningfully to society while ensuring the long-term viability of our operations.

By consistently adhering to these guiding principles, People's Leasing continues to deliver value to its stakeholders while making a positive and lasting impact on the community and the environment.



Subsidiary	Ownership	Principal Activities	Country of Incorporation & Operations	No of Employees	Profit after tax (Rs. million)	Assets (Rs. million)
People's Insurance PLC	75%	Carrying out general insurance business	Sri Lanka	641	445.48	13,488.88
People's Micro-Commerce Ltd.	100%	Providing nonbank financial services to individuals who lack access to conventional banking and micro enterprises	Sri Lanka	262	149.99	4,957.20
People's Leasing Fleet Management Ltd.	100%	Vehicle valuation and insurance assessment	Sri Lanka	42	26.37	250.05
People's Leasing Property Development Ltd.	100%	Carrying out mixed development projects and property development activities	Sri Lanka	7	322.56	3,874.30
People's Leasing Havelock Properties Ltd.	100%	Operates an office complex	Sri Lanka	2	231.24	3,525.51
Alliance Finance PLC	51%	Providing leasing of movable and immovable properties and providing loans	Bangladesh	52	124.42	13,711.20

PERFORMANCE HIGHLIGHTS

Financial Highlights

For the year	2024/25	2023/24	2022/23
Financial Performance			
Gross Income (Rs. billion)	28.43	31.04	32.02
Net Interest Income (Rs. Billion)	14.07	11.65	11.99
Impairment charges and other losses (Rs. Billion)	(0.40)	(1.16)	0.57
Profit Before Tax (Rs. Billion)	5.79	5.38	4.34
Profit After Tax (Rs. Billion)	3.60	3.54	3.02
Financial Position			
Total Assets (Rs. Billion)	194.53	159.85	171.07
Loans and receivables portfolio (Rs. Billion)	157.09	103.65	114.28
Shareholders' Funds (Rs. Billion)	42.41	41.83	39.79
Deposits (Rs. Billion)	124.53	97.44	100.94
Investor Information			
Market Capitalisation (Rs. Billion)	38.56	23.70	16.13
Net assets per share (Rs.)	19.69	19.41	19.49
Closing market price per share (Rs.)	17.90	11.00	7.90
Dividend payout ratio (%)	83.70	80.74	31.28
Return on Equity (ROE)	8.56	8.68	7.68
Capital Adequacy Ratios			
Tier 1 Capital/Core capital ratio (%)	22.94	30.00	25.76
Required minimum Tier 1 Capital/Core capital ratio (%)	10.00	10.00	10.00
Total capital ratio/Total risk weighted capital ratio (%)	22.68	29.70	26.61
Required minimum Total capital ratio/Total risk weighted capital ratio (%)	14.00	14.00	14.00

Non Financial Highlights

For the year	2024/25	2023/24	2022/23
Manufactured Capital			
Branches (No.)	110	109	111
Gold loan operating branches (No.)	106	104	89
Intellectual Capital			
Brand value (Rs. Billion)	5.4	4.49	6.51
Intangible Assets (Rs. Million)	34.72	41.01	19.19
Cumulative service of employees (Years)	Approx. 22,000	Approx. 18,000	"Over 18,000"
Human Capital			
Total number of employees (No.)	2,679	2,052	2,114
Retention Ratio (%)	83.60	79.74	89.22
New Recruits (No.)	964	359	85
Employees' salaries and benefits (Rs. Million)	4,865	4,248	4,489
Social and Relationship Capital			
Lending customers (No.)	129,763	104,865	114,246
Deposit customers (No.)	324,966	308,051	383,715
Number of vehicle suppliers (No.)	26,691	26,224	10,242
Investment in local communities (Rs. Million)	0.71	0.71	5.57
Natural Capital			
Carbon footprint (tCO_2e)	5,663.76	3,974.42	4,493
Investment on natural environment (Rs. Million)	0.36	1.98	1.01

VALUE CREATION HIGHLIGHTS

SOCIAL AND RELATIONSHIP CAPITAL

TOTAL CUSTOMER BASE

438,579



MANUFACTURED CAPITAL

GOLD LOAN CENTRES

106



BRANCHES

110

HUMAN CAPITAL

EMPLOYEES

2,679



Rs 4.9 Bn

EMPLOYEE EXPENSES

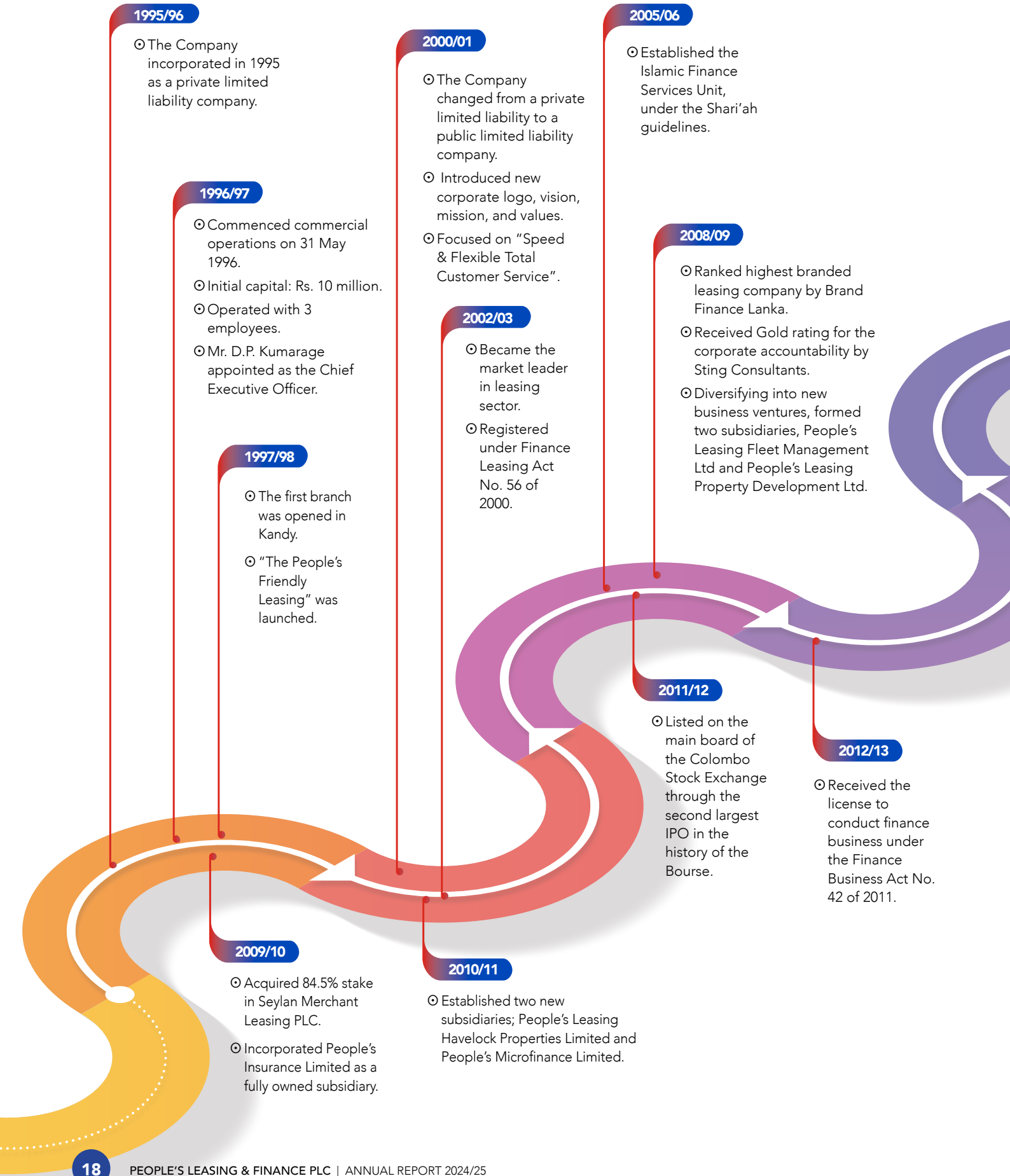
NATURAL CAPITAL



CARBON FOOTPRINT

5,664 tCO_2e

OUR JOURNEY



1995/96

- The Company incorporated in 1995 as a private limited liability company.

1996/97

- Commenced commercial operations on 31 May 1996.
- Initial capital: Rs. 10 million.
- Operated with 3 employees.
- Mr. D.P. Kumarage appointed as the Chief Executive Officer.

1997/98

- The first branch was opened in Kandy.
- "The People's Friendly Leasing" was launched.

2000/01

- The Company changed from a private limited liability to a public limited liability company.
- Introduced new corporate logo, vision, mission, and values.
- Focused on "Speed & Flexible Total Customer Service".

2002/03

- Became the market leader in leasing sector.
- Registered under Finance Leasing Act No. 56 of 2000.

2005/06

- Established the Islamic Finance Services Unit, under the Shari'ah guidelines.

2008/09

- Ranked highest branded leasing company by Brand Finance Lanka.
- Received Gold rating for the corporate accountability by Sting Consultants.
- Diversifying into new business ventures, formed two subsidiaries, People's Leasing Fleet Management Ltd and People's Leasing Property Development Ltd.

2009/10

- Acquired 84.5% stake in Seylan Merchant Leasing PLC.
- Incorporated People's Insurance Limited as a fully owned subsidiary.

2010/11

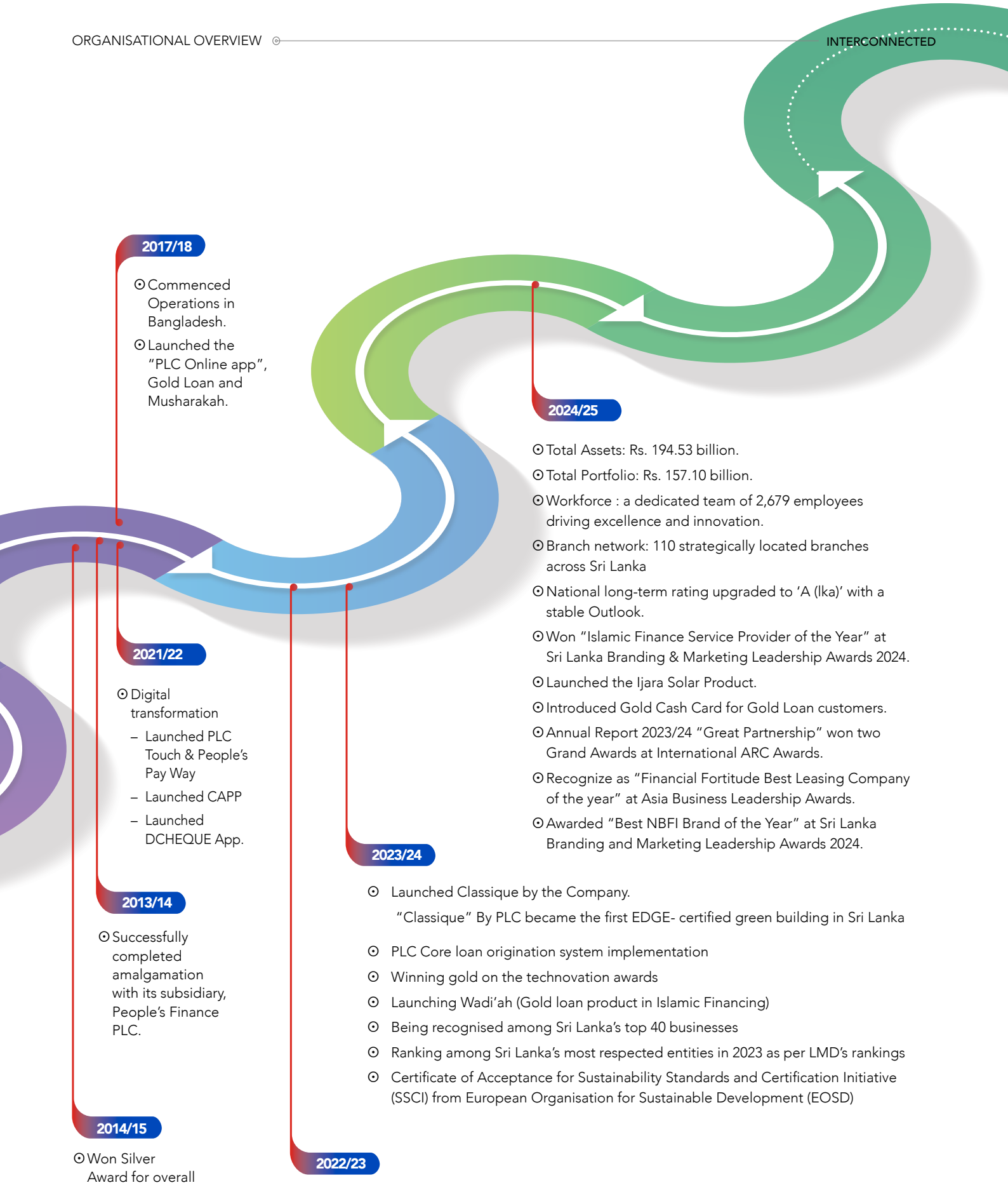
- Established two new subsidiaries; People's Leasing Havelock Properties Limited and People's Microfinance Limited.

2011/12

- Listed on the main board of the Colombo Stock Exchange through the second largest IPO in the history of the Bourse.

2012/13

- Received the license to conduct finance business under the Finance Business Act No. 42 of 2011.



2017/18

- Commenced Operations in Bangladesh.
- Launched the "PLC Online app", Gold Loan and Musharakah.

2013/14

- Successfully completed amalgamation with its subsidiary, People's Finance PLC.

2014/15

- Won Silver Award for overall excellence in financial reporting at Institute of Chartered Accountants of Sri Lanka.

2021/22

- Digital transformation
  - Launched PLC Touch & People's Pay Way
  - Launched CAPP
  - Launched DCHEQUE App.

2022/23

- Developed in house credit evaluation mechanism.
- On board mcash touch points.
- The Company won the ESQR award.

  Became the first finance company in Sri Lanka to receive the European Award for Best Practices 2022 by the European Society for Quality Research (ESQR).

2023/24

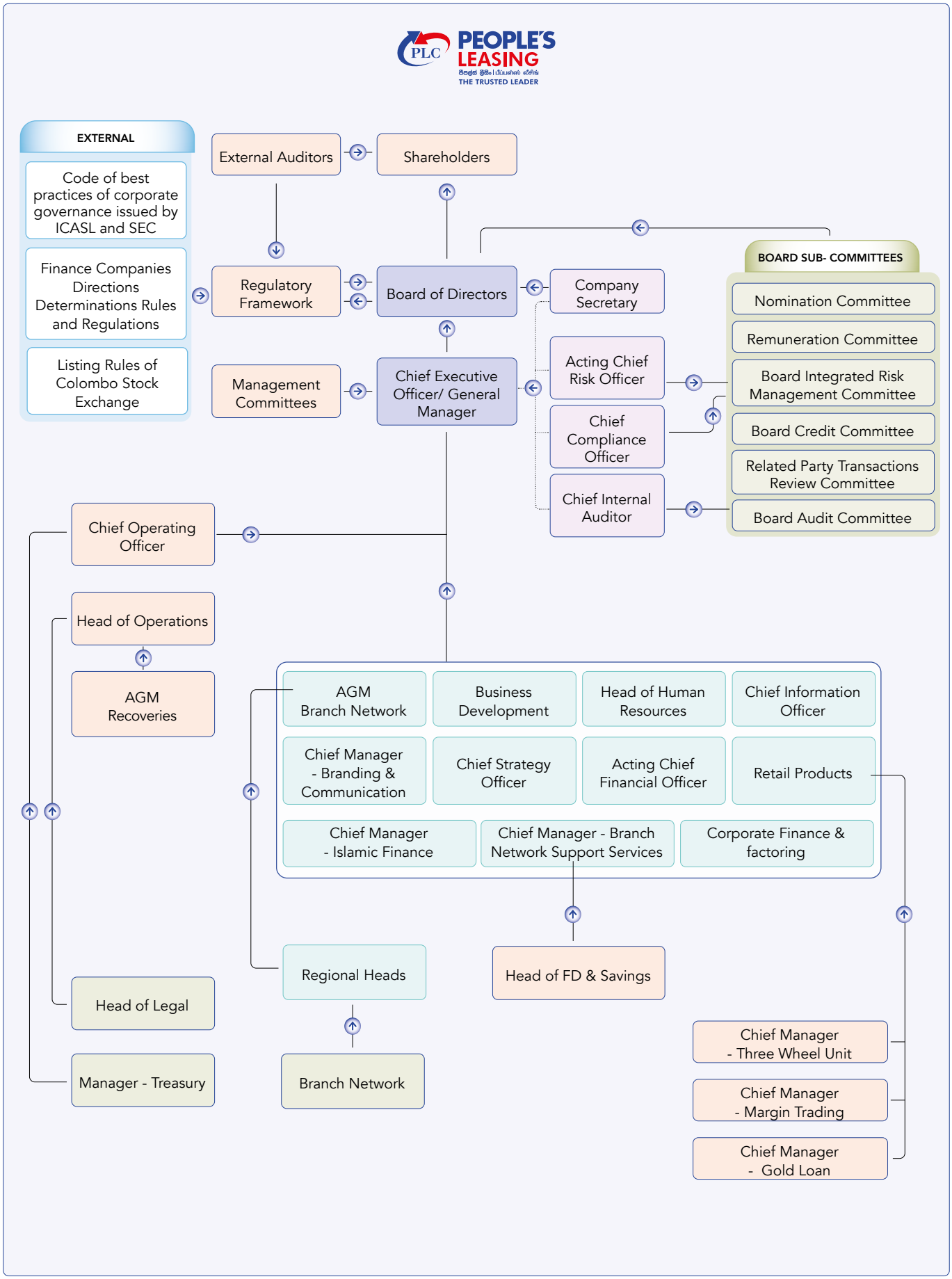
- Launched Classique by the Company.

  "Classique" By PLC became the first EDGE- certified green building in Sri Lanka
- PLC Core loan origination system implementation
- Winning gold on the technovation awards
- Launching Wadi'ah (Gold loan product in Islamic Financing)
- Being recognised among Sri Lanka's top 40 businesses
- Ranking among Sri Lanka's most respected entities in 2023 as per LMD's rankings
- Certificate of Acceptance for Sustainability Standards and Certification Initiative (SSCI) from European Organisation for Sustainable Development (EOSD)

2024/25

- Total Assets: Rs. 194.53 billion.
- Total Portfolio: Rs. 157.10 billion.
- Workforce : a dedicated team of 2,679 employees driving excellence and innovation.
- Branch network: 110 strategically located branches across Sri Lanka
- National long-term rating upgraded to 'A (lka)' with a stable Outlook.
- Won "Islamic Finance Service Provider of the Year" at Sri Lanka Branding & Marketing Leadership Awards 2024.
- Launched the Ijara Solar Product.
- Introduced Gold Cash Card for Gold Loan customers.
- Annual Report 2023/24 "Great Partnership" won two Grand Awards at International ARC Awards.
- Recognize as "Financial Fortitude Best Leasing Company of the year" at Asia Business Leadership Awards.
- Awarded "Best NBFI Brand of the Year" at Sri Lanka Branding and Marketing Leadership Awards 2024.

ORGANISATIONAL STRUCTURE



OUR SUSTAINABLE FOOTPRINT

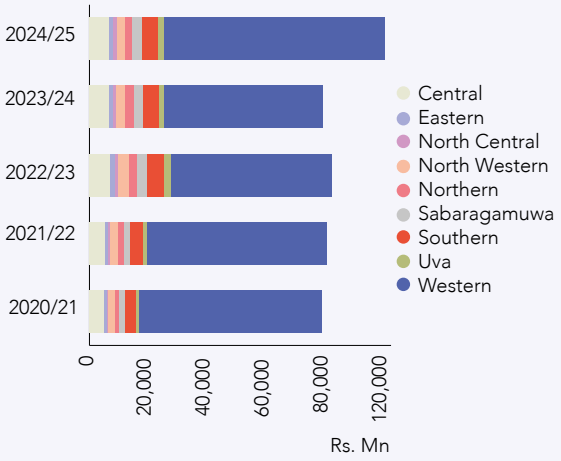
IN OUR JOURNEY TOWARDS SUSTAINABLE DEVELOPMENT, PEOPLE'S LEASING REMAINS COMMITTED TO CREATING LONG-TERM VALUE FOR ALL STAKEHOLDERS WHILE ALIGNING OUR STRATEGIES WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS). THE FOLLOWING KEY AREAS OF IMPACT, SUPPORTED BY DATA-DRIVEN INSIGHTS, REFLECT OUR CONTINUED EFFORTS TO PROMOTE INCLUSIVE ECONOMIC GROWTH, SOCIAL WELL-BEING, AND ENVIRONMENTAL STEWARDSHIP.

Championing Prosperity: Safeguarding Wealth and Investments

With a legacy rooted in trust and excellence, People's Leasing delivers bespoke financial solutions designed to protect and grow client wealth. Our customer-centric approach, built on transparency, ethical practices, and responsible investment, ensures the long-term security and prosperity of our stakeholders.

(SDG Targets: 6.b | 11.2 | 16.4 | 16.5 | 16.6 | 16.7)

FD Base(Region-wise)

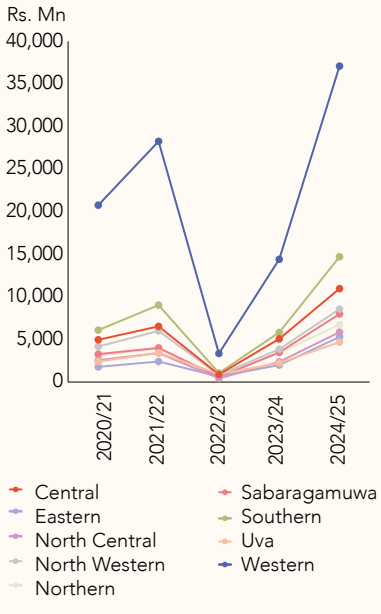


Advancing Financial Inclusion: Bridging Gaps to Accessible Finance

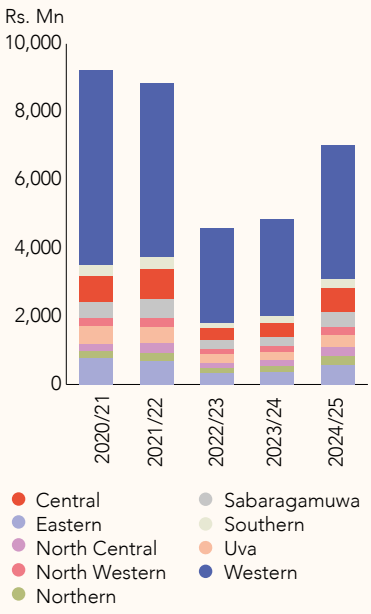
We are deeply committed to fostering inclusive financial ecosystems by extending services to underserved communities. Through tailored lending products, flexible solutions, and personalized support, we empower individuals and SMEs with the tools to achieve financial independence and resilience.

(SDG Targets: 8.10 | 17.3 | 17.7 | 17.8)

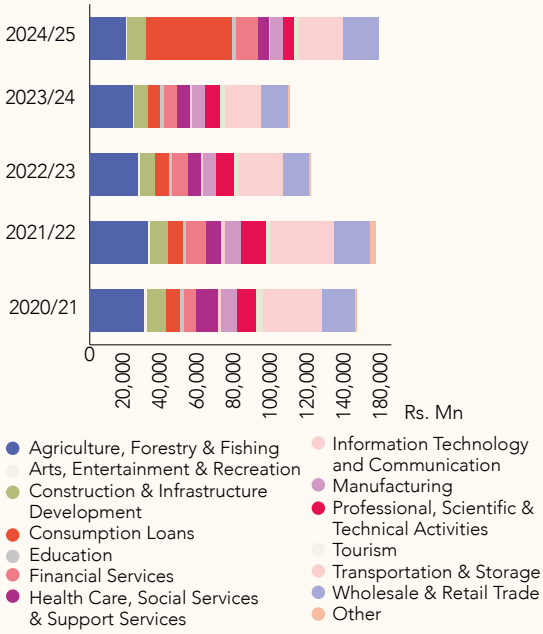
Credit Granted (Region-wise)



Savings (Region-wise)



Key Economic Sectors Supported (Sector Distribution)



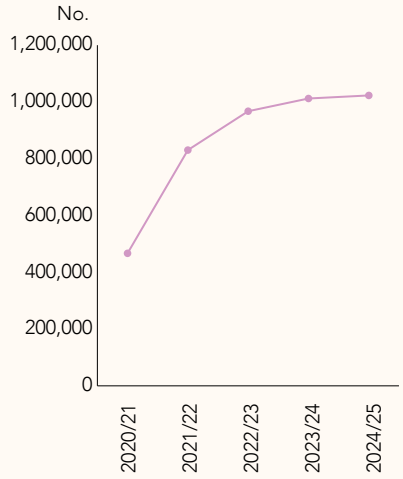
OUR SUSTAINABLE FOOTPRINT

Driving Digital Integration: Bridging the Digital Divide

People's Leasing is a catalyst for digital empowerment. By integrating advanced digital technologies and fostering digital literacy, we bridge the gap between digitally connected and underserved populations. Our initiatives enable equitable access to digital platforms and promote inclusive participation in the digital economy.

(SDG Targets: 8.2 | 9.3 | 9.4)

Increase in Digital Transactions Volumes (No. of Digital transactions)



Green Finance: Leading the Transition to a Sustainable Future

Through innovative green financing products, we support projects focused on renewable energy, eco-friendly infrastructure, and sustainable mobility. Our green finance initiatives encourage environmentally responsible behaviours while contributing to climate action and sustainable development.

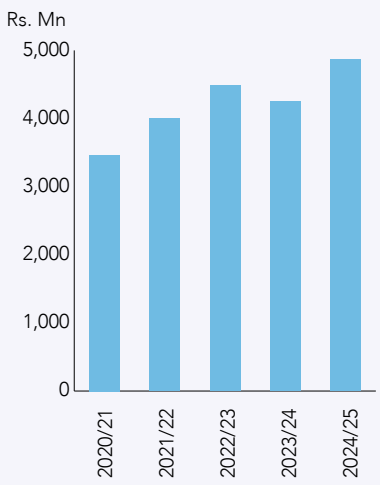
(SDG Targets: 7.2 | 12.2 | 12.5 | 12.7 | 12.8 | 13.1 | 13.2 | 13.3)

Enabling Job Creation: Empowering Regional Economies

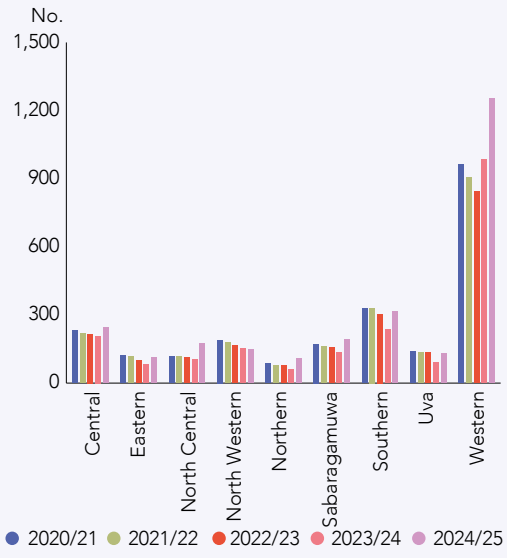
We play a pivotal role in regional economic development by supporting business growth, infrastructure investments, and employment generation. Our branch network expansion and strategic partnerships create meaningful job opportunities and foster entrepreneurial ecosystems.

(SDG Target: 8.3)

Total Payments to Employees



Total Employees (Region-wise)

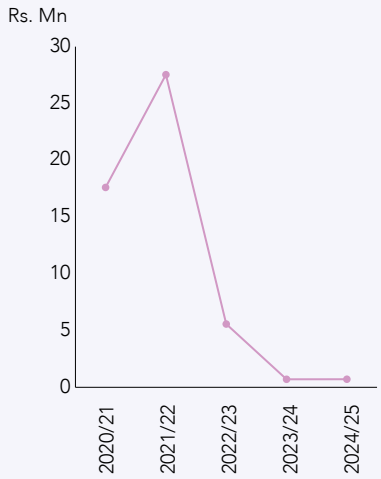


Sustainable Development: Alleviating Poverty Through Empowerment

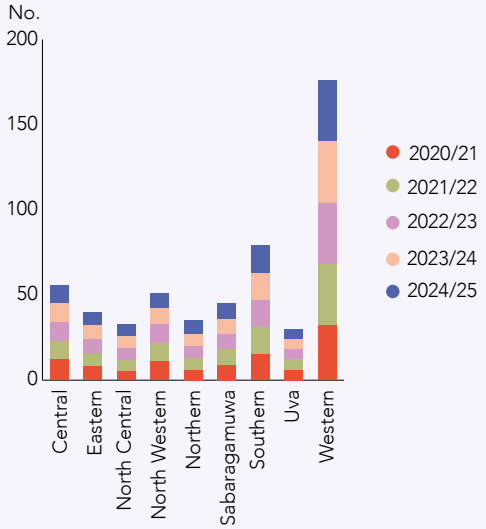
People's Leasing contributes to poverty reduction by offering affordable financing, vocational training, and entrepreneurial support—empowering individuals and communities to build sustainable livelihoods and improve their socio-economic status.

(SDG Targets: 1.2 | 1.4 | 1.5 | 4.4 | 5.5 | 7.2 | 11.a)

Empowerment of Local Community



Customer Outreach (Region-wise)

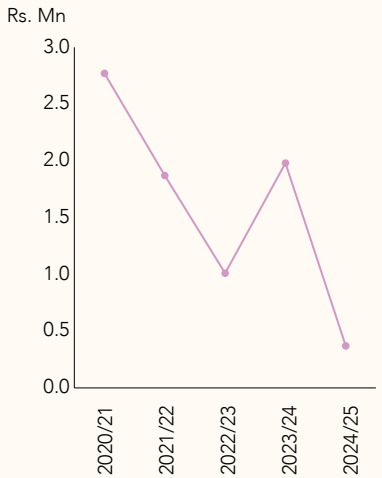


Environmental Stewardship: Protecting Our Planet for Future Generations

We actively finance and promote projects that conserve natural resources and minimize environmental impact. From renewable energy infrastructure to green buildings, we invest in sustainability and champion environmentally responsible business practices.

(SDG Targets: 8.2 | 9.3 | 9.4)

Environmental Conservation

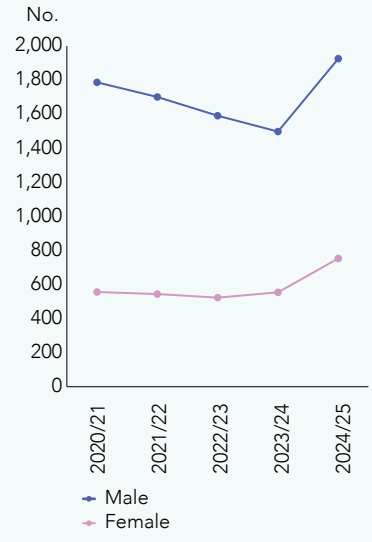


Fostering Gender Equality: Promoting Diversity and Inclusion

At People's Leasing, diversity is a strength. We practice gender equality and inclusive workplace practices through targeted recruitment, development programs, and policies that ensure equal opportunity and fair treatment for all employees, regardless of gender or background.

((SDG Targets: 1.4 | 4.3 | 4.4 | 4.7 | 5.1 | 8.5)

Employment by Gender

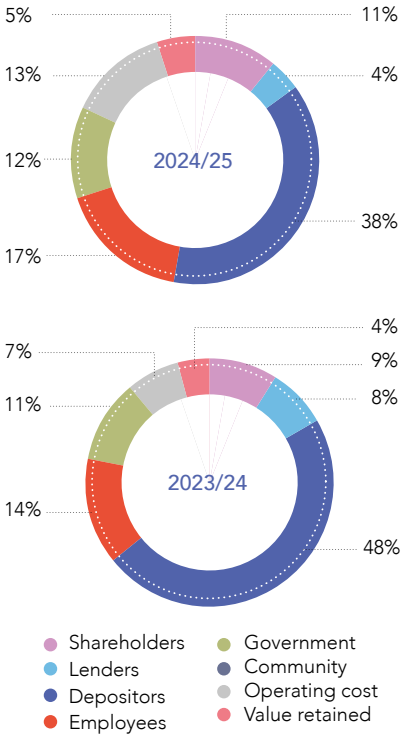


DISTRIBUTION OF VALUE ADDED

GRI 201-1

The economic value generated showed a decline of 8.41% compared to the previous year, primarily due to a decrease in interest income during the financial year. However, the economic value distributed to equity holders saw a notable improvement of 5.51% with a dividend payment of Rs. 1.40 per share during the year under review. Interest-bearing liabilities, resulting in a significant decrease in interest paid to borrowers of 48.95% compared to previous year. Salaries and other benefits provided to employees increased by 14.51% as a result of providing more benefits for staff. The total economic value distributed experienced a decline of 9.42%.

For the Year	2024/25 Rs. Mn	2023/24 Rs. Mn
Direct economic value generated		
Interest Income	26,088.02	28,853.31
Fees and commission income	1,756.72	1,544.82
Other operating income	582.84	638.50
Economic value generated	28,427.58	31,036.63
Economic value distributed		
To providers of capital		
Dividend to equity holders	3,016.13	2,858.64
Interest to borrowings	1,205.17	2,360.60
Interest to deposit holders	10,811.51	14,840.28
	15,032.81	20,059.52
To Employees		
Salaries and other benefits	4,864.57	4,248.11
	4,864.57	4,248.11
To Government		
Income tax expenses	1,426.03	1,377.76
Tax on financial services	2,006.92	1,920.92
Other taxes paid	39.33	29.75
	3,472.28	3,328.43
To Community		
On corporate social responsibility CSR and donation	1.07	2.68
	1.07	2.68
Operating Cost		
Depreciation and amortisation	682.99	669.94
Impairment charges for loans and receivables and other losses	(403.30)	(1,155.78)
Other operating expenses	3,430.98	2,744.18
	3,710.67	2,258.34
Economic value distributed	27,081.40	29,897.08
Economic value retained	1,346.18	1,139.55



VALUE ADDED STATEMENTS

ECONOMIC VALUE ADDED (EVA)

The Company experienced a significant reduction in economic costs compared to the previous year, in line with the Central Bank of Sri Lanka's relaxation of monetary policy, leading to an improvement in Economic Value Added during the year. However, the decline in profit attributable to shareholders resulted in a deterioration in overall economic value of the Company. This economic value was calculated using an economic charge equivalent to the average 365-day Treasury Bill rate plus a 2% risk premium.

For the Year	2024/25 Rs. Mn	2023/24 Rs. Mn
Shareholders' funds	42,411.75	41,826.14
Add - Accumulated provision for impairment charges	6,031.17	8,854.79
Add - Cumulative market building expenses	489.63	443.62
Less: Deferred tax assets	(59.32)	(818.95)
	48,873.23	50,305.60
Profit Attributable to		
Shareholders	3,603.38	3,540.50
Add : Market building expenses for the year	235.64	153.65
Add : Impairment charge/(reversal) for the year	(2,823.62)	(1,554.47)
Add : Deffered tax charge/(reversal) for the year	758.93	457.67
	1,774.33	2,597.35
Economic cost% (Average Treasury Bill Rate + 2 % risk premium)	11.51%	16.91%
Economic cost	5,707.74	8,412.77
Economic Value Addition	(3,933.41)	(5,815.42)

MARKET VALUE ADDED (MVA)

The market value of People's Leasing share increased compared to previous year with the performance of the Colombo Stock Exchange. Compared to the previous financial year, the market value of equity has improved, reaching Rs. 38,563.32 million as of 31 March 2025. It has been resulted in an improvement in market value added as of 31 March 2025.

For the Year	2024/25 Rs. Mn	2023/24 Rs. Mn
Market Capitalization/Market Value of Equity	38,563.32	23,698.13
Less : Shareholders' funds	42,411.75	41,826.14
Market value added/(declined)	(3,848.43)	(18,128.01)

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

GRI 2-22

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

A (lka) ; 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

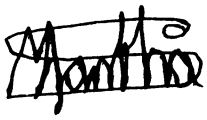
consultant, helping us identify both risks and opportunities under different climate trajectories.

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

CHIEF EXECUTIVE OFFICER'S REVIEW



Continued value creation to stakeholders

THIS HAS BEEN A TRANSFORMATIVE YEAR FOR BOTH OUR COMPANY AND THE BROADER ECONOMY A PERIOD OF RENEWED AMBITION AND FOCUSED EXECUTION AS WE STRENGTHENED OPERATIONAL RESILIENCE TO BUILD A FOUNDATION FOR LONG-TERM, SUSTAINABLE GROWTH.

Rs 3,603 Mn

PROFIT AFTER TAX

It is with gratitude and responsibility that I present the Annual Report of People's Leasing & Finance PLC for the financial year 2024/25. This has been a transformative year for both our company and the broader economy a period of renewed ambition and focused execution as we strengthened operational resilience to build a foundation for long-term, sustainable growth.

MACROECONOMIC SNAPSHOT

Sri Lanka's economy rebounded strongly in 2024, posting 5.0% growth the highest in seven years driven by IMF-led reforms, improved investor confidence, and a successful $25 billion debt restructuring. Key sectors like industry, tourism, and agriculture revived, supporting job creation and foreign exchange inflows, despite ongoing household income pressures from the 2022 crisis.

Inflation declined to -1.7% by year-end, while the Central Bank's shift to an 8% Overnight Policy Rate (OPR) simplified monetary operations, enhancing transparency and predictability for institutions like ours in pricing and liquidity planning.

Lower interest rates and rising economic activity supported credit growth in the NBFI sector. The government's lifting of vehicle import restrictions in February 2025 also revitalized the core leasing business, sparking immediate demand.

However, asset quality remained a concern. Despite modest improvement in the sector's NPL ratio, SME and informal segments continued to struggle with repayment due to lingering economic stress.

MANAGING OPPORTUNITIES AND CHALLENGES

Taking on the role of CEO midway through the financial year, I was acutely aware of the long-standing challenges that had constrained our performance. The Company had faced a period marked by subdued operational momentum, staff disengagement, and a culture that prioritized cost management over innovation and growth.

To turn the tide, we began with a fundamental action: restoring open communication. By actively listening to our employees, we uncovered inefficiencies, identified untapped opportunities, and laid the groundwork for meaningful transformation.

At the core of our strategy was a renewed focus on people. We championed financial empowerment, reignited employee motivation, and fostered a more inclusive and performance-oriented culture. This cultural realignment not only lifted morale but also helped position the Company for its next phase of growth.

One of our early focus areas was reshaping the marketing function redefining our teams not just as sales professionals, but as empathetic customer partners. Through targeted training and the deployment of digital tools, we enhanced their ability to respond with agility, precision, and care. The result was stronger relationships, higher customer satisfaction, and a renewed sense of brand loyalty.

This people-first philosophy extended to our frontline operations, where we rolled out training and digital enablement initiatives to drive faster response times and improve the customer experience. Together, these actions created a high-impact synergy between people and technology laying a solid foundation for sustainable growth.

We also placed strong emphasis on future-proofing our workforce through initiatives such as mentorship programmes, professional certifications, and upskilling in fintech, data analytics, and digital transformation. These efforts were complemented by enhanced succession planning and leadership development, aimed at cultivating internal talent and fostering a culture of ownership and empowerment across all levels.

To reinforce these structural changes, we prioritized employee well-being through expanded engagement activities, improved health and wellness benefits, and greater attention to work-life balance. This comprehensive people strategy has already yielded visible outcomes: our workforce is now more engaged, aligned, and motivated.

On the business front, we realigned our lending strategy to capitalize on improving macroeconomic conditions, with particular emphasis on high-potential SME segments and revitalized sectors like tourism. These efforts resulted in a remarkable increase in our loans and

AT THE CORE OF OUR STRATEGY WAS A RENEWED FOCUS ON PEOPLE. WE CHAMPIONED FINANCIAL EMPOWERMENT, REIGNITED EMPLOYEE MOTIVATION, AND FOSTERED A MORE INCLUSIVE AND PERFORMANCE-ORIENTED CULTURE. THIS CULTURAL REALIGNMENT NOT ONLY LIFTED MORALE BUT ALSO HELPED POSITION THE COMPANY FOR ITS NEXT PHASE OF GROWTH.

Rs 157 Bn

LEASE AND LOAN PORTFOLIO

20.76%

NET INTEREST INCOME GROWTH

CHIEF EXECUTIVE OFFICER'S REVIEW

advances portfolio, growing from Rs. 104 billion to Rs. 157 billion, surpassing expectations and marking the highest annual growth in our recent history.

In tandem, Green Finance continued to be a strategic priority, in alignment with the national sustainability agenda. We gained a first-mover advantage in electric three-wheeler leasing and expanded our solar lease portfolio through partnerships with key players in the solar sector. These initiatives drove a notable rise in monthly disbursements and contributed to year-on-year lending growth, strengthening our commitment to climate-resilient financing.

While we expanded credit, we remained firmly focused on credit quality. Recoveries were not without challenges, as individuals and businesses continued to navigate the lingering impact of the 2022 economic crisis and fiscal adjustments, including increased taxation. In response, we introduced several structural enhancements to our recovery framework, resulting in a reduction of non-performing loans (NPLs) from Rs. 17.82 billion in March 2024 to Rs. 9.56 billion by March 2025.

To address the structural mismatch between short-term deposits and long-term lending, we strategically grew our gold loan portfolio, leveraging our extensive branch network to achieve an 85.13% increase, reaching Rs. 20.29 billion by March 2025. Concurrently, we intensified efforts to mobilize low-cost savings and medium-term deposits. With declining interest rates, we retained deposits by growing our savings base and launched competitive term deposit offerings backed by targeted marketing campaigns. These efforts led to our term deposits surpassing Rs. 100 billion, with strong retention, though achieving product-to-product financing remains a long-term strategic goal.

This year marks a pivotal turning point in our journey. Our performance is not simply a reflection of improved numbers it is a testament to the resilience of our people, the clarity of our purpose, and the power of shared vision. We are building a culture where every team member can grow personally, professionally, and with purpose.

Today, People's Leasing stands as a more agile, inspired, and future-ready organisation. As we continue this journey, we remain committed to creating a truly happy, high-performing, and fulfilling workplace, while delivering sustainable value to all our stakeholders.

FINANCIAL PERFORMANCE

The financial year 2024/25 marked a period of strong recovery and disciplined growth for People's Leasing & Finance PLC. Despite operating in a volatile interest rate environment, we recorded a significant improvement in core earnings, driven by the strategic expansion of our lending portfolio and focused efforts on operational efficiency.

Net Interest Income (NII) rose by 20.76% to Rs. 14.07 billion, up from Rs. 11.65 billion in the previous year. This was supported by a 7.28% increase in interest income from loans and receivables, primarily due to accelerated loan disbursements in the second half of the year. The full-year impact of this portfolio growth is expected to further strengthen income generation in the year ahead.

Operating expenses increased by 17.21% to Rs. 9.02 billion, reflecting the inflationary backdrop and continued investment in employee development, digital platforms, and branch-level infrastructure to support business scalability. However, our cost-to-income ratio improved over the previous year, as revenue growth outpaced cost escalation an outcome of better productivity and stronger top-line performance.

Notably, we recorded an impairment reversal of Rs. 403.30 million, reflecting our strengthened credit risk practices, improved portfolio quality, and focused recovery efforts.

As a result, Profit After Tax for FY 2024/25 stood at Rs. 3.60 billion, signalling a return to robust profitability.

Our total asset base expanded by 21.69% to Rs. 194.53 billion, while total equity increased to Rs. 42.41 billion reinforcing our long-term solvency and financial strength. Return on Assets (ROA) edged up slightly to 3.27% from 3.25%, while Return on Equity (ROE) recorded a marginal decline to 8.56% from 8.68%, primarily due to the higher equity base.

We continued to maintain a strong capital position with a Tier 1 Capital Ratio of 22.94% and a Total Capital Ratio of 22.68%, well above regulatory thresholds and industry norms. This capital strength enables us to absorb future shocks while supporting responsible growth.

Additionally, our cash flow position improved significantly towards the end of the year, due to proactive resource mobilisation to support planned business expansion. These funds, until fully deployed, are being prudently invested in short-term instruments to ensure liquidity and generate interim returns.

SUSTAINABILITY LEADERSHIP

At People's Leasing, we believe that progress must serve a higher purpose one that transcends financial returns to uplift people, protect the planet, and create lasting value for future generations. This belief has shaped our unwavering commitment to sustainability, driving us to embed Environmental, Social, and Governance (ESG) principles into every layer of our business. Our efforts over the years have focused on ESG-compatible financial products aligned with the Sri

TODAY, PEOPLE'S LEASING STANDS AS A MORE AGILE, INSPIRED, AND FUTURE-READY ORGANISATION. AS WE CONTINUE THIS JOURNEY, WE REMAIN COMMITTED TO CREATING A TRULY HAPPY, HIGH-PERFORMING, AND FULFILLING WORKPLACE, WHILE DELIVERING SUSTAINABLE VALUE TO ALL OUR STAKEHOLDERS.

Rs 19.69

NET ASSETS VALUE PER SHARE

51.56%

PORTFOLIO GROWTH

Lanka Green Finance Taxonomy, to create tangible pathways for customers to transition to clean energy. These initiatives were supported by our drive to harness digital innovation for financial inclusion.

Recognising that sustainability must be embedded at the core of our decision-making, we expanded sustainability ambitions in the past year aiming to transform our strategy, and operations to ensure that every step we take is carefully calibrated to deliver long-term value for our business, as well as for people, planet, and the communities we serve.

Looking at sustainability through a 360-degree lens, we began working towards obtaining the SSCI (Sustainable Standards and Certification Initiative) certification, which represents a comprehensive transformation, one that signals our intention to integrate ESG risks and opportunities into our overall strategy, risk management and governance frameworks to build resilience and safeguard our ability to navigate future headwinds. Our ultimate goal through this initiative is to creating a legendary mindset which embodies a relentless pursuit of excellence, driven by purpose, unwavering discipline, and the courage to challenge limits.

In parallel, we also commenced preparations for implementing the SLFRS S1 and S2 standards, which are set to come into effect in the upcoming financial year. Recognising the importance of aligning with these evolving global best practices, we began assessing our current reporting capabilities, identifying key data gaps, and establishing the internal frameworks necessary to meet the rigorous requirements set out under SLFRS S1 and S2. Notably, the SSCI certification which reinforces the integration of ESG principles into our governance and risk management structures, will be instrumental in aiding our transition.

AWARDS AND ACCOLADES

I take immense pride in celebrating another outstanding year for People's Leasing, where we stood as one of Sri Lanka's most trusted and highly awarded financial institutions. Our commitment to excellence was recognised both locally and internationally, highlighted by prestigious accolades such as the Most Trusted Financial Institution award at the Global Brand Magazine Awards 2024 and the Financial Fortitude – Best Leasing Company of the Year at the Asian Business Leadership Awards. Our innovative efforts were further celebrated at the Technovation Awards 2024, where we were named Financial Institution of the Year for pioneering the adoption of LankaSign Digital Signatures.

Our dedication to transparency and corporate governance was equally acknowledged through multiple honours for our Integrated Annual Report 2023/24. Ranked among the top ten nationally, our report earned a Silver Award at the TAGS Awards, First Runner-Up at the CMA Excellence in Integrated Reporting Awards, and significant international recognition at the ARC Awards in the USA. Additionally, we secured a Joint Bronze at the SAFA Best Presented Annual Report Awards, underscoring our leadership in quality reporting, sustainability, and digital transformation.

The way I see it, every recognition is a reminder that our efforts to build trust, embrace innovation, promote sustainability, and lead with integrity are making a meaningful difference.

OUTLOOK AND PROSPECTS

Sri Lanka's economic outlook is increasingly positive, with forecasts pointing to accelerated growth over the next 12–18 months. Policy reforms and revived investor confidence offer a strong foundation for expansion.

At People's Leasing, we see significant opportunities ahead. To capture them, we will continue to invest in strengthening our digital and physical footprints, especially in underserved markets. We also acknowledge the need to expand our green finance portfolio, which currently remains modest. Our goal is to have at least substantial portion of our lending portfolio comprise environmentally sustainable solutions an ambitious target that will require innovation, conviction, and bold leadership.

We will also prioritise balance sheet strengthening, focusing on reducing maturity mismatches and enhancing liquidity. At the same time, we remain committed to building an organisation where every employee is inspired to grow, contribute, and thrive a workplace of happiness, fulfilment, and shared success.

APPRECIATION

I wish to express my sincere appreciation to our Board of Directors for their unwavering support and strategic guidance throughout the year.

To the Management team and every member of the People's Leasing family thank you for your resilience, commitment, and passion. Your efforts continue to be the driving force behind our success.

We are also grateful to the Central Bank of Sri Lanka and the Non-Bank Financial Institutions Supervision Department for their ongoing support and regulatory guidance.

Lastly, to our customers, shareholders, and all stakeholders your trust remains our greatest strength. It inspires us to embrace the future with courage, clarity, and purpose.



Sanjeewa Bandaranayake
Chief Executive Officer / General Manager

30 May 2025
Colombo

Linking Strategy and Progress

STRONG LEADERSHIP IS THE FOUNDATION OF OUR SUCCESS, SHAPING A FUTURE WHERE INNOVATION AND HUMAN CONNECTION GO HAND IN HAND. OUR LEADERS SHARE THEIR INSIGHTS, GUIDING PEOPLE'S LEASING TOWARDS SUSTAINABLE GROWTH, RESILIENCE, AND A FUTURE THAT PRIORITISES BOTH DIGITAL EXCELLENCE AND THE PEOPLE WE SERVE.





STRATEGY AND FOCUS

36 Value Creation Model of People's Leasing
40 Operating Environment
45 Stakeholder Engagement
52 Materiality
56 Our Sustainability Approach
62 SLFRS S1 & S2 Adoption
64 Strategy and Resource Allocation

VALUE CREATION MODEL OF PEOPLE'S LEASING

PLC VALUE CREATION MODEL

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

OUR KEY Strategic 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:

REPORTING BOUNDARIES

- Integrated thinking
- Business model identification/refining
- Strategic development
- Performance evaluation
- Process identification and resources allocation
- Action planning & monitoring
- Integrated reporting



INPUTS

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.

PROCESSES WE CARRIED OUT

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.

IMPACTS

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

QUANTITATIVE

QUALITATIVE

FINANCIAL CAPITAL

Strong liquid asset base **of Rs 41.6 Bn**

High-quality credit portfolio totalling **Rs. 103.65 billion**

Shareholder equity of **Rs. 41.8 billion** with a Tier 1 capital ratio of **30%**



- **Liquidity management strategies lead us long term resilience**

MANUFACTURED CAPITAL

Our branch network of 111 branches represented by

Rs. 1361 million worth of Property, Plant and Equipment

Widespread touch points



- **State-of-art core IT systems**
- **Innovative digital channels**

INTELLECTUAL CAPITAL

Brand value and brand equity **Rs. 4.49 Bn**

Software valued **Rs 207 Mn**

Policies and procedures

Robust risk management framework

Data analytics



- **Institutionalised knowledge**
- **Strong corporate brand image and value**
- **Integrity**

HUMAN CAPITAL

Empowered and Committed workforce of **2618 employees.**

Rs 4.5 Bn salary and benefit paid.

Training and skill development spend **Rs 66.85 Mn**



- **Qualitative**
- **Expertised and experienced workforce.**
- **Performance-linked reward structure**
- **Innovativeness**

SOCIAL & RELATIONSHIP CAPITAL

308,051 Deposits

Customers **104,865**

Lending Customers **83,856**

Business Partners

Longstanding relationships and tie-ups

9983 Shareholders

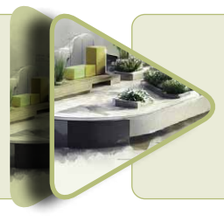


- **Qualitative**
- **Practice of socially responsible lending**
- **ESG considerations towards sustainable operations**
- **Promoting UN Sustainable Development Goals (SDG's)**
- **Compliance with GRI Standards**
- **Responsible marketing**

NATURAL CAPITAL

Energy 24,501 Gj

Carbon Footprint 3,974tCO$_2$e



- **Commitment towards paperless finance**

INPUTS

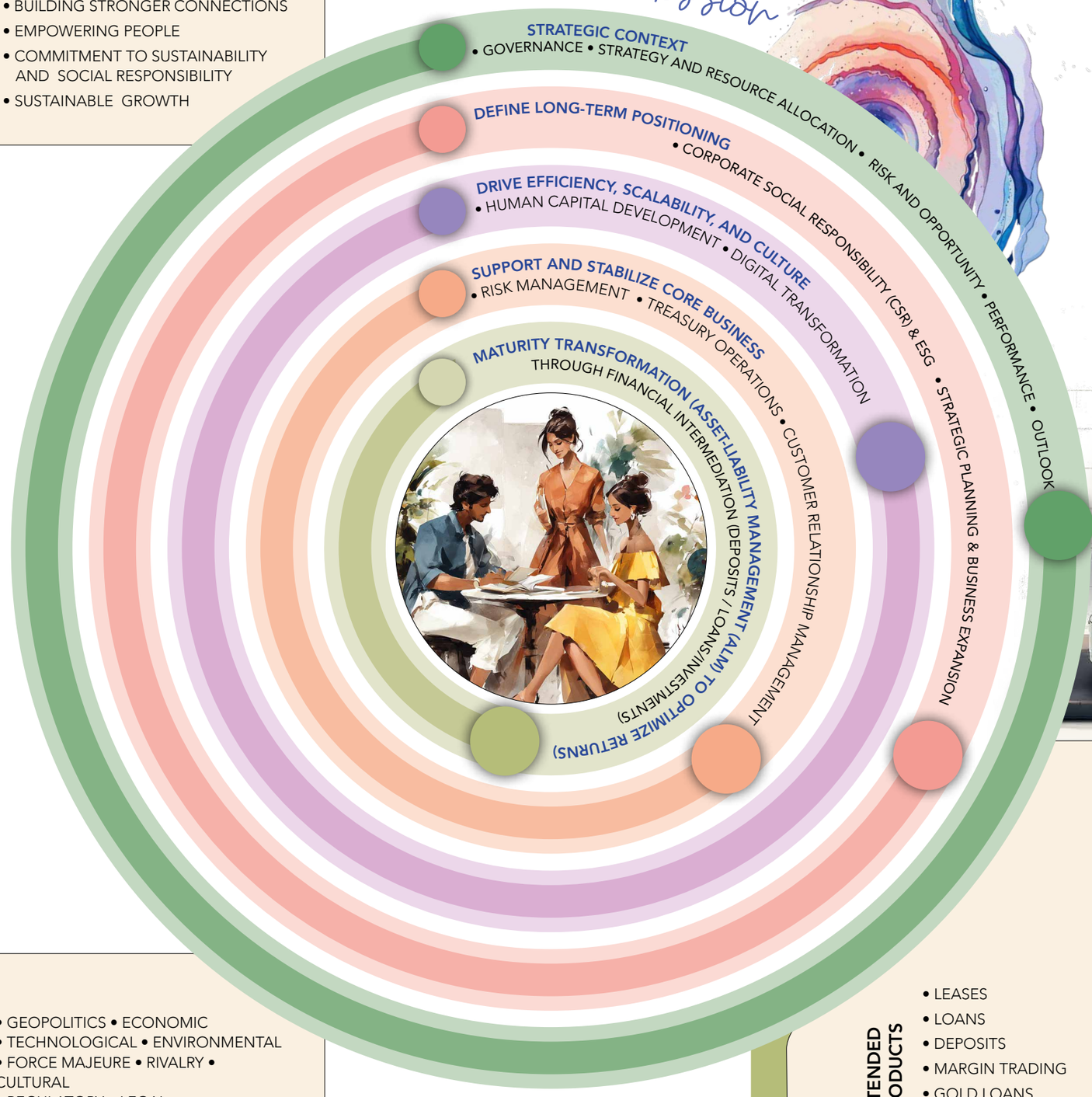
EXTERNAL ENVIRONMENT

STRATEGY

FOCUSED

- INTEGRITY-DRIVEN GOVERNANCE
- BUILDING STRONGER CONNECTIONS
- EMPOWERING PEOPLE
- COMMITMENT TO SUSTAINABILITY AND SOCIAL RESPONSIBILITY
- SUSTAINABLE GROWTH

Vision
Values
Mission



EXTERNAL ENVIRONMENT

- GEOPOLITICS • ECONOMIC
- TECHNOLOGICAL • ENVIRONMENTAL
- FORCE MAJEURE • RIVALRY • CULTURAL
- REGULATORY • LEGAL

OUTPUTS

INTENDED PRODUCTS

- LEASES
- LOANS
- DEPOSITS
- MARGIN TRADING
- GOLD LOANS
- ISLAMIC PRODUCTS



IMPACTS FROM THE OPERATING ENVIRONMENT

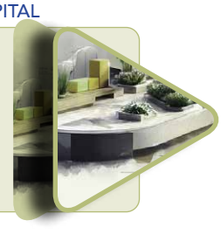
- ECONOMIC RECESSION & UNCERTAINTY
- GOVERNMENT
- INCREASED AUTOMATION
- THE PANDEMIC GOVERNMENT POLICY

UNINTENDED PRODUCTS

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

OUTCOMES

GRI 2-6

		VALUE CREATING	PRESERVING	ERODING
FINANCIAL CAPITAL		⊙ Dividend payout 83.70%. ⊙ Share price increased to Rs. 17.90 from Rs. 11.00. ⊙ Portfolio increased to Rs 157,092Mn	⊙ Retain earnings are maintaining same level of 19.9 Bn ⊙ PAT of Rs. Mn 3,603,up by 2%	⊙ ROE Decreased to 8.56% ⊙ Capital Adequacy ratio decreased to 22.94%
MANUFACTURED CAPITAL		⊙ ISO 27001:2022 version upgrade	⊙ No of branches 110	⊙ Obsolescence of PCs Due to Technological Advancements
INTELLECTUAL CAPITAL		⊙ Improved credit rating to "A" (lka) outlook stable from "A-"(lka)	⊙ Organizational tacit knowledge	⊙ Loss of Key Personnel or Expertise
HUMAN CAPITAL		⊙ Personnel expenses increased to 4.8 Bn by 14.7 % ⊙ Staff turnover ratio decreased to 8.22% from 20.26%	⊙ Diversity metrics remain same	⊙ Female representation at Senior management level decreased to 9.09% from 10.64%
SOCIAL & RELATIONSHIP CAPITAL		⊙ Lending customers increased to 129,763 ⊙ Deposits customers increased to 324,966 ⊙ Digital transaction volumes increased to 1.2 Mn	⊙ Longstanding relationship and alliances	⊙ Dispute related to digital transaction increased to 831
NATURAL CAPITAL		⊙ 68% year on year reduction in energy intensity	⊙ 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

IMAPCT

- ⊙ 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

OPERATING ENVIRONMENT

PEOPLE'S LEASING DEMONSTRATES A DEEP UNDERSTANDING OF THE COMPLEX RELATIONSHIP BETWEEN ITS OPERATIONAL ENVIRONMENT AND THE STRATEGIES IT EMPLOYS. WITH A FOUNDATION IN THOROUGH ANALYSIS AND FORWARD-THINKING APPROACHES, THE COMPANY RECOGNIZES THAT ACHIEVING SUCCESS IN TODAY'S BUSINESS LANDSCAPE REQUIRES PROACTIVE RESPONSES TO NAVIGATE THE DIVERSE INFLUENCES SHAPING ITS OPERATIONS.

AT THE CORE OF THIS APPROACH IS THE ACKNOWLEDGMENT THAT THE OPERATIONAL ENVIRONMENT IS DYNAMIC AND CONSTANTLY EVOLVING, INFLUENCED BY A RANGE OF INTERNAL AND EXTERNAL FACTORS. IN THIS CONTEXT, PEOPLE'S LEASING ADOPTS A COMPREHENSIVE PERSPECTIVE, CAREFULLY CONSIDERING ALL ASPECTS THAT CONTRIBUTE TO ITS OPERATIONAL LANDSCAPE.

POLITICAL

Sri Lanka Regains Political Stability

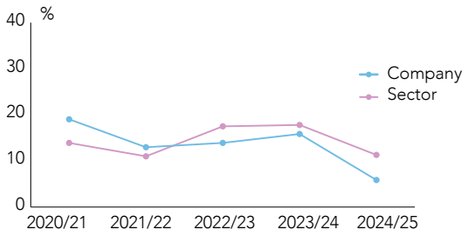
The Government of Sri Lanka, in collaboration with the Central Bank of Sri Lanka (CBSL), remained focused on implementing key structural reforms as part of the Extended Fund Facility (EFF) programme with the International Monetary Fund (IMF). This included measures aimed at fiscal consolidation, strengthening public financial management, and enhancing the resilience of the financial sector. The policy direction was marked by greater transparency, consistency, and engagement with international stakeholders, all key factors in rebuilding the Country's reputation and re-establishing access to global financial markets.

There was broad political consensus on the need to continue the reform agenda, which contributed to relative political calm and enabled the uninterrupted rollout of financial sector reforms. The new Banking Act and revisions to the Monetary Law, during the year served to further institutionalise the independence of the CBSL and reinforced the regulatory framework overseeing banks and non-bank financial institutions.

Implications for People's Leasing

The Government's adherence to fiscal consolidation and structural reform boosted overall investor and public confidence in the financial sector. For People's Leasing, this translated into a more predictable and lower-risk operating environment. Improved sovereign credibility also enhanced the perception of domestic financial institutions, supporting People's Leasing's efforts to secure funding at more favourable rates and strengthen its capital base.

Non-Performing Loan Ratio (NPL)



The improved economic outlook and policy support for financial stability reduced systemic risks and borrower defaults. For People's Leasing, this was reflected in an improvement in asset quality metrics, including lower non-performing loan/ Stage 3 loan (NPL) ratios and enhanced impairment coverage, in turn enabling the allocation of more capital toward growth-focused initiatives.

Outlook and Prospects for 2025 and Beyond

Overall, 2025 is poised to be a year of consolidation and cautious optimism, with Sri Lanka continuing its journey toward economic transformation, guided by a stable and reform-oriented political environment. The government's firm commitment to the IMF Extended Fund Facility (EFF) programme and successful completion of the Fourth Review in April 2025 signals continuity in structural reform, prudent fiscal management, and sound monetary policy.

With continued policy coherence and improved governance, Sri Lanka is likely to see greater capital inflows, reduced risk premiums, and further strengthening of the financial sector. For the financial sector, including both banking and non-bank institutions, this macro-political alignment provides a conducive backdrop for expanding credit, improving asset quality, and deepening financial inclusion. As reforms take root and the business climate becomes more predictable, institutions such as People's Leasing are expected to benefit from stronger loan demand, improved funding conditions, and opportunities to innovate and grow sustainably.

ECONOMIC

Sri Lanka's Economic Resurgence

The Sri Lankan economy rebounded strongly in 2024, recording real GDP growth of 5% - the strongest performance in seven years and significantly exceeding the Central Bank's initial projection of 3%.

A key catalyst was the industrial sector, which recovered well on the back of improved energy availability and increased domestic demand. Meanwhile, the tourism industry experienced a notable revival, supported by improved global travel sentiment and enhanced destination marketing, injecting much-needed foreign exchange into the economy.

The services sector, particularly information technology and business process outsourcing (BPO) also contributed meaningfully to growth, reflecting the Country's potential in knowledge-based industries.

Underlying this broad-based recovery was the IMF Extended Fund Facility (EFF) program launched in early 2023, which played a pivotal role in restoring macroeconomic confidence. The successful completion of a landmark $25 billion debt restructuring by the end of 2024 further solidified Sri Lanka's path to financial stability and economic sustainability.

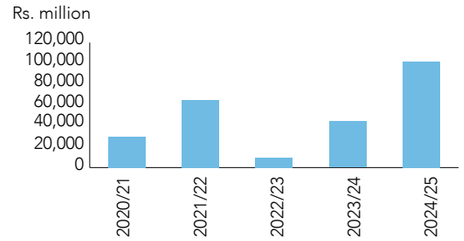
Source: Annual Economic Review (CSBL)

Implications for People's Leasing

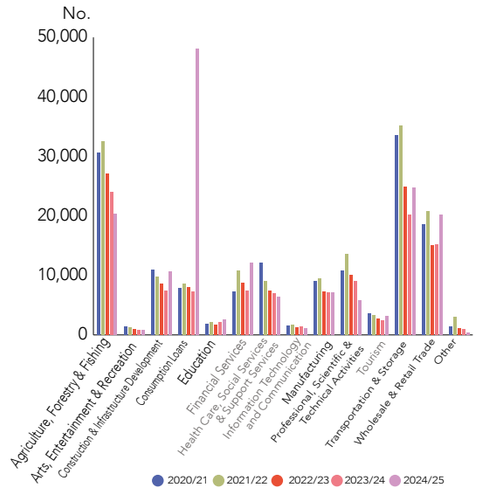
In 2024, Sri Lanka's strong economic recovery created a favourable operating environment for People's Leasing & Finance PLC (PLC), driving increased demand for leasing and asset-backed lending. The revival in industrial activity, tourism, and services, coupled with improved energy supply and consumer confidence, boosted credit growth, particularly in vehicle and SME financing, which are core to PLC's business.

This macroeconomic stability, along with renewed investor and depositor confidence, also enabled People's Leasing to strengthen its capital base and expand its funding capabilities

Granting- Company



Sector Lending Mix



Introduction of the Overnight Policy Rate

The Central Bank of Sri Lanka (CBSL) implemented a pivotal reform to its monetary policy framework by transitioning from a dual-rate structure to a single policy rate system. Effective from 27 November 2024, the CBSL introduced the Overnight Policy Rate (OPR) at 8.00%, replacing the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR).

The introduction of the OPR provided a clearer and more unified signal of the CBSL's monetary policy direction, reducing ambiguity and improving the CBSL's ability to manage inflation expectations. It also contributed to greater market predictability and bolstered investor confidence. and further reinforced the CBSL's credibility in guiding macroeconomic stability during a critical period of recovery and structural adjustment.

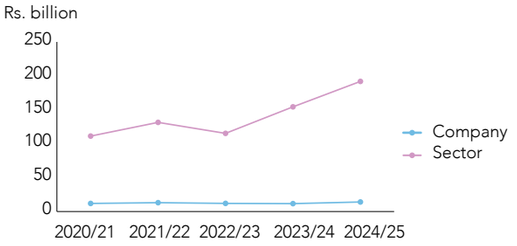
Source: Annual Economic Review (CSBL)

Implications for People's Leasing

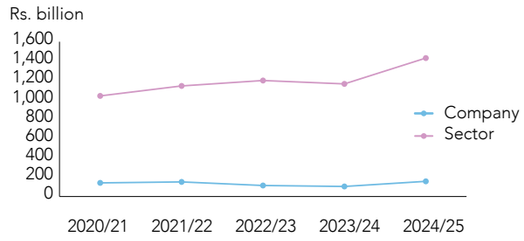
With improved clarity in monetary policy direction, People's Leasing was better positioned to manage its asset-liability mix, reprice lending and deposit products more effectively, and enhance its overall financial planning. The more stable interest rate environment also supported lower funding costs and improved margin management.

Furthermore, the reform contributed to improved investor sentiment and market stability, creating a more conducive environment for credit growth. As a leading player in the NBFI sector, People's Leasing capitalised on this stability to expand its lending portfolio, particularly in core areas such as vehicle leasing and gold loans.

Net Interest Income



Portfolio (Net)



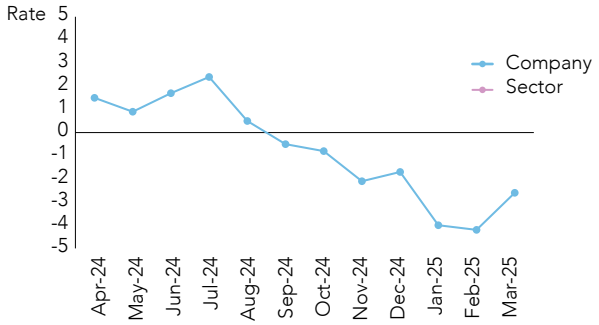
Easing of Inflationary Pressures

Following a peak of 64% in 2022, inflation moderated steadily throughout 2023 and reached a low of 0.5% by August 2024. By the end of the year, the Country recorded a mild deflation of -1.7%, indicating a significant reversal in consumer price trends. This dramatic improvement was underpinned by several factors, including a stable exchange rate, the restoration of supply chain efficiencies, the CBSL's firm monetary policy stance, and a global decline in commodity prices.

The return to price stability not only relieved the cost-of-living burden on households but also helped restore consumer and business confidence. Lower inflation created the space for more predictable economic planning, supported financial sector stability, and laid a solid foundation for sustainable economic recovery.

Source: Annual Economic Review (CSBL)

CCPI based yoy Headline Inflation



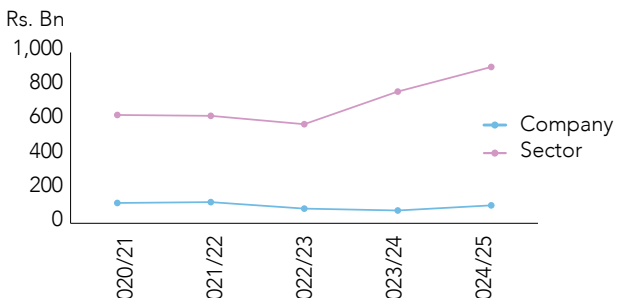
Implications for People's Leasing

With consumer prices stabilising and even entering mild deflation by year-end, borrowing costs and operational expenses became more predictable, enabling the People's Leasing to better manage its loan portfolio and risk exposure. The improved inflation environment also boosted consumer purchasing power, which supported higher demand for credit products such as vehicle loans and gold-backed financing, key segments for People's Leasing.

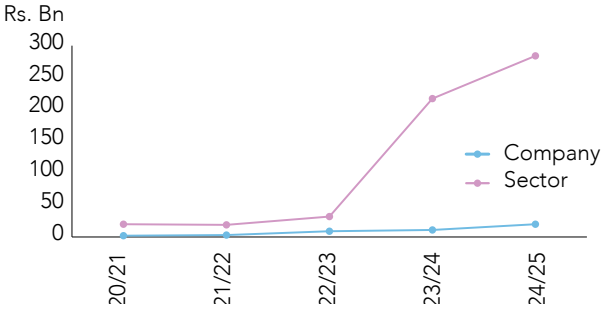
Moreover, the CBSL's tighter monetary policy stance combined with stable prices helped enhance overall financial system stability, reducing credit risks for People's Leasing. This stability fostered greater investor confidence and encouraged new business growth, allowing People's Leasing to expand its lending activities while maintaining healthy asset quality.

Source: Annual Economic Review (CSBL)

Finance Leases & Vehicle Loans



Loan Secured by Gold

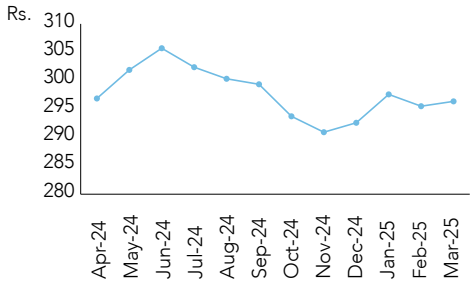


Exchange Rate Stability

In 2024, the Sri Lankan Rupee (LKR) demonstrated notable stability and a modest appreciation against the US Dollar (USD), underpinned by stronger macroeconomic fundamentals and effective monetary policy measures. The average exchange rate improved to approximately Rs. 302.12 per USD, strengthening significantly from the 2023 average of Rs. 327.53 per USD. The LKR reached its peak strength for the year at Rs. 292.58 per USD in December 2024, a marked improvement from the high of Rs. 362.14 per USD seen in January 2023.

Source: Annual Economic Review (CSBL)

Exchange Rate Movement- USD Dollar



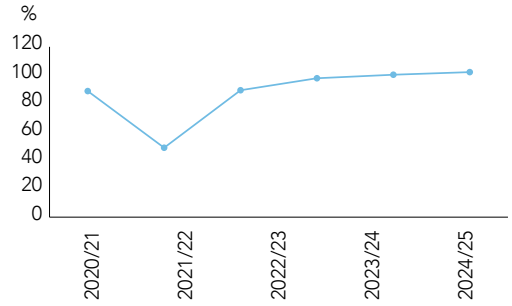
OPERATING ENVIRONMENT

Implications for People's Leasing

The strengthening and stability of the Sri Lankan Rupee in 2024 supported the recovery of import-oriented businesses, resulting in a strong resurgence in credit demand from these businesses.

People's Leasing benefited directly from this renewed momentum. As businesses sought to expand operations and restock inventories, demand for leasing facilities and working capital financing increased. For People's Leasing, the uptick in credit demand contributed to portfolio growth and improved revenue generation, while also aiding in portfolio diversification across different industry sectors.

Collection Ratio-PLC



OUTLOOK AND PROSPECTS FOR 2025 AND BEYOND

In 2025, Sri Lanka's economy is expected to build on the strong momentum achieved in 2024. Real GDP growth is projected to remain positive, albeit at a more moderate pace, as the effects of earlier reforms continue to materialize and domestic consumption steadily recovers

The monetary policy framework, now guided by the single Overnight Policy Rate (OPR), is expected to support macroeconomic stability with greater clarity. With inflationary pressures having sharply eased in 2024, the CBSL may have more room for policy flexibility in 2025 to support growth, provided inflation remains within target. The return to price stability will help further anchor business confidence and enhance planning certainty for households and enterprises alike.

Inflation in 2025 is expected to be modestly positive, gradually moving back into the CBSL's target range. The CBSL is likely to aim for a headline inflation target range of around 4.6%, reflecting international best practices and providing room for both price stability and growth-supportive monetary policy

Additionally, the Sri Lankan Rupee is expected to remain broadly stable in 2025, supported by improved external sector dynamics, sustained remittance flows, stronger tourism earnings, and prudent monetary policy. Overall, the economic outlook for 2025 remains cautiously optimistic, with continued reform implementation and political stability being key to sustaining the trajectory of recovery and resilience.

SOCIAL

Labour Force Dynamics

Sri Lanka's unemployment rate declined slightly to 4.4% in 2024 from 4.7% in 2023, reflecting a gradual improvement in employment opportunities amidst the country's economic recovery. This modest gain suggests that job creation kept pace with the expanding economy, particularly in key growth sectors.

Employment distribution continued to highlight a structural shift towards a service-driven economy. By end-2024, the services sector accounted for 48.8% of total employment, followed by agriculture at 25.7% and industry at 25.5%. This trend underscores the country's ongoing transition from traditional sectors to more knowledge- and skill-based service industries.

Source: Annual Economic Review (CSBL)

Implications for People's Leasing

As more individuals secured employment, especially in the growing services sector, the resulting increase in income levels and financial stability among households supported greater demand for leasing and financial products. This trend helped broaden People's Leasing's customer base, particularly among salaried professionals and small businesses operating in service-related industries.

The stronger employment landscape also contributed to improved repayment capacity and asset quality across People's Leasing's loan portfolio, supporting overall business resilience and growth.

No. of Digital transactions



OUTLOOK AND PROSPECTS FOR 2025 AND BEYOND

Continued implementation of structural reforms under the IMF programme, a more stable macroeconomic environment, and sustained investor confidence are likely to create favourable conditions for job creation. With anticipated growth in tourism, ICT, financial services, and logistics, the services sector is expected to remain the dominant source of employment.

TECHNOLOGY

Rapid Technology Adoption in Financial Services

Sri Lanka's financial sector witnessed a strong push towards digital transformation, marked by the rapid expansion of mobile-first banking platforms that enhanced customer convenience and accessibility. Key innovations included digital onboarding through e-KYC, AI-powered customer service and risk management, and significant investments in cybersecurity to protect against growing threats. Regulatory technology streamlined compliance, while cloud computing enabled scalable, flexible, and resilient banking infrastructure.

These technological advancements not only improved operational efficiency and security but also played a vital role in advancing financial inclusion. Digital and mobile-based services extended access to underserved and rural populations, supporting broader economic goals of inclusive growth and poverty reduction. Overall, technology became central to reshaping Sri Lanka's financial landscape by improving service delivery, customer experience, and regulatory compliance.

Implications for People's Leasing

The rapid digital transformation in Sri Lanka's financial sector in 2024 presented significant opportunities and benefits for People's Leasing. By expanding its digital platforms and adopting mobile-first services, People's Leasing enhanced customer convenience through instant loan applications, real-time transactions, and streamlined digital onboarding via e-KYC. These improvements not only accelerated customer acquisition but also improved overall service accessibility, especially to tech-savvy and younger demographics.

Furthermore, the integration of AI and data analytics enabled People's Leasing to refine credit risk assessments, tailor financial products more effectively, and strengthen fraud detection, thereby reducing operational risks and improving portfolio quality. Investments in cybersecurity and regulatory technology ensured People's Leasing maintained customer trust and compliance with evolving regulations. Lastly, leveraging digital channels supported People's Leasing's commitment to financial inclusion, allowing the company to reach underserved markets and contribute to broader economic development goals, positioning it strongly for sustainable growth in a rapidly evolving financial ecosystem.

Outlook and Prospects for 2025 and Beyond

Sri Lanka's financial sector is set to deepen its digital transformation, with mobile-first platforms becoming more personalized through advanced AI and data analytics. Enhanced e-KYC processes and biometric technologies will streamline onboarding and boost financial inclusion, especially for underserved populations.

Cybersecurity and regulatory technology will remain key priorities to protect data and ensure compliance, while cloud computing will provide the scalable infrastructure needed for faster, more efficient service delivery. Overall, these trends will drive smarter financial services, greater accessibility, and sustained sector growth aligned with national economic goals.

LEGAL / REGULATORY

Removal of Restrictions on Vehicle Imports

In early 2025, Sri Lanka initiated the phased removal of its vehicle import restrictions, which had been in place since 2020 due to a severe foreign exchange crisis. The government's decision aimed to stimulate economic recovery by boosting tax revenues and revitalising the automotive sector. The phased approach began with public transport vehicles in October 2024, expanded to commercial vehicles in December 2024, and culminated in the allowance for private vehicle imports starting February 1, 2025

Implications for People's Leasing

The removal of vehicle import restrictions in Sri Lanka presents both opportunities and challenges for People's Leasing. On one hand, the reopening of the vehicle market helped to stimulate credit demand for vehicle leasing. However, the high taxes and stringent import regulations may keep vehicle prices elevated, potentially limiting broad market expansion.

Outlook and Prospects for 2025 and Beyond

The vehicle import sector is poised for gradual growth. While the introduction of high import taxes may limit affordability for some consumers, the increased availability of vehicles is anticipated to stabilise prices and meet the pent-up demand. This resurgence is likely to create employment opportunities and attract foreign investment, further bolstering the economy. However, careful monitoring and management will be essential to prevent any negative impacts on the country's foreign exchange reserves and to ensure that the benefits of this policy shift are realised without compromising economic stability.

OPERATING ENVIRONMENT

ENVIRONMENTAL

Growing Trend Towards Sustainable Finance

In 2024, sustainable finance gained significant traction within Sri Lanka's financial sector, reflecting a broader global shift toward integrating environmental, social, and governance (ESG) principles into financial decision-making. Financial institutions, regulators, and investors increasingly prioritised sustainable finance as a key driver for long-term economic resilience and environmental stewardship.

A major trend was the strengthening of regulatory frameworks around ESG compliance. The Central Bank of Sri Lanka and other regulatory bodies began emphasising transparency and standardised reporting on sustainability metrics, encouraging banks and financial institutions to embed ESG considerations into lending, investment, and risk management processes. This regulatory focus aimed to align Sri Lanka's financial system with global best practices, while supporting national sustainability goals such as climate resilience and inclusive growth.

Alongside regulatory developments, there was also a growing appetite among investors for green financial products, including green bonds and sustainable loans.

Implications for People's Leasing

By aligning it's financing and investment activities with ESG principles, People's Leasing can enhance its reputation as a responsible and forward-thinking institution, attracting a broader base of environmentally and socially conscious borrowers. The increasing regulatory emphasis on sustainability compliance will drive People's Leasing to strengthen its risk management frameworks and reporting standards, ensuring long-term resilience and operational transparency. Additionally, expanding sustainable finance products enables People's Leasing to tap into new markets, particularly in green projects and social development initiatives, thereby diversifying its portfolio and fostering innovation

Outlook and Prospects for 2025 and Beyond

Overall, sustainable finance is set to become a core pillar of Sri Lanka's financial ecosystem, positioning the sector as a key enabler of national priorities such as climate resilience, economic inclusion, and social progress. Regulatory frameworks are expected to continue evolving with more detailed guidelines and mandatory ESG disclosures, driving greater transparency and accountability across the financial sector. This will help embed sustainability deeper into lending and investment decisions, promoting more responsible allocation of capital.

Investor interest in green and social finance products is also likely to strengthen further, fuelled by global climate commitments and rising awareness of ESG risks and opportunities. Financial institutions will expand their sustainable finance portfolios, offering innovative products tailored to sectors such as renewable energy, clean technology, and social infrastructure, helping to mobilise private capital at scale for sustainable development goals.

Technology adoption will accelerate, with advanced data analytics, artificial intelligence, and blockchain increasingly deployed to enhance ESG risk assessment, reporting accuracy, and compliance monitoring. However, the sector will need to invest in capacity building to overcome challenges related to standardization and harmonisation of ESG metrics.

STAKEHOLDER ENGAGEMENT

GRI 2-29

As one of Sri Lanka's leading financial institutions, People's Leasing is aware that its success is defined not only by financial performance, but also by ability to forge deep, meaningful, and enduring connections with its stakeholders. Engaging with stakeholders, therefore stands as fundamental principles that influence the Company's operating model.

Given the scale and reach of its operations, People's Leasing has multiple stakeholders, broadly defined as internal and external stakeholders, based on their links to the Company. Internal stakeholders are mainly the Company employees whilst external stakeholders comprise the shareholders, customers, (borrowers and depositors), regulators, government bodies, suppliers, partners, and local communities, each playing a critical role in shaping People's Leasing's ability to achieve its objectives and sustain long-term success.

Stakeholder engagement approach of People's Leasing is underpinned by the commitment to listen actively, engage transparently, and build relationships founded on mutual trust and respect. By embedding this ethos across its operations, the Company ensures its strategies are both aligned with the evolving needs of stakeholders and commercially sound, enabling the Company to deliver sustainable value, enhance resilience, and strengthen its role as a trusted financial partner in Sri Lanka's dynamic economic landscape.

Stakeholder Engagement Objectives

- IMPROVED RELATIONS with stakeholders through trust, transparency, understanding, partnership and constructive engagement.
- INFORMED STRATEGIC PLANNING that integrates stakeholders' interests.
- Ensure ALIGNED GOALS AND EXPECTATIONS.
- ESTABLISHED RESPONSIBILITY AND ACCOUNTABILITY of all parties.
- Develop and sustain company AWARENESS of broader social, economic and environmental RISKS AND OPPORTUNITIES.
- IMPROVED UNDERSTANDING BY STAKEHOLDERS of People's Leasing's position, issues, challenges and requirements with accurate information dissemination to stakeholders.
- Support CONSENSUS-BASED DECISION-MAKING.
- SUPPORT SUSTAINABILITY and relevance of company activities towards value creation for all stakeholder.

STAKEHOLDER ENGAGEMENT PROCESS



STAKEHOLDER ENGAGEMENT

INVESTORS

Retail shareholders, Institutional investors, Debenture holders, Financial analysts and Rating agencies.

Associated Risks - Credit Risk | Liquidity Risk | Market Risk | Operational Risk | Information Security Risk | Strategic Risk | Reputation Risk | Sustainability Risk

Strength of Relationship

Responsible Authority Driving Engagement: Company Secretary

Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Material Topics for People's Leasing
⊙ Annual General Meeting (Annually) ⊙ Annual Report (Annually) ⊙ Extraordinary General Meetings (As needed) ⊙ Interim Financial Statements (Quarterly) ⊙ CSE Announcements (As needed) ⊙ Press Conferences / Press Releases (As needed) ⊙ Proactively and directly engage investors (As needed) ⊙ Participation in various investor conferences (As needed) ⊙ Corporate Website (Continuous and Ongoing) ⊙ Social media platforms (Continuous and Ongoing)	⊙ Consistent Returns regardless of varying economic cycles. ⊙ Organisational resilience to safeguard business continuity in turbulent times. ⊙ Consistent financial results enabling incremental growth in dividend yield for shareholders. ⊙ Expectation of greater clarity regarding performance and prospects, especially in times of uncertainty ⊙ Responsible and balanced business conduct and sound ESG practices ⊙ Consistent bottom line ⊙ Satisfactory shareholder returns ⊙ Timely disclosure of price sensitive information ⊙ Transparency ⊙ Succession plan with sustained ⊙ Growth strategy ⊙ Robust risk management system » Board effectiveness	⊙ Macro- economic Amenableness ⊙ Business Vitality ⊙ Innovation in parallel with Market Demand and enhancing Digital Applications ⊙ Sustainable Growth through Sustainable Finance ⊙ Financial Stability ⊙ Ethics and Integrity ⊙ Resource Optimisation

Value Creation Scorecard FY 2024/25

Key Initiatives for the year

- ⊙ Dividend per share - Rs. 1.40
- ⊙ Dividend Payout - 83.70%
- ⊙ NAPS - Rs. 19.69
- ⊙ EPS - Rs. 1.67
- ⊙ ROE - 8.56%
- ⊙ Share Price Appreciation - Rs. 6.90
- ⊙ Brand Equity Value Rs. 5.40 Bn

Further Information

- ⊙ Financial Capital - page 90
- ⊙ Intellectual Capital - page 112

Future Targets

- ⊙ Leverage financial strength and digital capabilities to enhance value
- ⊙ Improve cost efficiency with a long-term cost-to-income target below 35%
- ⊙ Increase returns with ROE progressing beyond 15%
- ⊙ Focus on sustainable growth and optimal capital use
- ⊙ Broaden funding sources through diversified foreign capital access

STRONG GOOD HEALTHY

GRI 2-29

CUSTOMERS

Individual customers and Corporate clients | 129,763 Lending customers | 324,966 Deposit customers

Associated Risks - Credit Risk | Market Risk | Liquidity Risk | Operational Risk | Information Security Risk

Strength of Relationship



Responsible Authority Driving Engagement: Branch & Business Unit Heads

Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Material Topics for People's Leasing
⊙ Meetings (As needed) ⊙ Branch teams (Continuous and Ongoing) ⊙ Direct communications with customers (As needed) ⊙ Customer get-togethers (As needed) ⊙ Call Centre (Continuous and Ongoing) ⊙ Corporate Website (Continuous and Ongoing) ⊙ Social media platforms (Continuous and Ongoing)	⊙ Demand for tailor-made financial solutions for different customer segments. ⊙ Customers need to proactively engage with the Company. ⊙ Data privacy concerns arising as a result of increased use of digital channels. ⊙ Growing demand for easily accessible, convenient and affordable access to formal financial channels ⊙ Innovative financial solutions and services ⊙ Ability to facilitate the client's preferred platform ⊙ Accessibility and convenience Safe and secure transactions with transparent pricing ⊙ Clear and straightforward product information and ability to obtain the advice ⊙ Service efficiency ⊙ Empathetic and friendly service	⊙ Macro- economic Amenableness ⊙ Business Vitality ⊙ Innovation in parallel with Market Demand and enhancing Digital Applications ⊙ Sustainable Growth through Sustainable Finance ⊙ Financial Stability ⊙ Customer Experience ⊙ Ethics and Integrity ⊙ Resource Optimisation ⊙ Inclusive Finance and minimising Inequalities

Value Creation Scorecard FY 2024/25

Key Initiatives for the year

⊙ Customised Gold loans products for target customer segments such as teachers, government officers, self-employed individuals.
⊙ Introduced digital payment capability for Gold Loans through the PLC Touch-app.
⊙ Introduced payment capability for Gold Loans through the People's Bank CDM network.
⊙ Reminder alerts to customers regarding upcoming FD renewals together with the automatic renewal option.

Further Information

⊙ Social and Relationship Capital - page 132
⊙ Risk Management Report - page 260



Future Targets

⊙ Expand branch network to enhance customer reach.
⊙ Promote financial inclusivity
⊙ Exploring ventures to introduce green products.
⊙ Introduce digital platforms to enhance service speed and convenience

STAKEHOLDER ENGAGEMENT

EMPLOYEES

2,679 Employees, including 45% under unions

Associated Risks - Operational Risk

Responsible Authority Driving Engagement: HR Department

Strength of Relationship



Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Material Topics for People's Leasing
⊙ Daily, weekly and monthly staff meetings ⊙ Weekly HR cluster meetings ⊙ Monthly meetings with trade union representatives ⊙ Monthly health and safety committee meetings ⊙ Bi-annual performance evaluations ⊙ Training initiatives (As needed) ⊙ Corporate Website (Continuous and Ongoing) ⊙ Social media platforms (Continuous and Ongoing)	⊙ Financial security and concern about job prospects, especially during periods of economic uncertainty. ⊙ Business continuity and sustainable growth ⊙ Fair remuneration and benefits ⊙ Effective performance management and recognition ⊙ Job security ⊙ A safe and inclusive work environment supported by opportunities for career progression ⊙ Staff upskilling ⊙ Migration to automated workflows, flexible hours, and workspaces ⊙ Employee expectation of a safe workplace free of harassment and discrimination. ⊙ Quick and effective resolution to grievances	⊙ Business Vitality ⊙ Financial Stability ⊙ Brain Drain ⊙ Ethics and Integrity ⊙ Best-fit Employees ⊙ Inclusive Finance and minimising Inequalities ⊙ Health and Safety

Value Creation Scorecard FY 2024/25

Key Initiatives for the year

⊙ Focus on recruiting more females into the workforce
⊙ Strengthening the on-boarding process
⊙ Adjustment of minimum salary of employees with discrepancies
⊙ 10% salary increment for all employees
⊙ 823 promotions
⊙ 79,660 training hours
⊙ Launch of the "Talent Pool" initiative
⊙ Launch of the HR at Your Doorstep programme

Further Information

⊙ Human Capital - page 120



Future Targets

⊙ Define KPIs and align incentives to performance
⊙ Modernize and automate HR systems and processes
⊙ Strengthen leadership communication and branch relationships
⊙ Revamp rewards framework to drive consistent performance
⊙ Refresh policies for better alignment
⊙ Build a strong employer brand as the "Happiest Place to Work"

GRI 207-3

GOVERNMENT & REGULATORS

CBSL, CSE, SEC and National and International bodies and association

Associated Risks - Credit risk | Liquidity Risk | Operational Risk | Information Security Risk | Reputation Risk | Sustainability Risk

Responsible Authority Driving Engagement: Compliance Department, Company Secretary, Finance Department

Strength of Relationship



Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Material Topics for People's Leasing
⊙ On-site review by the CBSL (Annual) ⊙ Off-site review by the CBSL (As needed) ⊙ Dialogue with the policymakers and regulators (As needed) ⊙ Directives and circulars (As needed) ⊙ Review meetings (As needed) ⊙ Compliance reports (As scheduled)	⊙ Timely payment of all applicable taxes ⊙ Compliance with all applicable regulatory requirements, including new directives ⊙ Voluntary adoption of best practices ⊙ Compliance with rules and regulations ⊙ Prompt responsiveness towards regulatory amendments	⊙ Macro- economic Amenableness ⊙ Business Vitality ⊙ Innovation in parallel with Market Demand and enhancing Digital Applications ⊙ Sustainable Growth through Sustainable Finance ⊙ Financial Stability ⊙ Ethics and Integrity ⊙ Inclusive Finance and minimising Inequalities ⊙ Health and Safety ⊙ Climate Action

Value Creation Scorecard FY 2024/25

Key Initiatives for the year

Regulation/Code	Adoption	Adherence
The Companies Act No.7 of 2007 (Companies Act)	Mandatory	Full Compliant
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory	Full Compliant
Central Bank of Sri Lanka (CBSL), Finance Companies (Corporate Governance) Direction No. 05 of 2021	Mandatory	Full Compliant
Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary	Full Compliant

Further Information

⊙ Corporate Governance Report - page 173

Future Targets

- ⊙ Maintain the CSE full compliance to uphold market confidence
- ⊙ Risk appetite framework aligned with sustainability goals
- ⊙ ESG integration including SLFRS S1 & S2
- ⊙ Sustainability Board Sub-Committee for oversight
- ⊙ SSCI certification advancement
- ⊙ Ethics-driven governance culture
- ⊙ Global-standard governance practices

STAKEHOLDER ENGAGEMENT

SUPPLIERS & BUSINESS PARTNERS

Vehicle suppliers, Utility-Service providers and other Business partners

Associated Risks - Operational Risk | Information Security Risk | Reputation Risk

Responsible Authority Driving Engagement: Administration/Logistic Department

Strength of Relationship



Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Material Topics for People's Leasing
⊙ Meetings (as needed) ⊙ Supplier Registration Process (annual) ⊙ Supplier site visits (periodic) ⊙ Supplier Appraisals (periodic) ⊙ MoU's (as needed)	⊙ Responsible procurement with timely settlement ⊙ Competitive pricing and bidding procedure ⊙ Fair dealing and transparency ⊙ Opportunities for new suppliers. ⊙ Improving suppliers' alignment with social and environmental issues ⊙ Prompt response ⊙ Locally preferred purchasing	⊙ Business Vitality ⊙ Innovation in parallel with Market Demand and enhancing Digital Applications ⊙ Financial Stability ⊙ Principle Relationship ⊙ Ethics and Integrity ⊙ Inclusive Finance and minimising Inequalities ⊙ Health and Safety ⊙ Climate Action

Value Creation Scorecard FY 2024/25

Key Initiatives for the year

⊙ Rs. 152,380.82 million paid to suppliers
⊙ 74 new suppliers were screened
⊙ 57 were successfully onboarded to People's Leasing's supplier registry

Further Information

⊙ Social and Relationship Capital - page 132

Future Targets

⊙ Automate supplier onboarding for faster, year-round registration and reviews

⊙ Enhance transparency in supplier evaluation and feedback processes

⊙ Promote local supplier partnerships to support community-based businesses

⊙ Conduct capacity-building sessions to uplift SME suppliers

⊙ Integrate ESG criteria into supplier assessments to drive responsible sourcing

⊙ Establish a supplier recognition program to reward performance and innovation

COMMUNITY & ENVIRONMENT

Local Community and Environment

Associated Risks - Operational Risk | Reputation Risk | ESG Risk

Responsible Authority Driving Engagement: Sustainable Finance Department

Strength of Relationship



Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Material Topics for People's Leasing
⊙ Outreach initiatives ⊙ Carbon footprint Calculation (Annually) ⊙ Dialogue with institutions, community leaders and community ⊙ Sponsorships ⊙ Annual Report (Annually) ⊙ Interim Financial Statements (Quarterly) ⊙ CSE Announcements (As needed) ⊙ Press Conferences / Press Releases (As needed) ⊙ Corporate Website (Continuous and Ongoing) ⊙ Social media platforms (Continuous and Ongoing)	⊙ Ethical business practices ⊙ Compliance ⊙ Advancement of SDGs and targets ⊙ Adhering to national development plans ⊙ Community empowerment and capacity building ⊙ Response to climate change ⊙ Minimum direct environmental impact from business operations ⊙ Timely and relevant information on products and services offered ⊙ Local enterprise development/ procurement opportunities	⊙ Sustainable Growth through Sustainable Finance ⊙ Ethics and Integrity ⊙ Inclusive Finance and minimising Inequalities ⊙ Climate Action

Value Creation Scorecard FY 2024/25

Key Initiatives for the year

- ⊙ Rs. 711,000 on Community based initiatives
- ⊙ Rs. 580.08 Mn disbursed through Green Financing Schemes
- ⊙ Carbon footprint - 5,663.76 tCO_2e
- ⊙ GHG Inventory report in line with the ISO 14064:2018 standard
- ⊙ Rs. 364,542 spent on Green Outreach Initiatives

Further Information

- ⊙ Social and Relationship Capital - page 132
- ⊙ Natural Capital - page 146



Future Targets

- ⊙ Empower communities through financial and digital literacy
- ⊙ Support local green and social initiatives
- ⊙ Introduce green finance for MSMEs
- ⊙ Promote sustainable, eco-friendly operations
- ⊙ Set KPIs to achieve net-zero emissions

MATERIALITY

GRI 3-1,3-2

AT PEOPLE'S LEASING, MATERIAL MATTERS HELP TO SHAPE DECISIONS AND ACTIONS THAT ALIGN WITH STAKEHOLDER EXPECTATIONS AND ADDRESS THE EVOLVING CHALLENGES AND OPPORTUNITIES WITHIN THE BROADER OPERATING LANDSCAPE.

The process for determining material topics involves a structured approach that begins with an in-depth examination of the entire value chain, followed by rigorous stakeholder analysis to define a set of material themes that serve as the underlying framework for establishing the list of Material Matters. Identified material matters are then scrutinised to determine the importance to the stakeholders vs. significance to People's Leasing.

In keeping with a commitment to continuous improvement, People's Leasing has recently adopted the double materiality assessment (DMA) approach, applying a dual lens: financial materiality to understand how external factors may influence the ability to create and preserve value, and impact materiality to evaluate how business activities could affect the environment and society. Impact materiality draws on globally recognised frameworks such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

Looking ahead, the Company is determined to further enhance the transparency and relevance of its materiality process by aligning future disclosures with the latest SLFRS Sustainability Disclosure Standards (S1 and S2), ensuring reporting and strategy continue to meet the highest global benchmarks.

MATERIALITY DETERMINATION PROCESS

1 Description of PLC's value chain

2 Define Material Themes

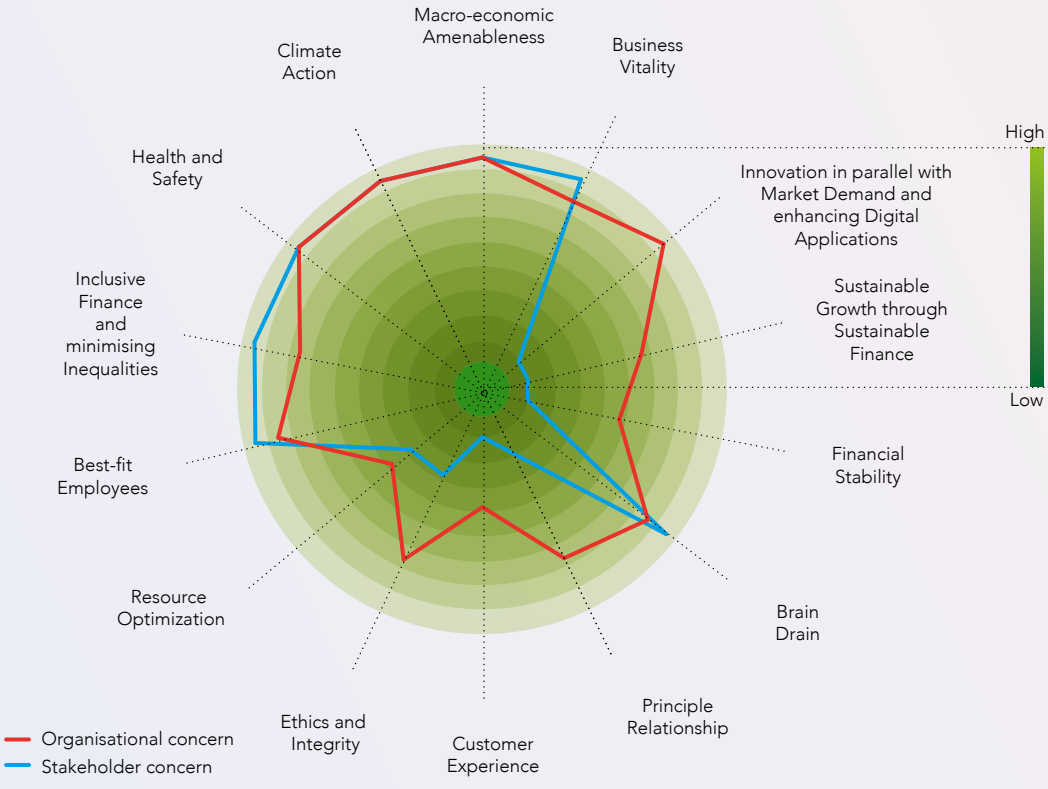
3 Stakeholder Analysis

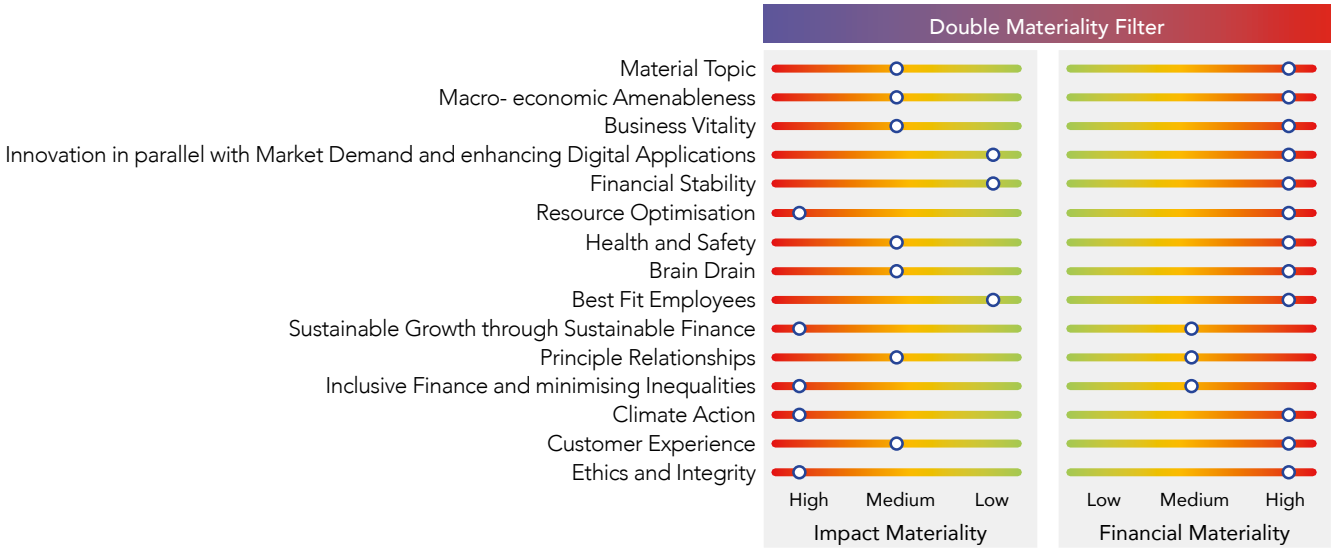
4 Establish list of sustainability matters

5 Materiality mapping to determine the importance to the stakeholders vs. significance to PLC

6 Impact Materiality Assessment

Identify and assessing types of impact





Define coverage in disclosure as per GRI & SASB

7 Financial Materiality Assessment

Identify dependencies between PLC'S resources and sustainability matters and derive risks and opportunities

Perform scenario analysis, develop forecasts and determine thresholds

8 Consolidation of materiality assessment

9 Integration into PLC s Strategy



MATERIALITY

Material Theme	Material Topic	GRI/ SASB/ Other	Topic Boundary	Management Approach through Strategy Integration					Most affected Stakeholders	Related Capitals	SDG's
				Sustainable Growth	Empowering People	Building Stronger Connections	Commitment to Sustainability and Social Responsibility	Integrity-Driven Governance			
Geopolitical and Socio Economic Uncertainty	Macro-economic Amenableness	GRI 201	↗ ↗	✓	✓	✓	✓	✓	Customer, Investor, Employees, Community	FC	
Business Model Flexibility in an Environment that is Continually Changing	Business Vitality	GRI 201 GRI 202	↗	✓	✓	✓	✓	✓	Customer, Investor, Employees, Suppliers	FC	
	Innovation in parallel with Market Demand and enhancing Digital Applications	GRI 418	↗ ↗	✓		✓			Customer, Suppliers	MC	
	Financial Stability	GRI 201 GRI 207	↗	✓		✓		✓	Customer, Investor, Employees, Suppliers, Regulator	FC	
	Resource Optimisation	GRI 302 GRI 303 GRI 305 GRI 306	↗	✓		✓	✓	✓	Environment	MC	
	Health and Safety	GRI 403	↗ ↗		✓		✓		Employees, Customers	HC	
Assembling and retaining a Skilled, Involved, and Driven Team	Brain Drain	GRI 401	↗ ↗		✓				Employees	HC	
	Best Fit Employees	GRI 401 GRI 404 GRI 405 GRI 406 GRI 407 GRI 408 GRI 409	↗ ↗		✓				Employees	HC	

↗ Internal | ↗ External

Material Theme	Material Topic	GRI/ SASB/ Other	Topic Boundary	Management Approach through Strategy Integration					Most affected Stakeholders	Related Capitals	SDG's
				Sustainable Growth	Empowering People	Building Stronger Connections	Commitment to Sustainability and Social Responsibility	Integrity-Driven Governance			
Developing Sustainable Ecosystems to support Sustained Wealth Creation regardless of Headwinds	Sustainable Growth through Sustainable Finance	GRI 201 GRI 417		✓		✓		✓	Investors, Community, Employees, Customers	S&RC	
	Principle Relationships	GRI 204 GRI 308 GRI 413 GRI 414		✓			✓	✓	Customers, Investors, Suppliers, Community, Regulator	S&RC, FC	
	Inclusive Finance and minimising Inequalities	GRI 417		✓		✓	✓	✓	Community, Employees	S&RC, HC	
	Climate Action	GRI 302 GRI 305					✓	✓	Customer, Community, Regulator, Employees	NC	
Increase Customer Awareness through Responsible Communication	Customer Experience	GRI 416 GRI 417 GRI 418 FN-CF- No. 220a.1 FN-CF-220a.2 FN-CF-230a.1			✓	✓			Customer, Employees	S&RC	
Heightened Demands on Governance, Compliance and Regulatory Context	Ethics and Integrity	GRI 205 GRI 410		✓	✓	✓	✓	✓	Employees, Regulator, Suppliers	IC	

OUR SUSTAINABILITY APPROACH

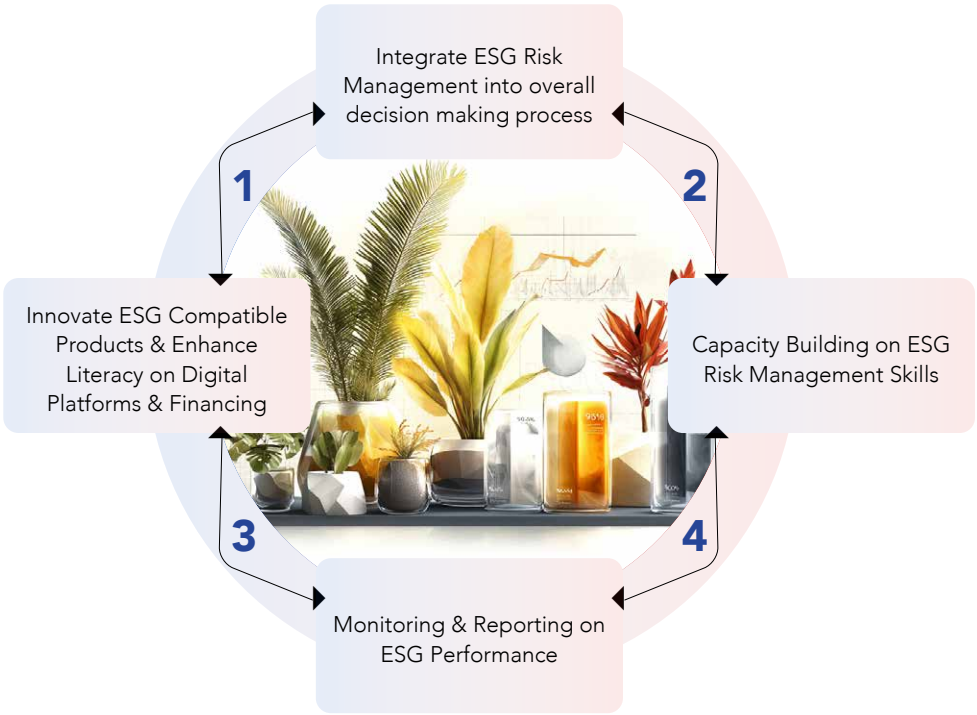
GRI 2-12,2-13,2-14, 2-23,2-24

PEOPLE'S LEASING IS DEEPLY COMMITTED TO EMBEDDING SUSTAINABILITY AT THE CORE OF ITS BUSINESS STRATEGY AND OPERATIONS, AS PART OF ITS BROADER VISION OF RESPONSIBLE GROWTH THAT BALANCES ECONOMIC PERFORMANCE WITH ENVIRONMENTAL STEWARDSHIP AND SOCIAL RESPONSIBILITY.

At the heart of the Company's approach is a robust Sustainability Framework that integrates regulatory requirements alongside globally recognised best practices. This framework is operationalised through a comprehensive Board approved Environment, Social & Governance (ESG) Policy, that sets out clear priorities across key pillars - environmental sustainability, social sustainability, economic responsibility, and strong governance, ensuring a structured and accountable pathway toward building a resilient and future-ready organisation.

KEY AREAS OF PEOPLE'S LEASING'S SUSTAINABILITY AGENDA

At People's Leasing, our sustainability agenda is anchored in creating long-term value for our stakeholders while fostering inclusive economic growth and environmental responsibility. Our agenda is built around the following key focus areas:



SUSTAINABILITY BEST PRACTICES OF COMPANY



- Global Reporting Initiative (GRI) issued by the Global Sustainability Standards Board (GSSB)
- United Nations (UN) Sustainable Development Goals (SDGs)
- ISO 14064-1:2018 Organization Level for Quantification and Reporting of Greenhouse Gas (GHG) Emissions and Removal
- Ongoing efforts to align with the Sustainability Standards & Certification Initiative (SSCI) of the European Organisation for Sustainable Development (EOSD), for the purpose to qualify as a certified company adopting sustainability standards

BEST
global
Sustainability
BEST PRACTICES OF COMPANY

COMMITMENT TOWARDS SSCI

The commitment towards Sustainability Standards & Certification Initiative (SSCI) of European Organization for Sustainability Development (EOSD) further strengthens sustainability framework of People's Leasing by providing a globally recognised structure to embed sustainability across all aspects of the business. Through the SSCI's comprehensive "Octagon Model," which focuses on Governance, Management, Technology, Business Model, Operations, Products, Stakeholder Relations, and Human Capital, People's Leasing is able to take a holistic and integrated approach to sustainability.

This certification enhances People's Leasing's ability to systematically assess and improve its sustainability performance, ensuring alignment with international best practices while remaining sensitive to local realities. Moreover, SSCI strengthens accountability and transparency within sustainability agenda of People's Leasing by setting measurable targets and performance metrics to evaluate progress.

A dedicated Management Level Committee on Sustainability has been established to oversee and aligns internal processes with SSCI standards.

Meanwhile for the past 16 years, People's Leasing has voluntarily adopted the Global Reporting Initiative (GRI) standards to report on non-financial disclosures, further affirming its commitment to transparency. As part of this commitment, Independent Assurance is obtained on Sustainability Reporting.



SSCI Certificate

GRI 2-9

SUSTAINABILITY GOVERNANCE AND OVERSIGHT

The People's Leasing Board sets the strategic direction and sustainability agenda in line with corporate objectives, and regularly reviews progress to ensure that ESG considerations are embedded in decision-making at the highest level.

Operating under the delegated authority of the Board, the Management Committee for Sustainability, headed by the Company CEO provides direction and oversight for embedding sustainability into business processes and ensures alignment with international benchmarks such as the Sustainability Standards & Certification Initiative (SSCI) of the European Organization for Sustainable Development (EOSD).

Meanwhile the Sustainable Finance Unit (SFU) is tasked with operationalising the Company's sustainability agenda. The SFU leads the implementation of sustainability initiatives, monitors progress against defined key action plans, and drives ESG awareness across all levels of the business. The head of the SFU provides regular updates on sustainability progress to the Board, ensuring transparency and alignment.



OUR SUSTAINABILITY APPROACH

PLC SUSTAINABILITY AGENDA

Key Action	Timeline			Progress made during FY 2024/25
	Short-term Up to 2023	Mid-term 2024-2026	Long-term 2027-2030	
01. Innovate ESG Compatible Products & Enhance Literacy on Digital Platforms & Financing				
Develop ESG compatible Asset & Liability products by utilizing SL Green Finance Taxonomy	✓	✓		⊙ Commercial public-private partnership to explore ESG-compatible asset and liability products. – Working on an e-mobility project to introduce conversion to an electric three wheeler (e3W) with battery swapping technology. – Partnered with Vega Innovation to provide financial assistance to three wheel operators to go with Elektrateq (ETX 3W) – Partnered with Hayley's solar to go for renewable energy for households at concessionary rate with the launch of PLC Solar ⊙ Provides leases and loans for Hybrid & Electric Vehicle and solar ⊙ People's Leasing provides financial services to the informal sector, aiming to uplift their livelihoods and enhance economic opportunities.
Introduce green & sustainable finance products to MSME and vulnerable groups	✓	✓		
Develop more accessible, affordable and efficient financial products and services		✓		
Explore the application of fintech and digital tools	✓	✓		⊙ Provides access for digital payment systems to customers through PLC Touch App & PLC online platforms as well customers can access ATMs through People's Bank ATM network. ⊙ Launch of PLC SmartForce, enabling our marketing officers to use tablets integrated with real-time access to our core systems ⊙ Continued with eDoc,receipts and eMemo for a paperless working environment ⊙ Launch of Gold Cash Card
02. Integrate ESG Risk Management into overall decision making process				
Develop internal ESG risk management strategies & methods	✓	✓	✓	
Disclose both positive and negative environmental and social impacts generated through investment	✓	✓	✓	
Disclose Sustainable Finance policies and programmes & Policy on ESG Sustainability	✓	✓		Company Policy on ESG Sustainability in placed
Include ESG factors in internal rating system				
Incorporate ESG risks to overall risk management framework and entire decision making process				

Key Action	Timeline			Progress made during FY 2024/25
	Short-term Up to 2023	Mid-term 2024-2026	Long-term 2027-2030	
03. Capacity Building on ESG Risk Management Skills				
Develop internal expertise or hire sustainable finance professionals to implement SFAs	✓	✓		⊙ Engaged with external expertise on developing the Sustainable Finance Framework for company upon conducting a peer benchmarking ⊙ Engaged employees in external training and workshops on Sustainability, ESG, Green Finance, and Reporting to build capacity and stay aligned with local/global trends.
Participate and learn from international collaboration platforms & expand and deepen the international cooperation and coordination on knowledge sharing and capacity building	✓	✓		⊙ Continued the SSCI programme with EOSD to gain expertise in globally accepted frameworks promoting a holistic approach to sustainability for financial institutions.
Employee capacity building on ESG risk management skills	✓	✓	✓	⊙ Continued with ESG Awareness Tuesday E-Flyer on Sustainability/ESG Aspects ⊙ Educating subsidiary employees on ESG - conducted awareness programme to PIL Top Management ⊙ Participation for external training sessions - ESG Summit 2024/capacity building sessions on SLFRS S1 & S2 conducted by CA Sri Lanka
Support the implementation of sustainable finance campaign programs at local level		✓	✓	
Increase financial literacy among consumers, particularly vulnerable groups, including women, youth, the poor, and those with poor educational backgrounds				
04.Monitoring & Reporting on ESG Performance				
BoD oversee & monitor progress of Sustainable Finance related Activities	✓	✓		Report the progress made towards Sustainability/ Sustainable Finance to BoD on periodically basis.
Disclose of sustainable finance policies and activities & its impact				Company Policy on Environment, Social & Governance Sustainability (ESG) in placed.
Publicly disclose ESG performance and impact				
Disclosure on environmental and social impact generated from business activities in company Annual Report through internationally recognized Sustainability reporting frameworks/ standards				People's Leasing Annual Report is compiled with Global Reporting Initiative (GRI) standards - 'In Accordance with the GRI Standards', issued by Global Sustainability Standards Board.

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY: A WAY OF THINKING, A WAY OF BEING, A PRINCIPLE WE MUST BE GUIDED BY

SUSTAINABILITY JOURNEY OF PEOPLE'S LEASING: FRAMEWORKS AND STRATEGIC DIRECTION

DIRECTIVES ISSUED BY CENTRAL BANK OF SRI LANKA (CBSL)

- Roadmap for Sustainable Finance of Sri Lanka
- Sri Lanka Green Finance Taxonomy
- Non-Banking Financial Institutions (NBFI) sector guideline on Sustainable Finance Activities which is applicable to all licensed finance companies
- National Financial Inclusion Strategy for Sri Lanka

DIRECTIVES ISSUED BY COLOMBO STOCK EXCHANGE (CSE)

- CSE Sustainability Reporting Guide - version 03 of guidance for communicating sustainability

DIRECTIVES ISSUED BY FINANCE HOUSES ASSOCIATION (FHA)

- Sustainability Mandate Licensed Finance Companies in Sri Lanka

DIRECTIVES ISSUED BY CA SRI LANKA

- Revised Code of Best Practice of Corporate Governance
- SLFRS S 01 & 02

VOLUNTARY ADHERENCE FOR GLOBAL SUSTAINABILITY REPORTING / REPORTING STANDARDS / FRAMEWORKS

- Global Reporting Initiative (GRI) issued by the Global Sustainability Standards Board (GSSB)
- United Nations (UN) Sustainable Development Goals (SDGs)
- ISO 14064-1:2018 Organization Level for Quantification and Reporting of Greenhouse Gas (GHG) Emissions and Removal



ESG SUSTAINABILITY

ENVIRONMENT SUSTAINABILITY

- Green Awareness
- Green Operations
  - Digitalization
  - Procurement
  - Responsible Paperless Operations
- Green Finance
- Conserve Environment

ECONOMIC SUSTAINABILITY AND GOOD GOVERNANCE

- Ethical Leadership & Decision-Making
- Board Independence & Diversity
- Risk Management
- Regulatory Compliance
- Internal Controls and Audit
- Business Ethics, Transparency and Ethical Behaviour
- Policies and Procedures

SOCIAL SUSTAINABILITY

- Ethical Investing and Lending
- Diversity & Inclusion
- Customer data & privacy
- Financial Literacy
- Community Engagement
- Inclusive Financial Services
- Customer Protection



SLFRS S1 & S2 ADOPTION

UNDERSTANDING CONTEXT

In the current year, People's Leasing obtained the service of an external consultant to guide the Company's efforts to comply with the SLFRS S1 & S2 standards set to come into effect from the forthcoming reporting period. As a first step towards adopting SLFRS S1 and S2, People's Leasing initiated a comprehensive scenario analysis to assess the sustainability and climate-related risks relevant to its business model and value chain. This process began with the identification of key environmental, social, and climate-related factors that could potentially impact the Company's operations, stakeholders, and long-term value creation. A detailed review of internal operations and external environmental drivers was conducted, guided by global reporting frameworks and regulatory expectations. Various plausible future scenarios were developed to reflect different levels of climate and sustainability impact, taking into account macroeconomic, sectoral, and regulatory developments.

These scenarios were then mapped against People's Leasing's core business activities to identify potential vulnerabilities and points of exposure across the business model and value chain. The outcome of this exercise will inform the Company's future disclosures under SLFRS S1 and S2, and serve as a foundation for integrating climate risk into strategic planning and enterprise risk management.

SCENARIO ANALYSIS

Climate Related Risks		Impact Business Model	Impact Timeline			Impact to the Value Chain	Impact Timeline		
			ST	MT	LT		ST	MT	LT
Physical Risks	Extreme weather events	Increased credit risk owing to high default rate from customers affected by disasters	✓			Transport interruptions, and logistical delays faced by suppliers may impact the availability of essential products and services for daily operation	✓	✓	
		Lenders may demand higher risk premiums due to repeated climate-related financial risk increasing People's Leasing's cost of borrowing		✓		Inadequate response to climate-related events may lead to loss of investor and customer confidence, affecting market positioning			✓
		Repeated weather events may lead to lower resale values of leased assets (e.g., vehicles frequently affected by floods) resulting potential asset write-offs on leased vehicles			✓				
	Rising Temperatures	Increased energy consumption for cooling at PLC's branches and offices, leading to higher operational costs		✓	✓				
		Reduced workforce productivity in certain sectors, adversely affecting loan repayments			✓				
Transition Risk	Regulatory & Policy Risks	Stricter vehicle emission standards could reduce demand for conventional vehicle leasing, forcing People's Leasing to explore electric vehicle (EV) financing.		✓		Increased Reporting Requirements – SLFRS S1 & S2 require financial institutions to disclose sustainability-related risks and climate-related financial impacts	✓	✓	
		Regulatory bodies may require financial institutions to limit financing to carbon-intensive industries or increase lending to green projects. People's Leasing may need to adjust its lending portfolio, affecting existing business models.		✓	✓	Investors and financial institutions may demand stronger ESG commitments before providing financing		✓	

SCENARIO ANALYSIS

Sustainability Related Risks		Impact Business Model	Impact Timeline			Impact to the Value Chain	Impact Timeline		
			ST	MT	LT		ST	MT	LT
Transition Risk	Evolving Customer Behaviour & Risk Perception	Borrowers may demand flexible leasing contracts to mitigate climate-related losses, requiring People's Leasing to modify its financial products and modify risk models to incorporate climate stress testing, limiting exposure to vulnerable sectors.		✓	✓	Collaborations with government agencies, insurance firms, and sustainability-focused investors to mitigate financial risks.		✓	✓

SLFRS S1 & S2 IMPLEMENTATION TIMELINE

Area	Action Plan	Timeline
Governance	⊙ Establish a Board subcommittee for Sustainable Finance. ⊙ Establish a feedback mechanism that allows governance bodies to communicate their information needs. ⊙ Include sustainability related responsibilities in the Company's internal governance policies. ⊙ Evaluates trade-offs associated with sustainability related risks and opportunities.	During the 1Q of FY 2025/26
Strategy	⊙ Gather external evidence through industry trends. ⊙ Identify key specific sustainability related risks and opportunities which might impact the Company's financial prospects. ⊙ Link identified specific sustainability related risks and opportunities with the Company strategy.	During the 1Q - 2Q of FY 2025/26
Risk Management	⊙ Outline processes to proactively identify and assess sustainability related risks across the Company operations. ⊙ Implement a structured framework that specifically addresses sustainability related risks. ⊙ Integrate sustainability risk management into the Company's existing ERM Structure. ⊙ Establish policies to continuously monitor sustainability related risks.	During the 2Q - 3Q of FY 2025/26
Metrics and targets	⊙ Establish a process for regularly reviewing the external metrics use by the Company. ⊙ Need to identify specific metrics commonly used within the sector including the insurance sector.	During the 2Q - 3Q of FY 2025/26

STRATEGY AND RESOURCE ALLOCATION

PEOPLE'S LEASING ADOPTS A STRUCTURED AND DYNAMIC APPROACH TO STRATEGY DEVELOPMENT THAT ENSURES ALIGNMENT WITH ITS LONG-TERM VISION, STAKEHOLDER EXPECTATIONS, AND EVOLVING MARKET CONDITIONS. THIS PROCESS INVOLVES A THOROUGH ENVIRONMENTAL ANALYSIS, SUPPORTED BY REGULAR EVALUATIONS OF MACROECONOMIC FACTORS, INDUSTRY TRENDS, AND REGULATORY DEVELOPMENTS TO IDENTIFY EMERGING RISKS AND OPPORTUNITIES. CONCURRENTLY, AN INTERNAL PERFORMANCE REVIEW ASSESSES OPERATIONAL EFFICIENCY, RESOURCE ALLOCATION, RISK APPETITE, AND ORGANISATIONAL CAPABILITIES TO PINPOINT STRENGTHS AND WEAKNESSES.

Stakeholder engagement plays a vital role by incorporating feedback from customers, employees, regulators, shareholders, and communities, ensuring the strategy reflects diverse perspectives and expectations. These insights feed into a detailed SWOT analysis, offering strategic clarity on priority areas. The Company then translates this analysis into actionable strategies through the TOWS matrix, leveraging strengths, addressing weaknesses, capitaliSing on opportunities, and mitigating threats. Finally, the strategic plans are implemented across business units with clearly defined KPIs, while ongoing monitoring and periodic reviews enable timely course corrections and continuous improvement.



STRENGTHS

- Strong market positioning with "People's Band
- Extensive branch network
- Stable asset quality
- Experienced leadership
- Loyal and high functioning workforce
- Strong financial position
- Strong IT infrastructure and robust digital front end

TOWS APPROACH

S–O Strategy: Leverage strengths to capture opportunities.

Use People's Leasing's core competencies, such as strong brand reputation, skilled workforce, financial stability, and technological infrastructure to develop innovative products and services, expand into new markets.

S–T Strategy: Use strengths to mitigate external threats

Use the Company's robust risk management frameworks, and resilient operational capabilities to anticipate, respond to, and minimise the impact of challenges such as market volatility, regulatory changes, competitive pressures, and economic uncertainties.

WEAKNESSES

- Maturity mismatch between assets and liabilities
- Limited product innovation
- Gaps in digital infrastructure
- High sensitivity to interest rate movements due to the reliance on lending income
- High credit risk exposure
- Moderate use of advanced analytics

TOWS APPROACH

W–O Strategy: Improve internal gaps by capitalising on external opportunities

Targeted investments to align internal improvements with emerging market trends, customer demands, and industry innovations, in order strengthen People's Leasing's competitive position, enhance efficiency, and unlock new growth avenues.

W–T Strategy: Identify and address weaknesses to mitigate threats

Identify and address weaknesses by conducting thorough internal assessments to uncover vulnerabilities that could be exploited by external risks. Once identified, these weaknesses are systematically addressed through process improvements, capacity building, and strategic realignment. This proactive approach minimises People's Leasing's exposure to threats such as market competition, regulatory non-compliance, or operational inefficiencies, thereby enhancing overall resilience and safeguarding long-term performance.

OPPORTUNITIES

- Expected boom in Sri Lankan economy specifically SME sector resulting in the heighten demand for credit
- Growing interest in digital financial services
- Existence unbanked and underbanked segments seeking financial assistance
- Shoot towards green financing

THREATS

- Competitive pressures
- High staff attrition
- Cyber security threats

STRATEGY AND RESOURCE ALLOCATION

SUSTAINABLE GROWTH

People's Leasing is dedicated to responsible business expansion, playing a crucial role in empowering the SME sector and underserved communities often overlooked by traditional banks. By fostering financial inclusion and economic growth while ensuring financial stability, the Company adopts a balanced approach that integrates innovation, market penetration, operational efficiency, and customer-centric strategies. This enables enhanced competitiveness, stronger brand trust, and a greater share in the financial services industry.

MATERIAL MATTERS

- Macro- economic Amenableness
- Business Vitality
- Innovation in parallel with Market Demand and enhancing Digital Applications
- Financial Stability
- Resource Optimisation
- Sustainable Growth through Sustainable Finance
- Inclusive Finance and minimising Inequalities
- Climate Action
- Ethics and Integrity

KEY RISKS

- Credit Risk (Default Risk)
- Market Risk (Interest Rate Risk)

TACTICAL FOCUS

- **Promoting financial inclusion** ensures accessible financial services to empower individuals and small businesses to engage fully in economic participation. This approach also drives long-term growth by expanding the customer base, diversifying risk, and aligning with national development goals ensuring equitable and resilient progress.
- **Integration of ESG criteria into the investment decision- making processes,** reflecting a shift towards more responsible and ethical investing practices. The Company is incorporating sustainability considerations into the risk management frameworks, recognising the materiality of ESG risks to long-term financial performance
- **Safeguarding credit quality to** ensure financial stability, risk mitigation, and long-term sustainability. Through robust credit assessment, prudent lending, and ongoing portfolio monitoring, the Company minimizes defaults and protects asset quality. This approach also enhances stakeholder confidence, supports regulatory compliance, and reinforces responsible, inclusive lending practices
- **Operational efficiency and cost optimisation** though digital transformation initiatives to improve internal efficiencies alongside cost containment and lean management practices
- **Reduce maturity mismatch** by diversifying funding sources and optimal asset-liability management

FY 2024/25 DASHBOARD

Resource Allocation Highlights

- 02 branches relocated as part of the branch re-sizing strategy
- Digital enablement of Branch teams as part of smart positioning of branches
- Forged a new strategic business partnership to promote ecofriendly vehicle financing
- Rs. 580.08 Mn disbursed through Green Financing Schemes
- Roll out of the Call Management System (CMS) to serve as an early warning mechanism for recoveries
- PLCCORE system was further enhanced to generate actionable insights on credit, default, and concentration risks

CAPITALS IMPACTED



SDG'S



OUTCOMES

For the Year	2024/25	2023/24	2022/23
Total Portfolio (Rs.Mn)	157,092.39	103,650.45	114,278.95
Loan and Lease Disbursements (Rs. Mn)	101,909.90	44,294.83	9,347.70
Gold Loan Portfolio growth (year on year growth %)	85.15%	26.56%	239.54%
NPL Ratio (%)	5.86	15.84	13.91
Borrowing mix (Deposits: Other) (%)	88.33:11.67	87.99:12.01	80.52:19.48
Cost per branch (Rs. Mn)	81,990.36	70,593.20	65,492.40
Cost-to-income ratio (%)	54.96	55.61	52.64

KEY PRIORITIES FOR THE FUTURE

Short Term

- Set up 10 new branches to promote financial inclusion in underserved regions across Sri Lanka
- Leverage favourable macroeconomic conditions to drive credit expansion
- Enhance operational efficiency through a skilled workforce.

Medium Term

- Expand digital platforms to facilitate convenient repayment of dues
- Strengthen sustainable financing solutions

Long Term

- Deliver value-driven financial solutions while navigating market conditions.
- Strengthen risk assessment frameworks for sustainable portfolio growth.

STRATEGY AND RESOURCE ALLOCATION

EMPOWERING PEOPLE

People's Leasing strives to cultivate a workplace where talent thrives, underpinned by a deep commitment to humanity. Through engagement, empowerment, and a culture of growth, the organisation fosters an environment where employees feel valued, respected, and inspired to excel. By prioritising empathy, integrity, and well-being, the company ensures a fulfilling and rewarding career journey for every individual.

MATERIAL MATTERS

- Macro- economic Amenableness
- Business Vitality
- Health and Safety
- Brain Drain
- Best Fit Employees
- Customer Experience
- Ethics and Integrity

KEY RISKS

- Operational Risk

TACTICAL FOCUS

- **Train the marketing team to adopt a customer-centric mindset, integrating empathy and humanity in every interaction** by investing in specialised training sessions focused on customer-first strategies. These efforts are further reinforced through targeted incentive programmes
- **Managing employee Performance by investing in advanced performance** management systems to effectively track employee progress and ensure alignment with corporate objectives, supported by a transparent feedback mechanism that fosters open communication and continuous improvement. Complementing these efforts are robust reward schemes, including performance-based incentives, which recognise and motivate high-performing employees.
- **Career development and succession planning** aimed at building a strong internal talent pipeline and prepare future leaders from within. Key priorities include, mentorship programmes and professional certifications, and building employee skills in emerging financial technologies.
- **Leadership development** by investing in managerial skill development and leadership workshops, job rotation, special assignments to empower employees to take ownership of tasks and decision making
- **Creating a positive work environment** through team-building activities, employee engagement programs, and social responsibility initiatives that promote collaboration and a sense of purpose. Additionally, resources PLC strives to foster a workplace that is inclusive and free from discrimination and bias, ensuring every employee feels respected, supported, and empowered to thrive.

FY 2024/25 DASHBOARD

Resource Allocation Highlights

- Rs. 4,864.57 million distributed as monetary benefits to employees
- 10% salary increment for all employees
- 100% of employees receiving the annual performance evaluation
- 79,826 training hours
- Launch of the "Talent Pool" initiative
- Launch of the HR at Your Doorstep programme

CAPITALS IMPACTED



SDG'S



OUTCOMES

For the Year	2024/25	2023/24	2022/23
Employee Retention Rate (%)	83.60	79.74	89.22
New Recruits	964	359	85
Promotions	823	598	28
Gender Ratio	1,923:753	1,498:554	1,591:523
Female representation at Senior Management Level (%)	9.09	10.64	13.95
Incidents of discrimination	Zero	Zero	Zero

KEY PRIORITIES FOR THE FUTURE

Short Term

- Modernise HR operations by enhancing digital tools for performance tracking and service delivery.
- Strengthen leadership accountability through performance-aligned KPIs and refreshed incentive structures.
- Foster closer staff engagement through branch-level HR visits and employee communication forums.

Medium Term

- Recalibrate rewards systems to promote continuous performance and fairness across all levels.
- Build leadership capacity internally via mentorships, job rotations, and professional growth initiatives.
- Realign HR frameworks and policies to stay in step with organisational goals and workforce expectations.

Long Term

- Position People's Leasing as an employer of choice by creating a purpose-driven and people-first workplace culture.
- Future-skill the workforce by investing in training for emerging financial technologies and innovation readiness.

STRATEGY AND RESOURCE ALLOCATION

BUILDING STRONGER CONNECTIONS

People's Leasing is committed to fostering meaningful relationships with both internal and external stakeholders. The company enhances collaboration, engagement, and customer experience by ensuring trust, transparency, and long-term value creation in an evolving financial landscape, supported by seamless digital platforms

MATERIAL MATTERS

- Macro- economic Amenableness
- Business Vitality
- Innovation in parallel with Market Demand and enhancing Digital Applications
- Financial Stability
- Resource Optimisation
- Sustainable Growth through Sustainable Finance
- Inclusive Finance and minimising Inequalities
- Customer Experience
- Ethics and Integrity

KEY RISKS

- Operational Risk
- Strategic Risk
- IT & Cybersecurity Risk

TACTICAL FOCUS

- **Understanding and responding to evolving needs of customers by** offering tailored financial solutions that cater to individuals, SMEs, and corporates across varying income levels and business profiles. This includes flexible leasing options, targeted loan products, and value-added services that are designed to support different financial goals, be it asset acquisition, business expansion, or personal mobility. By customising offerings, the Company ensures greater relevance, satisfaction, and long-term customer loyalty.
- **Ensuring seamless access to financial services** through the extensive branch network, coupled with a robust digital ecosystem comprising mobile apps, online portals, and self-service tools that allow customers to interact anytime, anywhere. This dual-channel strategy enhances convenience, improves turnaround times, and strengthens inclusivity across customer segments
- **Service excellence** by emphasising personalised engagement including providing guidance, transparent communication, and responsive support at every stage of the customer journey. Trained marketing officers and frontline staff ensure customers feel valued and understood, which enhances satisfaction and builds long-term brand affinity. Continuous staff training and customer feedback mechanisms further reinforce a culture of service excellence across all touchpoints.
- **Safeguarding customer data and ensuring secure digital transactions** by maintaining a robust IT security posture coupled with regular risk assessments to ensure compliance with data protection regulations.

FY 2024/25 DASHBOARD

Resource Allocation Highlights

- Introduced Customised Gold loans products for target customer segments such as teachers, government officers, self-employed individuals
- Conducted the first-ever brand health study
- Introduced digital payment capability for Gold Loans through the PLC Touch-app
- Introduced payment capability for Gold Loans through the People's bank CDM network
- Reminder alerts to customers regarding upcoming FD renewals together with the automatic renewal option
- Rs. 170.91 million spent on marketing and branding
- ISO 27001:2022 version upgrade
- Strengthening Information security governance with the appointment of the Chief Information Security Officer and the formation of the Information Security Steering Committee

CAPITALS IMPACTED



SDG'S



OUTCOMES

For the Year	2024/25	2023/24	2022/23
Growth in lending customer base (year on year growth %)	23.74	(8.21)	(9.18)
Growth in deposit customer base (year on year growth %)	5.49	(19.72)	23.79
FD Renewal Ratio (%)	65.43	61.12	49.75
Repeat Lending Customer Ratio	61.92%	36.87%	41.47%
Digital transaction volumes	1,022,963	1,012,196	967,386
Customer Complaints	77	166	128
Reported incidents regarding the breach of customer data	Zero	Zero	Zero

KEY PRIORITIES FOR THE FUTURE

Short Term

- Use brand intelligence to drive more effective communication.
- Support Local Small Businesses and Entrepreneurs.
- Promote financial literacy and employee-led community outreach.
- Introduce an automated vendor onboarding system.

Medium Term

- Achieve SSCI certification to enhance supply chain standards.
- Launch an AI-based platform for staff knowledge sharing.
- Implement a CSR strategy aligned with business goals.

Long Term

- Empower communities through sustainable financial solutions.
- Expand services through innovation and new digital channels.
- Strengthen community financial inclusion and resilience.

STRATEGY AND RESOURCE ALLOCATION

COMMITMENT TO SUSTAINABILITY AND SOCIAL RESPONSIBILITY

People's Leasing is dedicated to protecting the environment and uplifting communities through responsible business practices. By integrating sustainable finance, eco-friendly initiatives, and community-driven programs, the company strives to create a positive and lasting impact for future generations.

MATERIAL MATTERS

- Macro- economic Amenableness
- Business Vitality
- Resource Optimisation
- Health and Safety
- Principle Relationships
- Inclusive Finance and minimising Inequalities
- Climate Action
- Ethics and Integrity

KEY RISKS

- Operational Risk
- Sustainability Risk

TACTICAL FOCUS

- **Reducing the carbon footprint** through energy-efficient operations, responsible waste management, and minimising resource consumption. Strategic initiatives such as adopting green building practices, promoting paperless operations, and supporting reforestation or conservation programmes.
- **Building a strong and reliable supplier network to** support consistent quality, timely delivery, and cost-effectiveness, while also fostering collaboration and innovation
- **Enhance social well-being and empower individuals** to achieve economic independence through targeted community development initiatives aimed at improving education, healthcare, financial literacy, and livelihood opportunities, especially in underserved areas

FY 2024/25 DASHBOARD

Resource Allocation Highlights

- GHG Inventory report independently verified in line with the ISO 14064:2018 standard
- Rs. 364,542 spent on Green Outreach programmes
- Rs. 1,075.54 million invested in CSR

CAPITALS IMPACTED

SDG'S

OUTCOMES

For the Year	2024/25	2023/24	2022/23
Carbon Footprint (tCo_2e)	5,663.76	3,974.42	4,149.30
New suppliers screened and on-boarded	57	25	146
Amount paid to suppliers (Rs. million)	152,380.82	76,385.13	43,390.38

KEY PRIORITIES FOR THE FUTURE

Short Term

- Conduct campaigns aimed at enhancing community-level knowledge on financial and digital literacy.
- Encourage employee participation in community service with paid volunteer days and recognition programs.

Medium Term

- Develop a Strategic CSR Agenda to align with the Company's long term objectives

Long Term

- Creating a Legacy of Financial Empowerment Across Generations

INTEGRITY-DRIVEN GOVERNANCE

People's Leasing upholds the highest standards of ethics, transparency, and accountability. Through strong governance frameworks and responsible leadership, we ensure trust, compliance, and sustainable value creation for all stakeholders

MATERIAL MATTERS

- Macro- economic Amenableness
- Business Vitality
- Financial Stability
- Resource Optimisation
- Sustainable Growth through Sustainable Finance
- Principle Relationships
- Inclusive Finance and minimising Inequalities
- Climate Action
- Ethics and Integrity

KEY RISKS

- All Risks

TACTICAL FOCUS

- **Clear strategic direction and effective risk management in line with the Company's sustainability ambitions and long-term vision.**
- Upholding high standards of ethics, transparency, and accountability to ensure integrity, regulatory compliance, and responsible decision-making
- Integrate ESG-related risks into the corporate risk management framework, ensuring that Sustainability risks are regularly assessed, monitored, and reported
- **Enhancing trust and transparency by** engaging regularly with communities, customers, employees, and other stakeholders to create shared value

FY 2024/25 DASHBOARD

Resource Allocation Highlights

- Compliance with the CSE Listing rules
- Strengthening risk appetite limits
- Ongoing improvements under the SSCI standard certification
- Preparation for the SLFRS S1 & S adoption

CAPITALS IMPACTED

SDG'S

OUTCOMES

For the Year	2024/25	2023/24	2022/23
Total Non-executive directors in the Board	10	11	08

KEY PRIORITIES FOR THE FUTURE

Short Term

- Ensure full compliance with CSE Listing Rules to maintain market confidence and regulatory trust.
- Implement and refine risk appetite limits to align risk tolerance with sustainability ambitions and stakeholder expectations.
- Advance SSCI certification and ESG risk integration.
- Establish Board Sub-Committee to govern sustainability matters including SLFRS S1 & S2

Medium Term

- Fully integrate ESG risks into risk management.

Long Term

- Institutionalize ethics-driven governance culture.
- Continuously evolve governance frameworks with global standards.

Linking Performance and Purpose

OUR SUCCESS IS NOT JUST MEASURED IN NUMBERS BUT IN THE VALUE WE CREATE FOR PEOPLE. WITH A STEADFAST FOCUS ON DIGITAL TRANSFORMATION AND CUSTOMER-CENTRIC INNOVATION, WE CONTINUE TO STRENGTHEN OUR IMPACT TURNING CHALLENGES INTO OPPORTUNITIES FOR LASTING GROWTH.





MANAGEMENT COMMENTARY

76 Business Review
84 Subsidiary Review
90 Financial Capital
104 Manufactured Capital
112 Intellectual Capital
120 Human Capital
132 Social and Relationship Capital
146 Natural Capital

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.

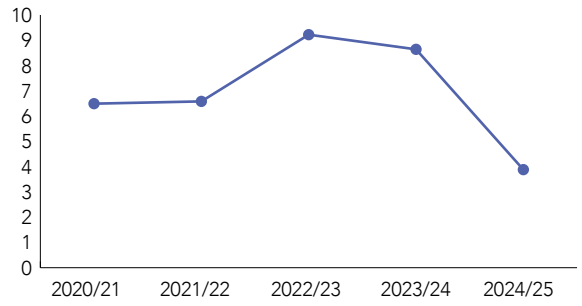
Simultaneously, on-site vehicle auctions were conducted to minimise losses, ensuring that repossessed assets were liquidated to alleviate the pressure on the company's bottom line. Enhancing the legal recovery process was another critical focus area, with significant improvements introduced to streamline 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

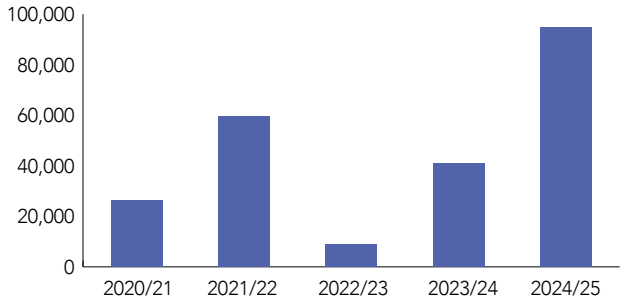
Impairment as a % of Portfolio

%



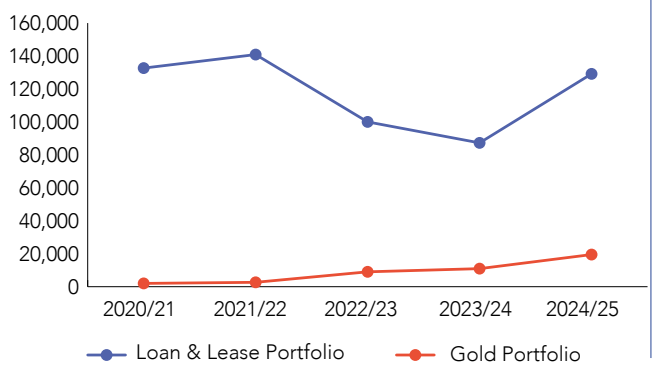
Loan and Lease Disbursements

Rs.Mn



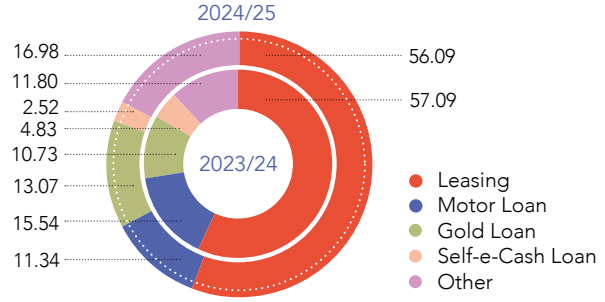
Loan and Lease Portfolio Movement

Rs.Mn



Composition - Loan and Lease Portfolio

%



Business Review

LOANS AND LEASES

FUTURE OUTLOOK

Focus for the Future	Loans & Leases	Recoveries
Short-Term	⊙ 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.	⊙ Implement digital platforms to facilitate convenient repayment of dues. ⊙ Improve accessibility and efficiency in collections.
Medium-Term	⊙ Establish strategic partnerships to expand green lending. ⊙ Strengthen sustainable financing solutions.	⊙ Enhance arbitration and settlement negotiations for faster recoveries. ⊙ Streamline the summons-serving process for legal proceedings.
Long-Term	⊙ 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.	⊙ 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.

Business Review

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
- Musharkah
- Wadi'ah Gold Safekeeping
- Mudharabah Savings
- Mudharabah Fixed Investments
- Wakalah Fixed Investments



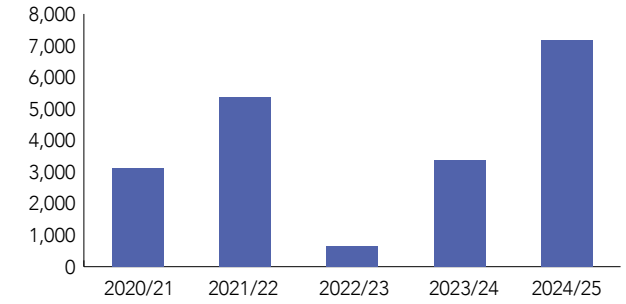
Business Review

ISLAMIC FINANCE

KEY PERFORMANCE HIGHLIGHTS

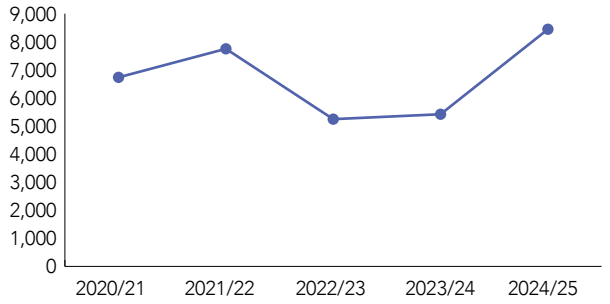
New Disbursements

Rs.Mn



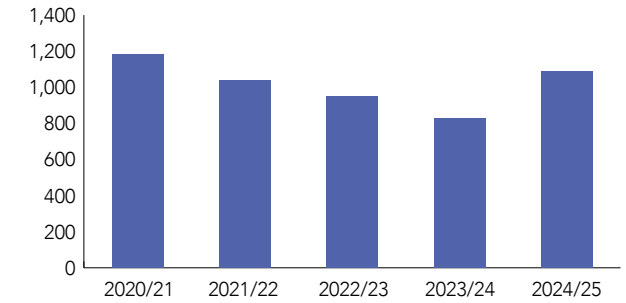
Portfolio Movement

%



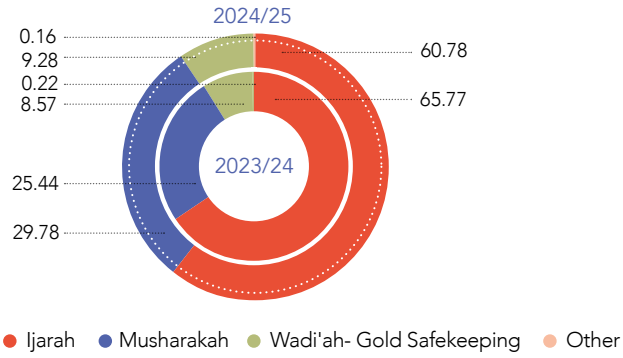
Financing Income

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	⊙ Extend Islamic Finance services across the branch network (30 branches to be covered in the next financial year).	⊙ Launch a Loyalty Card for Wadi'ah Gold Safekeeping customers
Medium-Term	⊙ Expand the savings suite through the introduction of Sahim (Investment Plan).	⊙ Diversify the financing portfolio through the introduction of Self-e-Cash – Benevolent loan against Islamic Investment.
Long-Term	⊙ Expand investment offerings to cater to institutional investors and international markets with the launch of Sukuk (Bonds)	⊙ 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

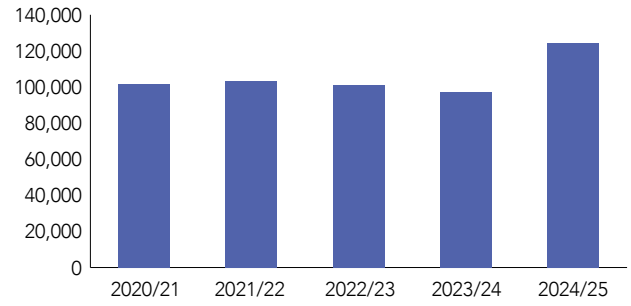
- Super savings
- Senior Citizen Savings
- Premier Investment Plan
- Senehasa Savings
- Senehasa Future Investment Plan
- Micro-finance Savings



KEY PERFORMANCE HIGHLIGHTS

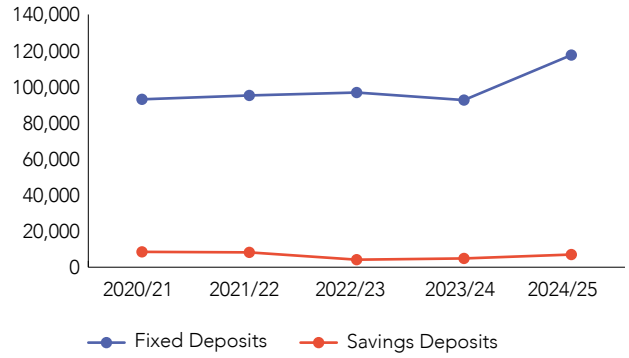
Deposit Portfolio

Rs.Mn



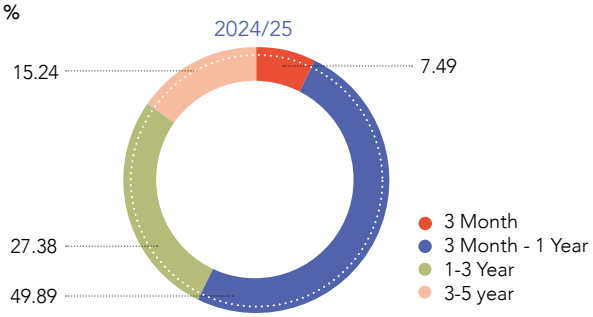
Fixed Deposits & Savings Deposits Movement

Rs.Mn



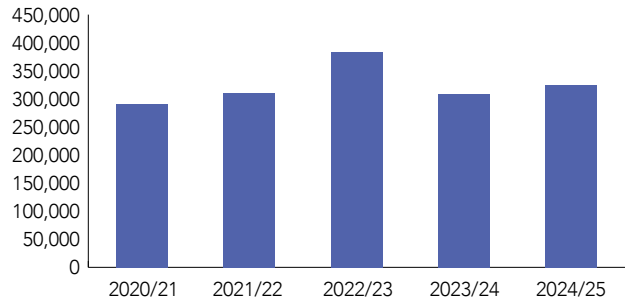
Deposit based on Maturity

%



Number of Deposit Customers

Number



FUTURE OUTLOOK

Focus for the Future	Fixed Deposits	Savings
Short-Term	⊙ Sustain and strengthen the existing deposit portfolio in the face of increasing market competition.	⊙ 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	⊙ Strategically target the younger, digitally-inclined audience through enhanced online engagement, complemented by tailored financial solutions and reward-based offerings.	⊙ Facilitate the digital onboarding of clients by offering a seamless and efficient online savings account opening process.
Long-Term	⊙ Aspire to establish market leadership in the Fixed Deposit portfolio segment through competitive offerings and sustained growth.	⊙ Strive to become the market leader in the Savings portfolio through sustained growth and customer-focused strategies.

Subsidiary Review

PEOPLE'S INSURANCE PLC

OPERATING CONTEXT

In 2024, the Sri Lankan economy showed encouraging signs of recovery following a prolonged period of turbulence. GDP growth reached 5% and inflation contained within the 4%–6% range, while prudent monetary policy helped stabilise interest rates. The Sri Lankan Rupee appreciated by 10.7% against the US dollar, collectively signalling the beginning of a long-awaited economic correction.

Amidst this backdrop of economic resurgence, Sri Lanka's general insurance industry demonstrated resilience, recording a 6.9% increase in Gross Written Premiums (GWP) during the year. Growth was led by the non-motor segment, particularly medical insurance, which saw a 17% expansion. In contrast, the motor segment remained subdued due to the continuation of import restrictions imposed in 2020, resulting in modest growth. Despite this, the motor segment still accounted for the majority share of overall GWP. On the claims side, the lingering effects of the 2022 economic crisis were evident, with inflation-driven increases in medical and motor claims placing significant pressure on underwriting profits. The situation was further exacerbated by the government-mandated 100% cession of SRCCT premiums to the National Insurance Trust Fund (NITF), contributing to an overall decline in industry profitability.

STRATEGY AND FOCUS

In light of the severe price competition induced by competitive pressures, PI adopted a risk-based pricing model and reinforced its data-driven underwriting approach to enhance pricing accuracy and risk assessment. Instead of competing solely on price, the Company differentiated itself through superior customer service, innovative product offerings, and efficient claims management.

To complement this, significant investments were made in digital technology to enhance service delivery, including improvements to the assessor application and the introduction of a direct claim payment mechanism to customers' bank accounts. A new online onboarding platform for motor insurance policies was also launched, streamlining the policy acquisition process. Furthermore, the sales force was expanded and up-skilled to drive personalised door-to-door service as a key differentiator.

Meanwhile, capitalising on the revival of the tourism sector, several new tailored insurance products were launched in partnership with travel and hospitality entities. The company also pursued partnerships with financial institutions to expand its distribution network and cross-sell insurance products, applying localised strategies to match regional needs and preferences.

AWARDS AND ACCOMPLISHMENTS

In recognition of its strong performance, customer-centric approach, and ongoing innovation, People's Insurance PLC received several prestigious accolades in 2024. At the Global Banking and Finance Awards, PI was named Non-Life Insurance Brand of the Year – Sri Lanka and won the Best Auto Insurance Process (Call & Go) – Sri Lanka award, highlighting the Company's technological excellence in streamlining customer experience.

At the Global Economics Awards, PI was honoured as the Non-Life Insurer of the Year – Sri Lanka, further validating its status as a market leader. Additionally, the Iconic Awards Sri Lanka recognised the Company's outstanding commitment to service excellence, with the award as the Best Customer Service in General Insurance – People's Excellency Award 2024.

Further, PI was recognized for excellence in financial reporting with Gold Award for Insurance Sector (Gross Premium up to Rs. 10 Bn) under insurance sector at the TAGS Award 2024 organised by the Institute of Chartered Accountants of Sri Lanka and a Merit Award at the CMA Excellence in Integrated Reporting Awards 2024.

IMPACT SCORECARD

Contribution to Consolidated Revenue

17.01%

Share of Group Assets

6.12%

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

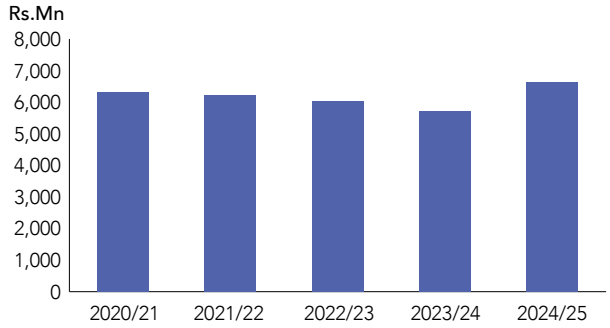
- Promoting financial inclusion
- SME sector growth
- Boosting Tourism Sector Recovery
- Advancing Digital Transformation
- Enhancing Climate and Disaster Resilience

Contribution to the achievement of the Sustainable Development Goals

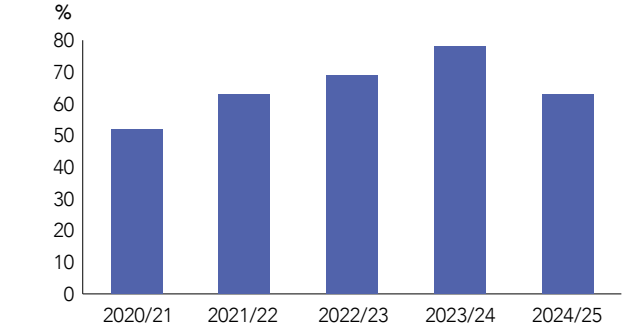


KEY PERFORMANCE HIGHLIGHTS

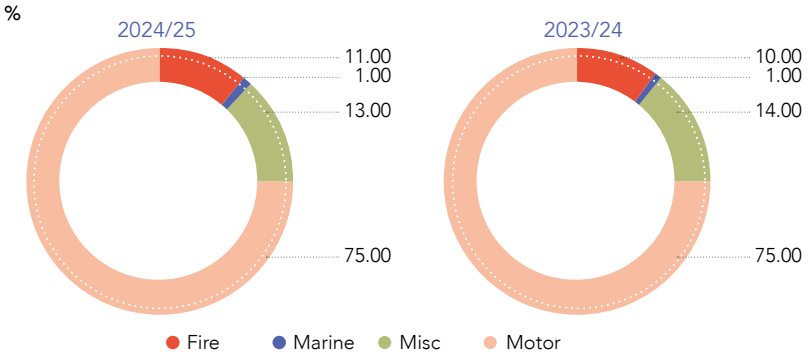
Gross Written Premium



Claims Ratio



Portfolio Split



FUTURE OUTLOOK

Focus for the Future	
Short-Term	⊙ Expand the non-motor segment through the regional sales force. ⊙ Break-even strategy for the national sales channel to ensure cost-efficiency. ⊙ Strengthen corporate client engagement via customised insurance solutions to secure long-term partnerships. ⊙ Target high-growth sectors such as SMEs, sports, solar energy, and tourism
Medium-Term	⊙ Expand market share via tailored solutions and enhanced client servicing capabilities. ⊙ Scale up digital capabilities including online policy issuance and AI-driven underwriting. ⊙ Introduce self-service claim tracking and chatbot-based customer support to improve customer convenience.
Long-Term	⊙ Establish a technology-led operating model through full integration of shared technology infrastructure. ⊙ Solidify PI's leadership in non-motor insurance across emerging and traditional sectors.

Subsidiary Review

ALLIANCE FINANCE PLC

OPERATING CONTEXT

In 2024, Bangladesh experienced a series of political and economic shifts, culminating in the formation of an interim government in August. The new administration has been focused on implementing reforms, strengthening governance, and rebuilding confidence in the national economy. However, despite these efforts, the business environment remained challenged. Currency volatility, a sluggish capital market, and rising non-performing loans (NPLs) have dampened both business and consumer sentiment, resulting in a considerable weakening of private sector credit appetite.

STRATEGY AND FOCUS

In response to the challenges faced during the year, Alliance Finance PLC adopted a balanced and cautious approach to portfolio growth, with a strong emphasis on asset quality over volume. While the loan portfolio recorded a slight decline compared to the previous year, this was a result of prudent risk management and selective lending practices in a volatile environment. Despite the marginal contraction in the portfolio, the Company recorded a commendable 10.81% year-on-year growth in interest income. This was supported by the strategic mobilisation of low-cost funds through partnerships with the World Bank's Infrastructure Funds and the Bangladesh Bank's refinancing schemes, which not only enhanced interest spreads but also contributed to funding diversification and financial sustainability. Consequently, AFPLC delivered a solid financial performance, with net profit for the period increasing by Rs.39.86 million year-on-year to reach Rs. 268.85 million, reflecting a 17.40% growth. This outcome underscores the Company's operational resilience and disciplined financial management amidst a challenging macroeconomic environment.

To maintain asset quality, AFPLC intensified recovery efforts by engaging directly with clients through regular visits to factories and offices. This hands-on approach strengthened client relationships and ensured smoother repayment flows. As a result, AFPLC reported an impressive NPL ratio (Stage 3 – Portfolio) of 8.64% as of March 2025, positioning it as one of the top-performing finance companies in the country in terms of asset quality.

SUSTAINABLE FINANCING INITIATIVES

AFPLC emerged as a trusted, full-spectrum financial services provider in Bangladesh, enabling the Company to make significant strides in its sustainable finance initiatives in the current year. AFPLC secured a long-term, low-cost project financing from the World Bank to support the development of a state-of-the-art data center. This initiative not only received commendation from the Bangladesh Bank but also reinforced AFPLC's capacity to support high-impact infrastructure projects. Additionally the Company's sustainable finance portfolio registered robust growth during the year, surpassing the central bank's sustainable finance target by 190%. A key disbursement included the low-interest technology development loan to an export-oriented apparel manufacturer offered under the central bank's refinancing scheme, to support the client to adopt energy-efficient technologies.

IMPACT SCORECARD

Contribution to Consolidated Revenue

4.64%

Share of Group Assets

6.22%

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

Supporting broader national priorities

- Promoting financial inclusion
- MSME sector growth
- Investment in renewable energy and energy efficient technology

Contribution to the achievement of the Sustainable Development Goals



FUTURE OUTLOOK

Focus for the Future	
Short-Term	⊙ Continue financing thrust sectors that promise stable returns and strategic alignment with national priorities ⊙ Maintain quality while cautiously growing the credit portfolio ⊙ Explore and secure new refinancing opportunities to ensure access to low-cost funding and preserve interest margins
Medium-Term	⊙ Support green businesses and energy-efficient projects in line with AFPLC's commitment to sustainable finance and the central bank's sustainability targets ⊙ Strengthen and diversify the portfolio by carefully expanding into high-impact, low-risk sectors as economic stability improves. ⊙ Deepen involvement in development finance through partnerships with global and national funding institutions
Long-Term	⊙ Expand into non-traditional financial services by acquiring wealth management and issue management licenses, enabling a broader suite of financial solutions

Subsidiary Review

PEOPLE'S MICRO-COMMERCE LIMITED

OPERATING CONTEXT

The operating environment in the current financial year was marked by continued volatility in interest rates and persistent inflationary pressures, which had a notable impact on People's Micro-Commerce Ltd (PML). The broader economic instability in Sri Lanka throughout 2024 and the early part of 2025 presented significant challenges for the small and medium-sized enterprise (SME) sector, which represents a substantial portion of PML's clientele.

In response to the constraints faced by its main customer segment - the SME sector, PML adopted a highly customised lending strategy. Tailored micro-loan products were introduced based on detailed assessments of each borrower's financial capacity, allowing SMEs to maintain continuity in operations and plan for gradual growth. The Company's approach emphasised flexible repayment plans aligned with client income cycles, to reduce financial stress and improve recovery, coupled with personal engagement, including regular visits and expert advice.

Meanwhile, in light of the growing market for locally assembled vehicles and eco-friendly solutions such as e-bikes, PML launched a series of special loan schemes with a view to capitalising on these emerging opportunities.

OTHER KEY DEVELOPMENTS

As part of the ongoing effort to broaden market reach and improve access to its products and services, PML expanded its branch network by opening three new branches in the current year, all strategically located to cater to underserved communities. Additionally, the Gampaha, Kalutara, Maharagama and Embilipitiya branches were relocated to improve operational efficiency and provide more accessible doorstep services. Collectively, these efforts have proven critical in enhancing customer convenience and strengthening PML's presence among the Company's target market segments across Sri Lanka.

Furthermore, PML strengthened its community engagement efforts, launching several financial literacy and personal development programmes, including leadership and motivational workshops, women empowerment and social mobilisation activities, and business development training sessions, all designed to foster long-term growth and resilience among clients.

IMPACT SCORECARD

Contribution to Consolidated Revenue

3.39%

Share of Group Assets

2.25%

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
- SME sector growth
- Enhancing Financial Literacy and Education
- Driving Women's empowerment by supporting women-led businesses

Contribution to the achievement of the Sustainable Development Goals



FUTURE OUTLOOK

Focus for the Future	
Short-Term	⊙ Enhance geographical reach by opening additional branches in identified underserved urban and rural areas in Sri Lanka ⊙ Launch easily deployable products such as Gold Loans and small-ticket asset build-up loans. ⊙ Expand the scope of the financial literacy programmes
Medium-Term	⊙ Introduce flexible digital payment options and integrate mobile wallets ⊙ Introduce mortgage loans and other mid-to-high complexity products
Long-Term	⊙ Create a fully digital onboarding and credit assessment platform

PEOPLE'S LEASING PROPERTY DEVELOPMENT LIMITED

OPERATING CONTEXT

People's Leasing Property Development Limited, established as a wholly owned subsidiary of People's Leasing & Finance PLC for the purpose of constructing the People's Leasing head office building, continues to operate within a relatively stable operating environment. The Company has fully rented out its office space until July 2026, ensuring 100% occupancy and uninterrupted rental income. As a BOI-registered entity, the Company also benefits from significant tax concessions.

STRATEGY AND FOCUS

In the absence of major growth avenues due to full occupancy of its rental space, the Company's strategic focus remained on maintaining financial resilience and maximising returns from its existing asset One of the key initiatives during the year was the restructuring of its loan from the parent company, People's Leasing & Finance PLC, which involved extending the repayment period to five years and locking in a fixed interest rate to shield the company from potential interest rate volatility and provided a more stable financial footing. Operationally, the Company continued to manage its cost structures prudently, while maintaining service standards for current tenants.

IMPACT SCORECARD

Contribution to Consolidated Revenue

0.82%

Share of Group Assets

0.64%

Addressing Stakeholder Expectations through Material Themes

- Developing Sustainable Ecosystems to support Sustained Wealth Creation regardless of Headwinds

Supporting broader national priorities

- Contributing to the Country's urban infrastructure and supporting business operations

Contribution to the achievement of the Sustainable Development Goals



PEOPLE'S LEASING HAVELOCK PROPERTIES LIMITED

OPERATING CONTEXT

A wholly owned subsidiary of People's Leasing & Finance PLC People's Leasing Havelock Properties Limited (PLHPL) owns and manages a 13 storey 75,000 sq.ft. A-grade commercial office building located at No. 07, Havelock Road, Colombo 05. The Company has succeeded in securing 100% occupancy of its office space, with all units fully rented out until July 2026, thereby securing a steady and uninterrupted stream of rental income.

STRATEGY AND FOCUS

With all floor space fully leased until July 2026, PLHPL's revenue remained consistent with the previous year. Moreover, as a BOI-registered entity, the Company continues to benefit from significant tax concessions. This favourable status, combined with secure lease agreements, has provided the Company with a strong degree of financi and operational stability.

PLHPL secured variable interest loans, and with the gradual decline in national interest rates, finance expenses decrease by 40% compared to the previous year. This substantial reduction in borrowing costs significantly contributed to the increase in PLHPL's operational profit.

IMPACT SCORECARD

Contribution to Consolidated Revenue

0.72%

Share of Group Assets

0.76%

Addressing Stakeholder Expectations through Material Themes

- Developing Sustainable Ecosystems to support Sustained Wealth Creation regardless of Headwinds

Supporting broader national priorities

- Contributing to the Country's urban infrastructure and supporting business operations

Contribution to the achievement of the Sustainable Development Goals



PEOPLE'S LEASING FLEET MANAGEMENT LIMITED

OPERATING CONTEXT

The year under review presented a mixed operating environment for People's Leasing Fleet Management Limited. On one hand, the gradual stabilisation of the vehicle market created positive momentum in the demand for vehicle valuation services from key customer segments. However, the progressive decline in market interest rates adversely affected the investment income from the Company's fixed deposit portfolio, creating pressure on overall earnings. Despite this challenge, the Company successfully negotiated a reduction in shared fee expenses with People's Leasing & Finance PLC, which helped to ease its fixed cost burden.

STRATEGY AND FOCUS

Considering the evolving business landscape, the Company implemented a strategic shift to transition from a fixed-cost to a variable-cost model through partnerships with freelance valuation officers across Sri Lanka. This change not only enhanced financial resilience, but also supported expansion into new geographic regions, increasing the Company national footprint.

Another significant advancement was the adoption of a new valuation system, which streamlined internal processes and accelerated the issuance of valuation reports. This technology-driven approach played a pivotal role in improving service efficiency and boosting customer satisfaction.

FUTURE OUTLOOK

Focus for the Future	
Short-Term	⊙ Leverage the variable-cost model to grow island-wide market share
Medium-Term	⊙ The Company intends to invest excess funds into more profitable ventures, including the potential reactivation of the vehicle rental business, which had been previously discontinued.
Long-Term	⊙ Diversify the business into more profitable ventures, such as vehicle service centers and other high-return opportunities

IMPACT SCORECARD

Contribution to Consolidated Revenue

0.35%

Share of Group Assets

0.11%

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

Supporting broader national priorities

- ⊙ Regional Economic Development and Job Creation
- ⊙ Digital Transformation and Public Sector Efficiency:
- ⊙ Infrastructure and Transport Sector Development:

Contribution to the achievement of the Sustainable Development Goals



FINANCIAL CAPITAL

GRI 3-3

MANAGEMENT APPROACH

People's Leasing's approach to managing Financial Capital is anchored in sustainability and prudence, forming the foundation upon which the Company ensures profitability, solvency, and optimal levels of capital adequacy and liquidity to drive growth.

With a solid financial base, capital is strategically allocated toward key priorities such as lending expansion, digital transformation, and risk mitigation. Through prudent deployment, the Company seeks to deliver sustainable, risk-adjusted returns that support both consistent dividend payouts and reinvestment for future growth. People's Leasing's integrated approach to financial capital management, also extends to allocating resources to develop other forms of capital, human, social, intellectual, and natural to ensure that the interests of shareholders and wider stakeholder groups are safeguarded across economic, social, and environmental dimensions.

Additionally, the Company upholds strong financial governance, reinforced by transparent financial reporting, rigorous stress testing, and scenario-based planning to enable informed decision making in capital allocation decisions and support adherence to regulatory requirements.

MATERIAL THEMES

- Geopolitical and socio-economic uncertainty
- Business model flexibility in a continually changing environment
- Developing sustainable ecosystems for long-term wealth creation
- Heightened demands on governance, compliance, and regulatory context

Financial Capital represents the monetary resources that enable us to operate, grow, and deliver value to our stakeholders. It includes the funds generated through our core business activities, shareholder equity, and access to external financing. At People's Leasing & Finance, we place strong emphasis on maintaining financial stability, profitability, and liquidity while prudently managing risk. Sound financial management allows us to invest in future growth, meet regulatory requirements, and continue offering competitive products and services to our customers. Our disciplined approach to financial stewardship also enables us to navigate changing market conditions with confidence and resilience.

Financial Capital is central to sustaining our operations, supporting our strategic priorities, and enhancing stakeholder confidence. We continue to focus on optimising capital allocation, maintaining healthy margins, and generating value through responsible lending and investment practices. In an evolving financial landscape, our commitment to robust capital management and financial discipline remains unwavering. By safeguarding our Financial Capital, we strengthen our ability to deliver long-term, sustainable returns to investors while supporting the economic well-being of our clients and communities.



VALUE DRIVERS

- Enhancement of Income Statement Performance
- Right-Sizing of the Balance Sheet
- Sustainable value creation for stakeholders

KEY INITIATIVES

- Achieved income growth & profitability through data-driven sales strategies, cross-selling, and new business expansion.
- Expand Loans & Advances Portfolio by 51.05% by targeting underserved segments and digital lending solutions.
- Improve short-term loan products to handle interest rate changes and respond quickly to market trends.
- Enhanced cost efficiency & prudent liability management through better resource allocation and financial planning.

STAKEHOLDER OUTCOMES

- Maximised value through strong financial returns, dividend growth, and efficient capital use
- Access to affordable, innovative financial solutions that build trust and loyalty
- Reliable, creditworthy, and trustworthy partner enabling win-win collaborations
- Empowered through digital tools, career development, and job security
- Aligned with national digital finance goals; ensures sector stability.
- Positive economic impact through improved access to finance and inclusion

OUTPUTS FOR PEOPLE'S LEASING

- Healthy YoY Net Interest Income Growth of 20.76%
- Cost Efficiency – Improvement in cost-to-income ratio to 54.96%
- Financial Resilience – Strengthened capital adequacy & solvency
- Diversified Income – Boosted non-interest income streams
- Strong Market Position – Improved credit ratings & governance



LEASE AND LOANS RECEIVABLES GROWTH

51.05%

22.94%

CORE CAPITAL RATIO

Rs. 3,016.13 Mn

TOTAL DIVIDEND PAID

Target 1.4|1.5

Target 8.2 | 8.3 | 8.10

Target 16.6

FINANCIAL CAPITAL

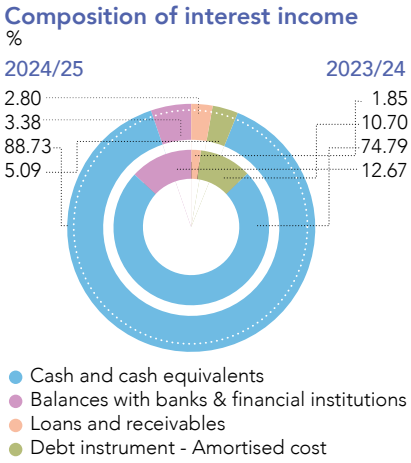
INCOME GROWTH

Net Interest Income

In FY 2024/25, People's Leasing registered Net Interest Income (NII) of Rs. 14,071.33 million, representing 20.76% growth from Rs. 11,652.42 million in 2023/24 which was primarily as a result of proactive management of interest expenses through disciplined cost control and prudent asset-liability structuring against the backdrop of the softening rate environment.

Total interest expenses decreased significantly by 30.14%, falling from Rs. 17,200.88 million in 2023/24 to Rs. 12,016.69 million. This reduction was primarily due to the faster repricing of short-term deposits and borrowings in line with declining market rates. Since customer deposits typically have shorter tenures (3 to 12 months), and adjust more quickly than lending products such as leases and term loans, which are priced over longer durations (30 to 36 months).

Total interest income declined by 9.58% year-on-year from Rs. 28,853.31 million to Rs. 26,088.02 million. Core fund-based products, particularly term loans and leasing, continued to deliver stable income of Rs. 23,148.92 million, reflecting the effectiveness of the Company's lending strategy and sound credit management process. Meanwhile, the strategic expansion of the short-term lending segment yielded good results, with gold loan interest income expanding to Rs. 1,836.87 million, up from Rs. 1,240.03 million in the previous year. This increase highlights the success of People's Leasing's portfolio realignment initiatives to take advantage of market shifts.

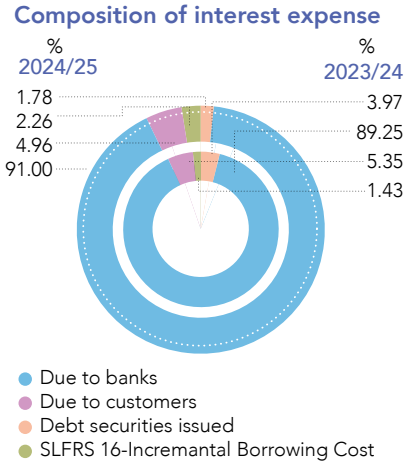


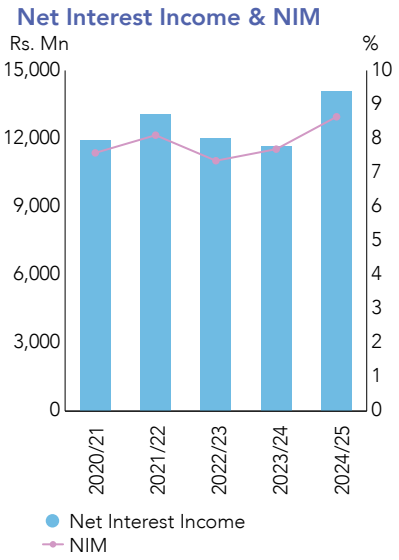
At the Group level, NII rose by 17.99%, reaching Rs. 16,460.08 million compared to Rs. 13,950.04 million in the previous year, reflecting improved cost efficiency and portfolio management across Group entities, supported by stable lease income and strategic pricing practices. Lease contracts, typically locked in at fixed rates for longer terms, continued to generate consistent revenue and helped cushion the impact of lower returns from other asset classes.

Net Interest Margin

At the Company level, Net Interest Margin (NIM) increased to 8.64% in the current year, from 7.69% in 2023/24, on the back of strategic emphasis on optimising the asset mix and maintaining cost-efficient funding sources. The improved margin showcases strong balance sheet management and a proactive approach in navigating interest rate movements, ultimately reinforcing profitability and financial resilience.

Similarly, NIM of the Group also increased to 8.85% in 2024/25, up from 8.03% in 2023/24, indicating continued positive performance year over year.

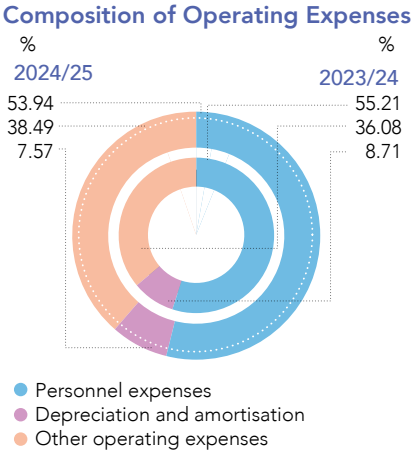




COST EFFICIENCY

Operating Expenses

During the financial year 2024/25, the Company reported a total operating expense of Rs. 9,018.94 million, compared to Rs. 7,694.66 million in the previous year, reflecting a 17.21% increase. This rise was largely driven by higher personnel costs and other operating expenses, influenced in part by continued inflationary pressures. Notably, the increase in personnel expenses highlights the Company's strategic investment in its people through enhanced employee welfare programmes, performance-based incentive schemes, and initiatives aimed at fostering a motivated, empowered, and high-performing workforce. These efforts reflect the Company's strong commitment to nurturing employee morale, supporting professional growth, and creating a workplace culture centred

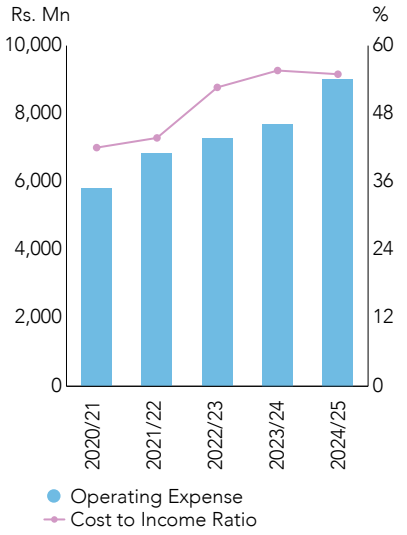


on engagement, inclusion, and continuous development.

Despite these dynamics, the Company's cost-to-income ratio improved to 54.96% from 55.61% in the previous year. This positive shift demonstrates enhanced operational efficiency and prudent cost management, even while investing in growth initiatives, employee engagement, and scalable infrastructure to support long-term sustainability.

The same dynamics were mirrored at the Group level, where total operating expenses rose by 16.63% to Rs.14,246.63 million, compared to Rs.12,214.75 million in 2023/24. This growth was primarily fuelled by the rise in business volumes, which led to a corresponding increase in operating activity and service delivery efforts. However, the cost-to-income ratio at the Group level also slightly improved similar to the Company to 56.79% in 2024/25 from 57.45% in 2023/24.

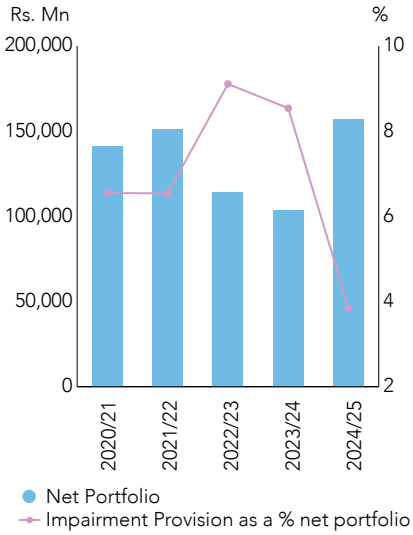
Operating Expenses Vs. Cost to Income Ratio



CREDIT QUALITY MANAGEMENT

During the financial year 2024/25, impairment reversal at the Company level stood at Rs. 403.30 million, a decrease from Rs. 1,155.78 million in the previous year. This moderation reflects a deliberate move toward more prudent growth strategies, underpinned by improved asset quality, disciplined credit evaluation, and enhanced governance mechanisms. This prudent approach depicts the reduced reliance on provisioning releases and instead highlights the focus on building a resilient credit book, well-aligned with the Company's long-term growth and risk appetite. Another contributory factor was the structural change brought on by the expansion of the lending portfolio. As lending volumes increased, the relative impact of individual recoveries on impairment figures became less pronounced. This dilution effect is indicative of a maturing credit portfolio, where risk is spread more broadly and efficiently.

Impairment provision as a % Net Portfolio



Similarly, at the Group level, impairment reversals amounted to Rs. Rs. 383.50 million, compared to Rs. 1,354.20 million in FY 2023/24. The moderation in impairment reversals is a direct outcome of the Group's evolving credit risk landscape, shaped by strategic refinements in credit evaluation, risk management, and recovery frameworks. The reduction reflects a shift towards a more stable, resilient credit environment across the Group, driven by the same underlying factors as those at the Company level.

Additionally, both the Company and the Group have strategically pivoted towards sustainable and consistent recovery mechanisms, rather than ad hoc large recoveries, fostering greater stability in impairment reversals. Recoveries are increasingly driven by long-standing exposures through structured and recurring inflows, demonstrating a focus on long-term resolution over short-term gains.

A key strength lies in the proactive credit quantification and risk identification frameworks employed at both levels. Recognising the importance of maintaining a healthy credit portfolio, a comprehensive, forward-looking approach centred around prevention, monitoring, and corrective action has been adopted.

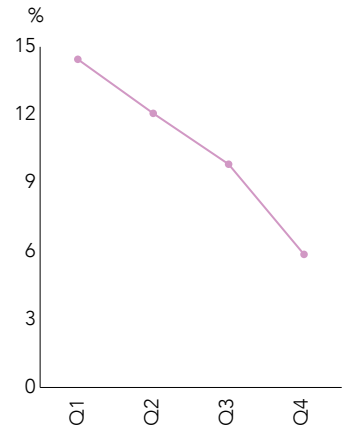
Preventive strategies include a robust credit appraisal process, risk-based pricing, and diversification across sectors and borrower profiles to minimise concentration risk.

In terms of monitoring, early-warning systems flag potential credit deterioration through trend analysis and customer engagement, including maintaining regular contact with borrowers and leveraging sensitivity analysis to anticipate repayment stress. These insights enable timely interventions before accounts become distressed.

On the recovery front, disciplined engagement strategies involving structured calling programs, reminders, and personalised communication encourage settlements and facilitate recovery. The combination of these efforts have contributed to a steady inflow of recoveries and strengthened overall portfolio health, resulting in a reduction in the Stage 03 Loan Portfolio over the course of the financial year.

Together, these developments at both the Company and Group levels underscore a commitment to fostering a risk-managed credit environment balancing portfolio expansion with sustainable risk mitigation and recovery outcomes.

Quarterly Non-performing Advances/ Stage 3 Loans Ratio



FINANCIAL CAPITAL

GRI 207-1,207-2

TAX POLICY

People's Leasing maintains a principled and transparent tax strategy that reflects its commitment to national service, integrity, and fiscal responsibility. This ensures compliance with all legal obligations while meaningfully contributing to Sri Lanka's broader economic and social goals. The Company's tax approach ensures the timely and full settlement of all tax obligations while aligning with government policy and national-level objectives.

During the financial year ended 31 March 2025, People's Leasing demonstrated strong tax compliance and alignment with government policy. The Company applied the prevailing 30% Corporate Income Tax rate, contributing appropriately under the applicable tax framework. In addition, the Company's contribution to VAT on Financial Services amounted to Rs. 1,762.18 million, while the Social Security Contribution Levy (SSCL) stood at Rs. 244.75 million, further reflecting its commitment to fiscal responsibility and regulatory adherence.

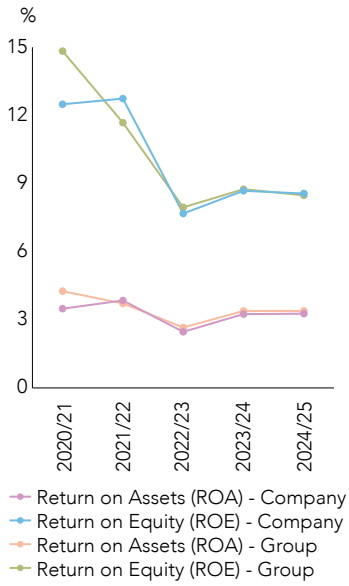
These figures reflect People's Leasing's disciplined and proactive tax planning, which is deeply integrated into its corporate strategy. By ensuring the timely and accurate settlement of all tax obligations, the Company reinforces its role as a responsible corporate citizen, significantly contributing to the country's financial stability and development.

(Note: These company-level taxes can be visualised using a pie chart showing the share of Corporate Income Tax, VAT, and SSCL contributions separately.)

Tax Payments at Company Level

Due to the same reason, Group-level fluctuations are also evident. At the Group level, tax compliance remained equally robust, with a VAT contribution of Rs. 1,863.44 million, based on the applicable 18% VAT on financial services. Additionally, the Group's Social Security Contribution Levy (SSCL) payment stood at Rs. 244.75 million, calculated at the standard rate of 2.5% on value addition, reaffirming the Group's adherence to prevailing tax regulations and its commitment to responsible fiscal practices

ROA & ROE



PROFITABILITY

People's Leasing reported a profit after tax of Rs. 3,603.38 million, with total assets of Rs. 194,530.94 million and equity of Rs. 42,411.76 million as at 31 March 2025. Consequently, Return on Assets (ROA) increased marginally from 3.25% in 2023/24 to 3.27% in 2024/25. Return on Equity (ROE) showed a slight decline from 8.68% to 8.56%, indicating consistent returns amid an expanding equity position.

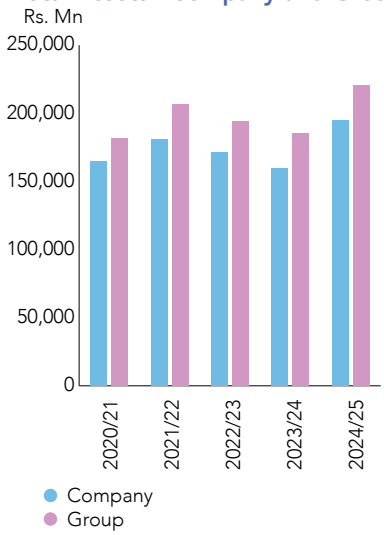
Driven by sustained earnings, the People's Leasing Group delivered a consistent profitability performance during the financial year 2024/25. The Group reported a profit after tax of Rs. 4,090.25 million, with total assets of Rs. 220,582.29 million and equity of Rs. 50,025.37 million, reflecting stable operational efficiency and a solid capital base. Group's ROA remained same at 3.39%, compared to ROA in 2023/24, while ROE recorded a slight decrease from 8.75% to 8.48%.

RIGHT-SIZING OF THE BALANCE SHEET

Growth in Assets

During the financial year ended 31 March 2025, People's Leasing recorded strong growth in total assets, driven by heightened market confidence and the effective execution of its strategic business expansion initiatives. At the Company level, total assets increased by 21.69%, expanding to Rs. 194,530.94 million from Rs. 159,852.09 million in the previous financial year. At the Group level, total assets reached Rs. 220,582.29 million, reflecting a 19.07% growth from Rs. 185,257.87 million in 2023/24. This robust performance at both Company and Group level was largely underpinned by a notable expansion in the lending and leasing portfolios, as well as a significant increase in cash and cash equivalents, which substantially enhanced liquidity and financial flexibility.

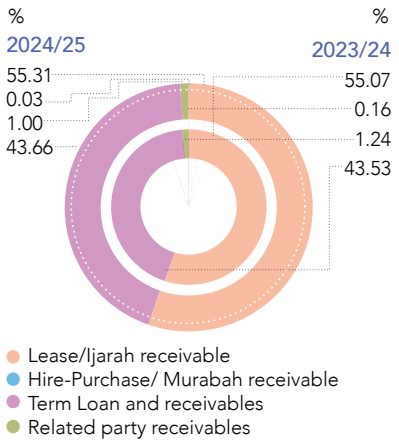
Total Assets - Company and Group



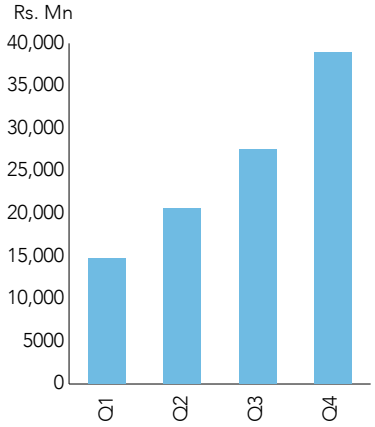
The Company's lending portfolio remained the cornerstone of its asset base and a key driver of income generation. As at 31 March 2025, the total lending portfolio reached Rs. 157.09 billion, reflecting a commendable year-on-year growth of 51.56%. This significant expansion is the result of impactful strategic decisions taken by the Company's leadership towards the latter part of the year. These included initiatives to uplift employee morale, the regular recognition of high performers, and the streamlining of internal structures to enable faster and more efficient service delivery. Collectively, these measures fostered a more motivated and agile workforce, directly contributing to the robust growth in the lending portfolio.

The portfolio continued to be dominated by long-term lending instruments such as loans and leases, in line with the Company's commitment to financial inclusion and economic development. At the same time, short-term lending products, particularly gold loans and margin trading facilities, were strategically expanded to enhance liquidity and

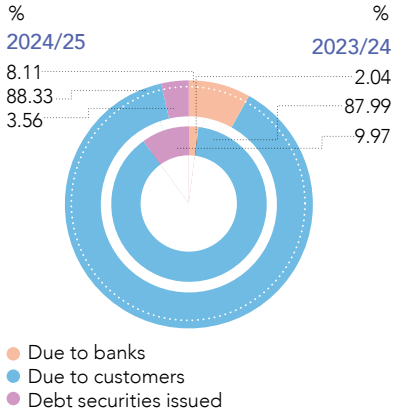
Composition of Lending Portfolio



Business Volumes - Quarterly Basis



Composition of Interest Bearing Liabilities



better manage asset-liability maturity mismatches.

The lease and hire purchase portfolio, inclusive of Ijarah and Murabaha receivables, grew significantly to Rs. 90,229.30 million from Rs. 61,953.26 million in the previous year. Term loans and other receivables, which had seen a decline in 2023/24, rebounded strongly to reach Rs. 71,215.90 million in 2024/25, up from Rs. 48,977.27 million. This resurgence reflects the success of internal reforms, including targeted marketing campaigns, and improvements to the digital service delivery infrastructure, collectively enabling the Company to penetrate new customer segments and expand its lending and leasing footprint across a wider demographic.

A similar trajectory was observed at the Group level. The lease and Ijarah portfolio rose from Rs. 61,950.81 million in the previous year to Rs. 90,229.50 million in 2024/25. Likewise, term loans and other receivables increased from Rs. 61,660.96 million to Rs. 82,771.72 million, reflecting the recovery in lending momentum and the Group's ability to respond effectively to emerging market opportunities.

The gold loan portfolio, comprising short-term facilities with maturities typically under one year, achieved significant growth, increasing by 93.29% to reach Rs. 20,286.34 million. This segment has been prioritised as a part of a strategic response to address the mismatch between the short-term maturity of customer deposits and the longer-term nature of the Company's lending activities. By increasing the share of short-term assets within its overall portfolio, the Company has taken meaningful steps to improve asset-liability maturity alignment and thereby strengthen liquidity management and financial resilience.

In addition to the strong performance of traditional lending products, the margin trading segment continued to gain traction, as customers increasingly turned to leveraged facilities to participate in capital market investments. This segment has emerged as a valuable contributor to the Company's non-traditional revenue streams and is positioned for further growth in line with capital market developments.

Growth in Liabilities

The expansion of the Company's asset base was supported by a corresponding increase in liabilities, ensuring adequate funding for the growing volume of business. The Company's funding mix, which consists primarily of customer deposits, demonstrated robust growth in FY 2024/25.

Customer deposits increased by 27.80% year-on-year, reaching Rs. 124,529.68 million as at 31 March 2025. These deposits are largely short-term in nature, resulting in a higher repricing frequency relative to the longer-term lending portfolio. To address the resultant asset-liability mismatch and enhance the stability of its funding profile, the Company made a concerted effort to secure long-term borrowings. As a result, term loans increased significantly, rising from Rs. 1,755.75 million in the previous financial year to Rs. 10,003.22 million by year-end 2024/25.

Debt securities issued (debentures) declined significantly by 54.55%, from Rs. 11,032.25 million in 31 March 2024 to Rs. 5,014.65 million in 2024/25 owing to the maturity of earlier instruments and a temporary reduction in long-term borrowing during the period.

The same trends were reflected at the Group level as well where the total deposit base registered a 25.26% year-on-year increase whilst recording 164.55% growth in term loans.

OTHER ASSETS AND STRATEGIC LIQUIDITY MANAGEMENT

Beyond its core lending operations, the Company reported a substantial increase in cash and cash equivalents. This enhancement to liquidity provided the Company with greater strategic flexibility to meet ongoing investment requirements and funding obligations. Through its disciplined and forward-looking approach to balance sheet management, People's Leasing has reinforced its position within the Non-Banking Financial Institution (NBFI) sector.

The Company's market share increased to 9.31% in 2024/25, up from 9.03% in the previous year, underscoring its growing influence and competitive standing in the industry.

STRATEGIC MANAGEMENT OF CAPITAL ADEQUACY

In line with the Company's continued business expansion during the financial year 2024/25, total assets recorded a notable increase. This asset growth was accompanied by a corresponding rise in risk-weighted assets (RWA), which led to

FINANCIAL CAPITAL

a moderation in capital adequacy ratios when compared to the previous year.

Despite this expected decline, the Company maintained capital levels significantly above regulatory requirements and industry averages. As at 31 March 2025, the Tier 1 Capital Ratio stood at a healthy 22.94%, while the Total Capital Ratio was recorded at 22.68%. These figures compare favourably against the industry average Tier 1 Capital Ratio of 19.68% and Total Capital Ratio of 20.53%, affirming the Company's strong capital position and prudent risk management practices.

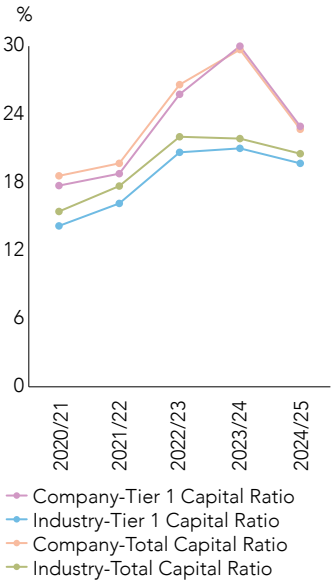
Liquidity management was a key area of focus throughout the year, particularly in the context of expanding business volumes. In compliance with the Directions on Minimum Liquid Asset Requirements issued by the Central Bank of Sri Lanka (CBSL), the Company ensured liquidity buffers remained well above the mandated thresholds. As at 31 March 2025, PLC maintained liquid assets amounting to Rs. 25,233.76 million, comfortably exceeding the minimum required liquid assets of 13,314 million. This proactive approach to liquidity planning was aimed at not supporting day-to-day operational needs and also strengthening the Company's capacity to respond to market fluctuations and funding pressures, thereby safeguarding financial stability as the Company continues to scale its operations.

Total Equity

As of 31 March 2025, People's Leasing reported a total equity of Rs. 42,411.76 million, compared to Rs. 41,826.14 million in the previous financial year 2023/24, reflecting a growth of 1.40%. The increase was mainly driven by the growth in the statutory reserve fund, which rose to Rs. 3,147.97 million from Rs. 2,967.85 million, and higher retained earnings, which stood at Rs. 19,976.74 million whilst stated capital remained unchanged at Rs. 19,230.48 million.

At the Group level, total equity stood at Rs. 50,025.37 million as of 31 March 2025, up from Rs. 49,145.83 million in the previous financial year, an increase of 1.79%. This was supported primarily by a substantial increase in retained earnings, which reached Rs. 24,431.10 million, reflecting a growth of 1.90%, and a significant positive movement in other

Tier 1 Capital Ratio & Total Capital Ratio



reserves, which rose to Rs. 633.01 million from Rs. 431.46 million.

This growth in equity reflects the Group's strengthened financial position, driven by consistent earnings retention and prudent capital management practices, aligning with its objective of sustaining capital adequacy and long-term financial resilience.

Cash Flow Position

During the financial year 2024/25, the Company witnessed a marked enhancement in its cash flow position, resulting in a healthy cash surplus by year-end. This improvement was largely underpinned by the increase in investments in securities under reverse repurchase agreements.

The excess liquidity enabled the Company to allocate funds strategically towards its core business priorities. These included strengthening the lending portfolio, supporting digital transformation initiatives, and reinforcing risk management frameworks. The prudent deployment of cash resources also ensured uninterrupted operational continuity amidst evolving market conditions.

At the Group level, the overall increase in cash and cash equivalents reflected both operational strength and cautious capital allocation. This solid cash position underlines the Group's readiness to fund future growth, meet regulatory liquidity requirements, and respond proactively to emerging opportunities.

SUSTAINABLE VALUE CREATION FOR STAKEHOLDERS

Investors are the driving force behind every thriving organisation, providing the capital, expertise, and connections that fuel growth and innovation. At People's Leasing & Finance PLC, we go beyond financial returns, nurturing a relationship built on trust, transparency, and shared success.

The "Value to Investors" supplement embodies this commitment, offering more than just data it's a testament to our dedication to open communication, fair treatment, and meaningful engagement. With valuable insights and essential information, this section reflects our promise to empower and support our investors at every step.

COMMITMENT TO INVESTOR ENGAGEMENT

People's Leasing views regular and consistent engagement with its investors not only as a best practice but also as a key responsibility. Beyond financial reporting, the Company prioritises proactive communication, establishes feedback channels, and ensures timely responses to investor inquiries across multiple platforms.

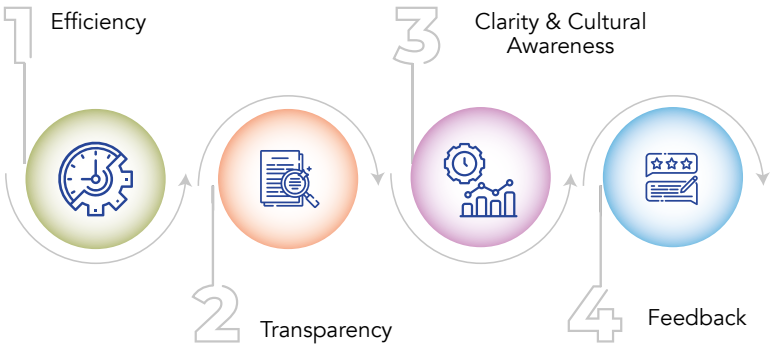
MODE OF ENGAGEMENT

Investors
↓
Shareholders/Debenture holders
↓
Board of Directors and Corporate Management
↓
Investor Relations officer
↓
Financial Analysts
↓
Regulatory Authorities
↓
Financial Media

MODE OF ENGAGEMENT	FREQUENCY
1. Annual General Meeting	Annually
2. Annual Report	Annually
3. Interim Financial Statements	Quarterly
4. Updates on investor	As required
5. Interim paper publications	Semi-annually
6. Corporate disclosures to CSE	As required
7. Press releases	As required
8. Corporate Website and other online Platforms	Continuous

ADHERENCE TO COMPLIANCE AND CONTINUOUS IMPROVEMENT

The Company ensures that all disclosures and communications meet regulatory requirements and adhere to its Communication Policy. PLC is committed to continuously refining its communication strategy to enhance investor value and build stakeholder confidence.



VALUE DELIVERED TO SHAREHOLDERS IN 2024/25

Adhering to the uniform policy implemented with the aim of deriving satisfaction returns to its shareholders, People's Leasing & Finance PLC declared a gross dividend of Rs. 1.40 per share during the financial year 2024/25.

As at 31 March 2025 the public float of the Company was recorded as 24.98% represented by 538,060,833 shares and 9,889 shareholders, slightly change from 538,233,546 shares and 9,973 shareholders at the beginning of the current financial year. The float when adjusted to reflect market capitalization as at the 31 March 2025 was Rs. 9,631,288,910.70. People's Leasing & Finance PLC has observed and complied with the option No.04 of Rule 7.14 (i) (a) of the Listing Rules of the Colombo Stock Exchange on the minimum Public Holding requirement.

FINANCIAL CAPITAL

ANALYSIS OF THE PERFORMANCE OF GLOBAL AND LOCAL EQUITY MARKETS

Performance of Global Equity Markets

In 2024, global equity markets exhibited remarkable resilience and steady growth despite persistent global challenges and geopolitical complexities. The year was defined by market adjustments to evolving economic policies, emerging technologies, and a focus on sustainability. Key sectors such as artificial intelligence, clean energy, and biotechnology witnessed significant growth, while traditional industries faced headwinds due to inflationary trends and regulatory changes. All major equity markets concluded the year with solid returns, although the extent of gains varied across regions. In the United States, the Dow Jones and the Nasdaq posted impressive gains of 15.2% and 38.7%, respectively, driven by strong corporate earnings and advancements in technology In Europe, the British FTSE100 rose by 5.6%, reflecting cautious optimism amid stable economic recovery. Germany's DAX and the French CAC surged by 18.9% and 14.2%, respectively, highlighting continued investor confidence in the region

Meanwhile, in Asia, performance was more mixed. The Japanese Nikkei index soared by 25.6%, fuelled by robust domestic demand and a weaker yen boosting exports. India's BSE Sensex recorded a notable increase of 20.3%, driven by strong GDP growth and infrastructure investments. Conversely, Singapore's Straits Times Index experienced a modest decline of 0.8%, while China's Shanghai Composite Index dropped by 2.9%, reflecting lingering economic headwinds and regulatory challenges in the region.

Value delivered to Shareholders in 2024/25	2024/25	2023/24
Earnings per share - Group (Rs.)	1.67	1.64
Dividend per share (Rs.)	1.40	1.40
Dividend payout (%)	83.70	80.74
Dividend yield (%)	7.82	12.73
Dividend cover (times)	1.19	1.24
Net asset value per share (Rs.)	19.69	19.41
Price earning (times)	10.72	6.71
Price to book value (times)	0.91	0.57

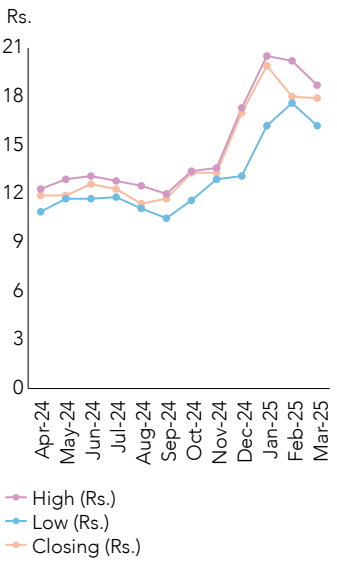
Performance of the Domestic Equity Market

Building on the mixed performance observed in 2023, the year 2024 saw the local equity market deliver a more consistent and stable performance across key metrics, including price indices, market capitalization, and daily turnover.

Both the All-Share Price Index (ASPI) and the Standard & Poor's Sri Lanka 20 (S&P SL 20) maintained positive momentum throughout the year. The ASPI recorded a growth of 18.3%, while the S&P SL 20 posted a rise of 12.6%, reflecting sustained investor confidence. Market capitalisation increased by 20.5%, reaching Rs. 5,100 billion by the end of the year. However, the Colombo Stock Exchange observed a slight reduction in the average daily turnover, which declined by 12%, averaging Rs.1, 492 million compared to the previous year's Rs.1, 696 million. These results highlight the gradual recovery of the local equity market despite prevailing economic and fiscal challenges.

	2025		2024	
	Number	Rs	Number	Rs
Balance as at 1 April	2,154,375,750	19,230,478,846	2,041,883,116	18,015,558,392
Scrip Dividend	-	-	112,492,634	1,214,920,454
Balance as at 31 March	2,154,375,750	19,230,478,846	2,154,375,750	19,230,478,846

Share Price Movement



Information on the movement of shares represented by Stated Capital

Year ended	No. of Shares at the Beginning of the Financial Year		Addition/(redemption) of Shares during the Financial Year		Cumulative Shares at the end of the Financial Year		Issued Capital at the end of the Financial Year (Rs.)
	Ordinary Shares	Preference Shares	Ordinary Shares	Preference Shares	Ordinary Shares	Preference Shares	
1995/96	2	-	-	-	2	-	20
1996/97	2	-	-	-	2	-	20
1997/98	2	-	2,500,000	-	2,500,002	-	25,000,020
1998/99	2,500,002	-	-	-	2,500,002	-	25,000,020
1999/00	2,500,002	-	1,500,000	-	4,000,002	-	40,000,020
2000/01	4,000,002	-	2,000,006	-	6,000,008	-	60,000,080
2001/02	6,000,008	-	4,000,000	-	10,000,008	-	100,000,080
2002/03	10,000,008	-	-	-	10,000,008	-	100,000,080
2003/04	10,000,008	-	10,000,000	50,000,000	20,000,008	50,000,000	700,000,080
2004/05	20,000,008	50,000,000	-	-	20,000,008	50,000,000	700,000,080
2005/06	20,000,008	50,000,000	30,000,000	-	50,000,008	50,000,000	1,000,000,080
2006/07	50,000,008	50,000,000	-	-5,000,000	50,000,008	45,000,000	950,000,080
2007/08	50,000,008	45,000,000	-	-10,000,000	50,000,008	35,000,000	850,000,080
2008/09	50,000,008	35,000,000	-	-10,000,000	50,000,008	125,000,000	1,850,000,080
2009/10	50,000,008	125,000,000	-	-10,000,000	50,000,008	115,000,000	1,850,000,080
2010/11	50,000,008	115,000,000	-	-10,000,000	50,000,008	105,000,000	1,850,000,080
2011/12	50,000,008	105,000,000	1,510,000,152	-15,000,000	1,560,000,160	90,000,000	12,958,000,800
2012/13	1,560,000,160	90,000,000	-	-20,000,000	1,560,000,160	70,000,000	12,736,073,308
2013/14	1,560,000,160	70,000,000	19,862,322	-20,000,000	1,579,862,482	50,000,000	12,736,073,308
2014/15	1,579,862,482	50,000,000	-	-20,000,000	1,579,862,482	30,000,000	12,936,073,308
2015/16	1,579,862,482	30,000,000	-	-20,000,000	1,579,862,482	10,000,000	13,136,073,308
2016/17	1,579,862,482	10,000,000	-	-10,000,000	1,579,862,482	-	13,236,073,308
2017/18	1,579,862,482	-	-	-	1,579,862,482	-	13,236,073,308
2018/19	1,579,862,482	-	-	-	1,579,862,482	-	13,236,073,308
2019/20	1,579,862,482	-	47,840,906	-	1,627,703,388	-	13,915,414,175
2020/21	1,627,703,388	-	76,899,372	-	1,704,602,760	-	14,892,036,208
2021/22	1,704,602,760	-	182,592,242	-	1,887,195,002	-	17,071,960,891
2022/23	1,887,195,002	-	154,688,114	-	2,041,883,116	-	18,015,558,392
2023/24	2,041,883,116	-	112,492,634		2,154,375,750		19,230,478,846
2024/25	2,154,375,750	-	-	-	2,154,375,750		19,230,478,846

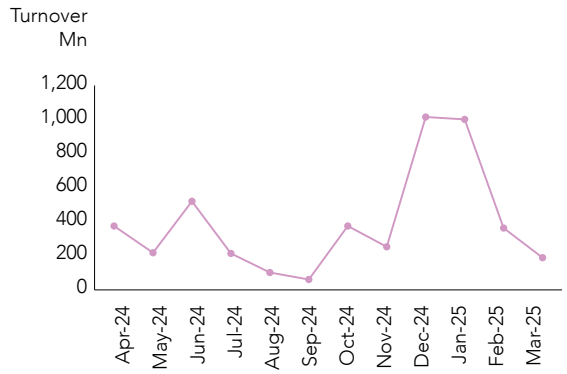
Share Trading Turnover of People's Leasing & Finance PLC

While the share trading turnover of the company fluctuated throughout the financial year 2024/25, the highest turnover was recorded in December 2024 at Rs. 1,015.46 million. The lowest turnover, amounting to Rs. 60.85 million, was documented in September 2024.

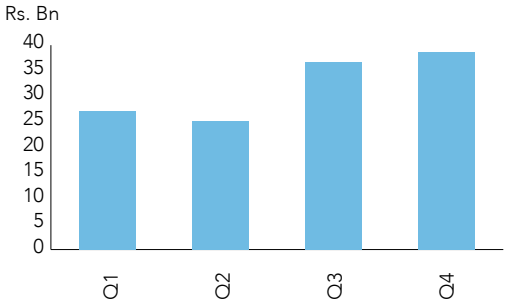
Market Capitalization of People's Leasing

The Company's market capitalization as at the 31 March 2025 surmounted to a value of Rs. 38.56 billion; a 62.72% increment from the Rs. 23.70 billion recorded on 31 March 2024.

Share Trading Turnover



Market Capitalisation



FINANCIAL CAPITAL

Profile of Ordinary Shareholders

	2024/25	Q4	Q3	Q2	Q1	2023/24
Highest	20.50	20.50	17.30	12.80	13.10	13.00
Lowest	10.50	16.20	11.60	10.50	10.90	7.00
Closing	17.90	17.90	17.00	11.70	12.60	11.00
Number of transactions	29,399.00	9,300	10,481	4,596	5,022	21,035
Number of shares traded (million)	325.90	83.80	116.58	31.40	94.12	209.19
PLC Turnover (Rs million)	4,732.05	1,552.95	1,643.56	376.49	1,159.05	2,287.64
PLC turnover to total market turnover (%)	0.68	0.65	0.62	0.54	0.95	0.61
Number of days traded	239	56	62	63	58	238
Average daily turnover (Rs million)	19.80	27.73	26.51	5.98	19.98	9.61
Market capitalisation - CSE (MC) (Rs billion)	5,606.37	5,606.37	5,695.56	4,381.83	4,760.00	4,534.65
Market capitalisation - PLC(MC) (Rs billion)	38.56	38.56	36.62	25.21	27.15	23.7
PLC MC to CSE MC (%)	0.69	0.69	0.64	0.58	0.57	0.52
Market turnover- Rs million	694,220.42	239,201.57	263,919.45	69,402.98	121,696.43	376,004

Public Float

Abiding by the option No. 03 of Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange on the minimum public holding requirement, People's Leasing recorded a public holding percentage of 24.98% and a float adjusted market capitalization of Rs. 9,633.12 million, reflected by 538,060,833 shares and 9,889 shareholders as at the 31 March 2025. These metrics are in comparison to the public float of 24.96%, float adjusted market capitalization of Rs. 5,919.79 million, 538,233,546 shares, and 9,973 shareholders recorded as at 31 March 2024.

Analysis of the Ordinary Shareholders

Distribution of Ordinary Shareholders	31-Mar-25				31-Mar-24			
	No. of Shareholders	Shareholder %	No. of shares	share %	No. of Shareholders	Shareholder %	No. of shares	share %
Less than or equal to 1000	3,495	35.32	949,577	0.04	3,161	31.66	803,077	0.05
1,001 - 10,000	4,737	47.87	15,023,334	0.70	4,925	49.33	15,164,073	0.7
10,001 - 100,000	1,349	13.63	39,122,630	1.82	1,539	15.42	43,350,044	2.01
100,001 - 1,000,000	256	2.59	73,216,533	3.40	307	3.08	85,997,384	3.99
Over 1,000,000	59	0.60	2,026,063,676	94.04	51	0.51	2,009,061,172	93.25
Total	9,896	100.00	2,154,375,750	100.00	9,983	100	2,154,375,750	100

Composition of Ordinary Shareholders

Distribution of Ordinary Shareholders	31-Mar-25				31-Mar-24			
	No. of Shareholders	Shareholder %	No. of shares	share %	No. of Shareholders	Shareholder %	No. of shares	share %
Resident - Individuals	9,556	96.56	138,293,983	6.42	9,585	96.01	131,805,896	6.12
Resident - Institutions	303	3.06	1,995,479,862	92.62	352	3.53	2,012,073,965	93.39
Non-resident - Individuals	34	0.34	4,631,843	0.21	43	0.43	5,627,086	0.26
Non-resident -Institutions	3	0.03	15,970,062	0.74	3	0.03	4,868,803	0.23
Total	9,896	100.00	2,154,375,750	100.00	9,983	100	2,154,375,750	100

Twenty Largest Shareholders

No.	Name of the shareholder	31-Mar-25			31-Mar-24	
		No of shares	%	Description	No of shares	%
1	People's Bank	1,615,781,805	75.00	No Change	1,615,781,805	75.00
2	Employee's Provident Fund	116,931,207	5.43	No Change	116,931,207	5.43
3	National Savings Bank	59,547,976	2.76	No Change	59,547,976	2.76
4	Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	19,363,054	0.90	New Entrant		N/A
5	J.B. Cocoshell (Pvt) Ltd	16,773,335	0.78	1 Position Up	18,355,558	0.85
6	Perera And Sons Bakers Pvt Limited	16,000,000	0.74	2 Positions Up	14,000,000	0.65
7	Bank Of Ceylon No. 1 Account	15,618,671	0.72	No Change	15,618,671	0.72
8	Citibank Newyork S/A Norges Bank Account 2	15,397,106	0.71	New Entrant		N/A
9	Employees Trust Fund Board	13,493,316	0.63	4 Position Down	20,273,922	0.94
10	Invenco Capital Private Limited	9,652,798	0.45	New Entrant		N/A
11	Union Assurance PLC-Universal Life Fund	8,064,525	0.37	New Entrant		N/A
12	Sri Lanka Insurance Corporation Ltd-General Fund	7,226,844	0.34	2 Positions Down	9,576,844	0.44
13	Ceylon Investment PLC A/C # 02	6,731,672	0.31	4 Positions Down	9,865,504	0.46
14	Deutsche Bank Ag Trustee To Lynear Wealth Dynamic Opportunities Fund	6,422,894	0.3	New Entrant		N/A
15	Capital Alliance PLC	5,360,201	0.25	New Entrant		N/A
16	Ceylon Guardian Investment Trust PLC A/C # 02	5,305,780	0.25	3 Positions Down	6,285,724	0.29
17	Seylan Bank PLC/A.C.Senanka	5,147,858	0.24	No Change	4,818,210	0.22
18	Union Assurance PLC-Traditional Life Participating Fund	3,967,187	0.18	New Entrant		N/A
19	Hatton National Bank PLC A/C No.4 (Hnb Retirement Pension Fund)	3,791,186	0.18	3 Positions Down	5,138,133	0.24
20	Est.of Lat M.J. Fernando	3,480,680	0.16	1 Position Down	3,480,680	0.16
	Subtotal	1,954,058,095	90.70		1,956,099,964	
	Other Shareholders	200,317,655	9.30		198,275,786	
	Total	2,154,375,750	100.00		2,154,375,750	100

Solvency and Debt Capital

	2024/25	2023/24	Change %
Debt to equity ratio excluding deposits	0.39	0.32	22.03
Tier 1 capital/ Core capital ratio %	22.94	30.00	(23.53)
Total capital ratio/ Total risk weighted capital ratio %	22.68	29.70	(23.64)
Interest cover (Times)	1.48	1.31	12.89
Current ratio (Times)	1.28	1.04	23.28

FITCH RATINGS

Fitch Ratings has upgraded People's Leasing & Finance PLC's National Long-Term Rating from A-(lka) to A (lka) with a Stable Outlook as of January, 2025. This upgrade reflects our strong financial position, enhanced liquidity buffers, and continued resilience amid economic challenges. As a leading finance and leasing Company, this recognition reinforces stakeholder confidence and our commitment to risk management, operational excellence, and long-term value creation for investors.

FINANCIAL CAPITAL

Directors' and CEO's Shareholding (As at 31 March 2025)

Name	Position	Appointed Date / Resigned date	No of shares
Prof. S M A K Samarakoon	Chairman	Appointed 31 December 2024	-
Mr. P D Samarasinghe	Director		-
Mr. K C J C Fonseka	Director		66,133
Mr. K J D G Perera	Director	Appointed 23 January 2025	-
Ms. P G U Gallage	Director	Appointed 31 January 2025	-
Mr. S. Sudarshan	Director	Appointed 10 February 2025	-
Mr. R B R Emerson	Director	Appointed 10 February 2025	-
Mr. P G A C Perera	Director	Appointed 10 February 2025	-
Mrs. K S R S Kolu Kaluge	Director	Appointed 17 February 2025	-
Mr. M J Thilakarathne	Director	Appointed 11 March 2025	-
Mr. K S Bandaranayake	CEO/GM	Appointed 06 August 2024	-
Total			66,133

Directors' and CEO's Shareholding (As at 31 March 2024)

Name	Position	Appointed Date / Resigned date	No of shares
Mr. M P Amirthanayagam	Chairman	Resigned w.e.f. 31 December 2024	13,632
Mr. Y.Kanagasabai	Director	Resigned w.e.f. 31 January 2025	-
Mr. C J Wijetillake	Director	Resigned w.e.f. 23 January 2025	5,972
Mr. U L A W. Bandara	Director	Resigned w.e.f. 10 Feruary 2025	-
Mr. P D Samarasinghe	Director		-
Mr. T M Wellalage	Director	Resigned w.e.f. 11 March 2025	-
Mr. H I Balapatabendi	Director	Resigned w.e.f. 11 December 2024	-
Mr. A M P M B Atapattu	Director	Resigned w.e.f. 27 December 2024	-
Mr. H M U K Samararathne	Director	Resigned w.e.f. 10 Feruary 2025	-
Mr. K C J C Fonseka	Director		66,133
Mr. M A A Ahamat	Director	Resigned w.e.f. 10 Feruary 2025	-
Mr. S J M Marcelline	CEO/GM	Resigned w.e.f. 01 April 2024	-
Mr. Udesh Gunawardena	COO	Appointed w.e.f. 01 April 2024	-
Total			85,737

Debenture Market Information

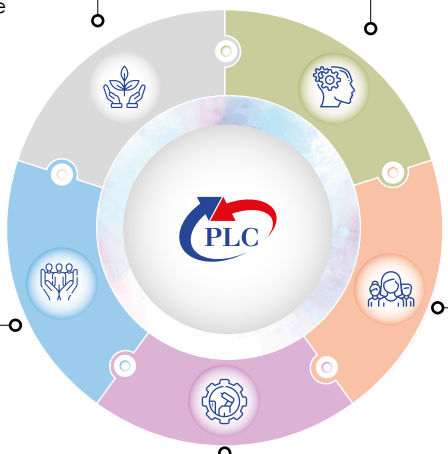
	As at 31 March 2025		As at 31 March 2024			
Type	Type C	Type D	Type A	Type B	Type C	Type D
Tenure (Years)	5 years	5 years	3 years	3 years	5 years	5 years
Issue Date	21-Aug	21-Aug	21-Aug	21-Aug	21-Aug	21-Aug
Maturity Date	26-Aug	26-Aug	24-Aug	24-Aug	26-Aug	26-Aug
Interest Rate	Fixed	Zero Coupon	Fixed	Zero Coupon	Fixed	Zero Coupon
Coupon Rate (%)	9	-	8	-	9	-
Effective Annual Yield (%)	9	9	8	8	9	9
Interest Rate Comparable Government Security (%)	6.93	6.93	6.25	6.25	6.93	6.93
Frequency of Interest Payable	Annual	Maturity	Annual	Maturity	Annual	Maturity
Rating	A+	A+	A+	A+	A+	A+
Amount (Rs. Mn)	4,272.36	561.27	2,943	2,420	4,272	365
ISIN No.	LK0399D24821	LK0399D24854	LK0399D24847	LK0399D24839	LK0399D24821	LK0399D24854
Market Value (Rs.)						
Highest	Not traded	Not traded	Not traded	Not traded	Not traded	Not traded
Lowest	Not traded	Not traded	Not traded	Not traded	Not traded	Not traded
Closing	Not traded	Not traded	Not traded	Not traded	Not traded	Not traded
Current Yield (%)	9	9	8	8	9	9
Yield to Maturity (%)	9	9	8	8	9	9

TRADE-OFF'S AND IMPACT ON OTHER CAPITALS

Natural Capital - Consistent profitability allows the Company to increase the allocation towards digitisation and paperless workflows, to reduce PLC' environmental impact.

Intellectual Capital - Consistent profitability and a strengthened balance sheet enhances brand equity and positioning PLC as a trusted leader in the financial services sector.

Social and Relationship Capital - Solid financial results reassures investors, regulators, and business partners, strengthening external relationship



Human Capital - Sustained profitability enables the Company to continue investing in employee development, training, and performance-based incentives, reinforcing employee engagement and rete

Manufactured Capital - Strong financial results create a foundation for reinvestment to support business expansion by scaling up of infrastructure, including branch network upgrades, mobile service units, and digital service delivery systems.

FUTURE PLANS

Short Term (1 -2 years)

- Leveraging PLC strong financial position, diversified portfolio, and digital capabilities.
- Focus on enhancing operational efficiency with the strategic goal of reducing the cost-to-income ratio to below 50%
- Improve Return on Equity (ROE) to above 10% by enhancing profitability, optimizing capital allocation, and driving sustainable growth.
- Reduce reliance on customer deposits, enhancing financial stability and optimising the cost of funds.

Medium Term (2 -4 years)

- Implement product to product financing solutions to minimise maturity mismatch.
- Reduce the cost-to-income ratio to approximately 37%.
- Improve ROE above 15%

Long Term (4 - 5 years)

- Diversify funding sources by exploring foreign funding sources to improve funding stability.
- Reduce cost-to-income ratio below 35%.

MANUFACTURED CAPITAL

GRI 3-3

MANAGEMENT APPROACH

People's Leasing's approach to developing Manufactured Capital is centred around strategic investments in physical infrastructure, technology, and equipment, underscoring the emphasis on balancing immediate operational needs and future growth requirements.

To that end, the Company ensures that investments in Manufactured Capital are accompanied by comprehensive risk assessments to ensure compliance with regulatory standards and best practices.

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

Manufactured Capital encompasses the physical infrastructure and technological assets that support the delivery of our financial services. At People's Leasing & Finance, our branch network, digital platforms, and operational systems form the backbone of service delivery, enhancing customer convenience, speed, and accessibility. We continuously invest in upgrading our infrastructure and streamlining processes to create seamless experiences across both physical and digital channels. Whether through branch refurbishments or innovations in digital onboarding, our aim is to optimise efficiency while ensuring customer satisfaction. Our physical assets are maintained with a view toward long-term resilience, cost-effectiveness, and alignment with evolving client expectations. By leveraging technology and process automation, we enhance operational capabilities and support sustainable growth.

Manufactured Capital not only drives performance and productivity, but also plays a key role in strengthening stakeholder trust. As we look to the future, we remain committed to modernising our asset base and ensuring that our physical and technological infrastructure continues to meet the changing demands of the industry. In doing so, we reinforce our position as a forward-thinking financial institution, equipped to deliver value responsibly and reliably across all touchpoints.



VALUE DRIVERS

- Branch Network
- Investment in PPE
- Digital Front-End
- IT Backbone
- IT Support Systems

KEY INITIATIVES

- Two branches relocated as part of the branch re-sizing strategy
- Digital enablement of Branch teams as part of smart positioning of branches
- Introducing AI chatbots and avatars to enhance customer reach and elevate the digital experience.
- ISO 27001:2022 version upgrade

STAKEHOLDER OUTCOMES

- Long-term financial stability and growth owing to improved operational efficiency.
- Strengthened competitive position and lower risk for investment.
- Improved service accessibility and faster financial transactions.
- Consistent and trustworthy service through reliable systems.
- Higher productivity and job satisfaction
- Upskilling opportunities
- Compliance with regulatory standards.
- Alignment with national digital and financial inclusive goal.

OUTPUTS FOR PEOPLE'S LEASING

- Streamline operations with minimal manual effort and reduced errors.
- Expand reach with 1 new branch and 2 relocations.
- Faster response time
- ZERO data breaches

Target 8.2 | 8.3

Target 9.1 |9.4

Target 17.6



BRANCHES ISLAND WIDE

110

Rs. 585.98 Mn

PPE INVESTMENT

Rs. 211.60 Mn

IT INFRASTRUCTURE

MANUFACTURED CAPITAL

GRI 2-6

BRANCH NETWORK

People's Leasing & Finance PLC (People's Leasing) branch network serves as a key touchpoint for customer interactions, allowing the Company to promote financial inclusion and support sustained economic growth Country-wide.

Over the years, the Company's branch expansion strategy has sought to strengthen its position as a trusted financial services provider while contributing to economic resilience and nationwide financial empowerment. To achieve this, the Company has placed significant emphasis on setting up branches in areas with substantial unmet demand for financial services, ensuring financial accessibility where it is needed most. At the same time, People's Leasing has also prioritised first-mover advantage in new markets, alongside geographic diversification to safeguard against regional economic downturns or localized challenges.

Significant locations of operations of People's Leasing & Finance PLC include its Head Office based in Colombo and its 109 island wide branches which collectively support the Company's nationwide coverage and enable delivery of core financial products (leasing, loans, savings, fixed deposits, and other financial products) and services across all nine provinces and 25 districts in Sri Lanka.

- The branch governance and oversight mechanism was strengthened to streamline operations and enhance efficiency. While each branch will be responsible for its own operations, Chief Managers are required to report all key performance indicators, strategies, and major decisions directly to the CEO to enable greater control over branch performance, ensuring consistency and real-time issue resolution. To facilitate this, the number of Chief Managers relating to branch network increased to 19, with four Zonal Heads introduced to enhance supervision and operational efficiency across regions.

Province	No of PLC Branches	Market Potential	
		Population '000	Contribution to GDP (%)
Western	36	6,114	43.70
Southern	16	2,606	9.34
Sabaragamuwa	9	2,015	7.02
Uva	6	1,399	4.71
Eastern	8	1,782	4.70
Central	11	2,713	10.29
North Central	7	1,407	4.81
Northern	8	1,149	4.51
North Western	9	2,579	10.92
Total	110	21,764	100.00

Having invested significant resources over the years to build a strong well-diversified branch footprint, People's Leasing is currently in the process of transitioning towards a more cost effective branch model via branch right-sizing to optimise space and other resources, as well as smart positioning to drive synergy between branches by sharing resources. As part of this ongoing branch resizing initiative, the Hingurakgoda & Deniyaya branches were relocated in the current financial year.

Smart Positioning Initiatives to Optimise Efficiency of the Branch Network

Smart Workforce Concept

- Tablets were introduced for flexibility, mobility, and enable real-time access to the PLCCORE system for both the marketing teams and approving authorities, empowering them to work with greater autonomy, thereby reducing the need for a physical presence at the branch.

Laptops for Branch Staff

- Deputy branch managers and key staff members were provided laptops to enhance productivity, improve communication, and support both in-office and remote work.

Ongoing improvements to the PLC Core System

- The PLCORE system was enhanced for greater efficiency, automation, and data integration under the oversight of the Business Process Reengineering (BPR) unit. This upgrade streamlines operations across the branch network, reducing manual workload and creating a paperless environment enabled faster, more accurate service delivery.

Establishing the PLC Call center

- Centralising arrears management through the establishment of a dedicated Call Center to manage rental arrears less than 90 days. This initiative aims to improve communication, prevents escalation of payment issues, and ensures professional handling of sensitive interactions, thereby reducing the administrative burden on branch staff, allowing them to focus on core operations and improving overall branch network efficiency.

107 Northern Province

	7	8
Jaffna District	3	4
Vavuniya District	1	1
Mannar District	1	1
Killinochchi District	1	1
Mullaitivu District	1	1

148 North Western Province

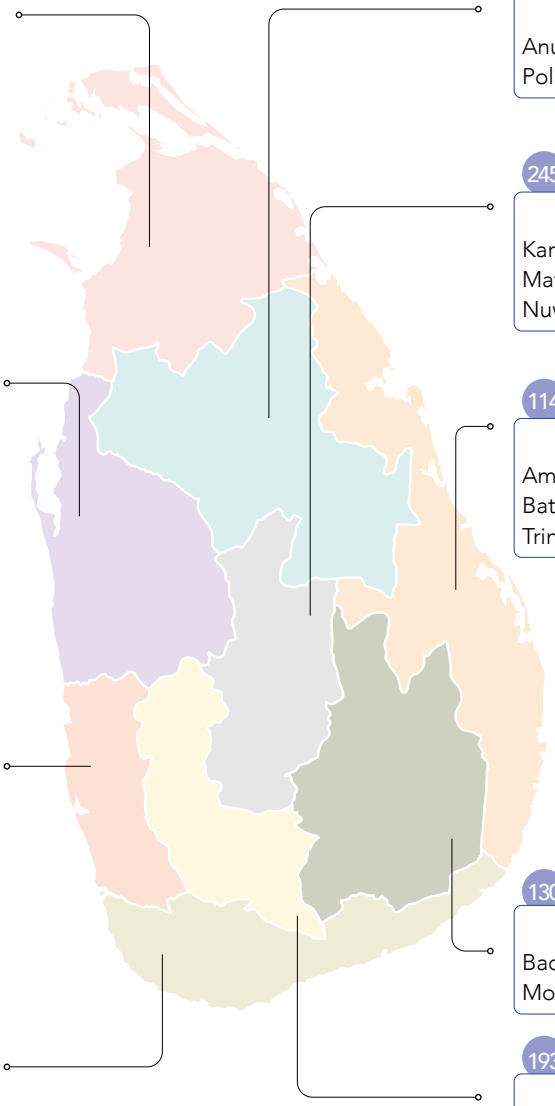
	8	9
Kurunagala District	4	5
Puttalam District	4	4

1,252 Western Province

	33	36
Colombo District	16	18
Gampaha District	13	14
Kalutara District	4	4

317 Southern Province

	16	16
Galle District	6	6
Hambantota District	5	5
Matara District	5	5



173 North Central Province

	7	7
Anuradhapura District	5	5
Polonnaruwa District	2	2

245 Central Province

	11	11
Kandy District	7	7
Matale District	2	2
Nuwara Eliya District	2	2

114 Eastern Province

	8	8
Ampara District	2	2
Batticaloa District	3	3
Trincomalee District	3	3

130 Uva Province

	6	6
Badulla District	4	4
Monaragala District	2	2

193 Sabaragamuwa Province

	9	9
Kegalle District	3	3
Ratnapura District	6	6

Employees Gold Loan Operations Branches





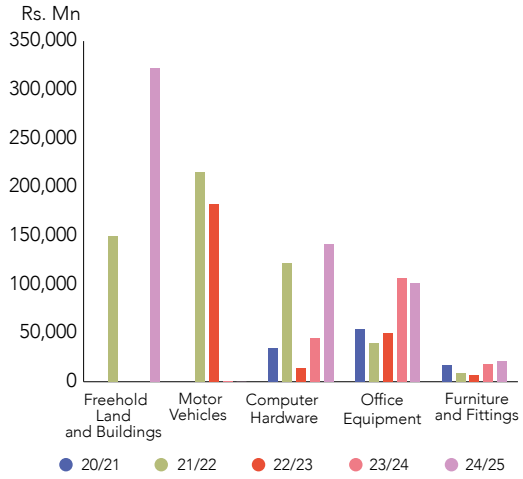


MANUFACTURED CAPITAL

INVESTING IN PROPERTY, PLANT AND EQUIPMENT

People's Leasing invests in PPE to improve branch efficiency, service quality, and long-term growth. A structured CAPEX plan directs investments in infrastructure and technology, supported by a transparent procurement process, as outlined in the procurement manual. This process includes calling for tenders and obtaining recommendations and approvals from the Decision-Making Unit

Investing in Property, Plant and Equipment



REVOLUTIONIZING ANNUAL REPORTS WITH AI-POWERED CHATBOTS

As part of our commitment to enhancing customer reach and delivering a truly inclusive and interactive experience, we've transformed our annual report micro-site into the most technologically advanced platform in our industry. Every feature has been designed with the end-user in mind ensuring easier access, better engagement, and smarter insights.

Smart AI Chatbots

To provide a more personalized and human-like interaction, we've introduced both video-based and text-based AI chatbots. Users can now engage through:

- Text Chat
- Video Chat
- AI Avatar Videos

This multichannel approach ensures we can connect with a broader audience, catering to different preferences and needs.

Text Chat

Our AI-powered text chatbot allows users to ask questions and receive real-time answers about company performance, strategies, and milestones. It's like chatting with a financial expert anytime, anywhere.

Video Chat

For users who prefer face-to-face style interaction, our AI chatbot is available in a video chat format. With human-like expressions and speech, it makes the annual report feel more conversational and approachable.

AI Avatar Videos

We've introduced dynamic AI avatar videos that guide users through key sections of the report. These avatars deliver content in an engaging and personalized way, making complex information easier to digest.

Integrated Dashboard

Our integrated dashboard presents a comprehensive view of our business performance. Featuring both financial and non-financial highlights, this visual summary improves transparency and helps us connect more effectively with diverse stakeholder groups.

Accessibility Features

To ensure our content is accessible to all, we've built in a range of accessibility features. Whether users have visual, auditory, or cognitive challenges, the micro-site offers tools that break down digital barriers, widening our reach.

PLC SMARTFORCE



PLC SmartForce is a cutting-edge solution that equips over 300 of our marketing officers with tablets integrated with real-time access to our core systems. This enables them to facilitate loan applications, credit assessments, lead management, and customer onboarding on the go.

Key Features and Integration

- Real-Time Connection to "WorldCheck"
- CRIB Automation
- Inspection and Valuation
- Document Management

PLC SmartForce is a strategic initiative aligned with the Sustainable Development Goals (SDGs), promoting financial inclusion and sustainable growth. It supports Poverty Alleviation through access to credit, fosters Decent Work and Economic Growth by enabling entrepreneurship, and enhances Industry, Innovation and Infrastructure via a mobile-first approach. The initiative reduces inequalities by bridging digital and geographic divides and exemplifies Partnerships for the Goals through cross-functional collaboration and community engagement.

DIGITAL FRONT-END

People's Leasing is leading the digital disruption of the local financial services industry by transforming its digital front-end systems to revolutionise the way financial services are delivered. The Company's mobile and web-based platforms that offer real-time customer support are reshaping service delivery by making financial solutions more personalised, intelligent, and responsive. As a digital finance pioneer, People's Leasing is also breaking traditional barriers by leveraging technology to enable underserved and remote communities conduct transactions entirely online, with minimal involvement of physical branches.

Digital Front End Systems

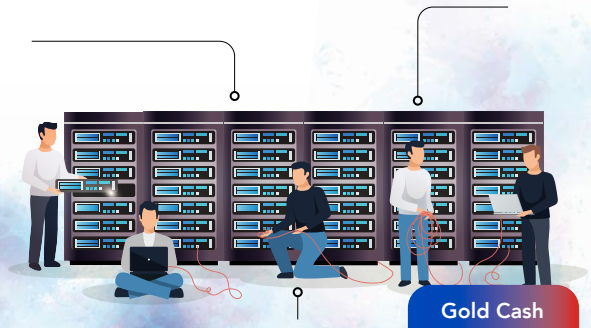
eDOC Portal

Target Users

- All Customers of People's Leasing

Key Features

- Digital Document Repository designed to improve document accessibility by enabling customers to view and download all Receipts, FD Certificates, PLC TOUCH receipts



Gold Cash

Target Users

- Gold Loan Customers

Key Features

- Offers customers seamless access to their Gold Loan wallet balance, enabling transactions through ATMs and POS terminals. With a single branch visit, customers can efficiently combine multiple Gold Tickets to enhance their Gold Wallet balance, ensuring greater flexibility and convenience in managing their funds.

PLC Touch

Target Users

- PLC Existing Customers

Key Features

- Pay by QR
- Fund Transfers
- Utility Payments
- Facility Payments
- Just Pay Transactions
- Insurance Premium Payments
- Self-e-Cash
- Gold Cash
- Card Management
- Transaction History

IT BACKBONE

A strong IT backbone is essential to enable secure, real-time transactions, support advanced digital front-end systems, and facilitate automation to streamline processes. It also ensures scalability, allowing People's Leasing to adapt to evolving industry demands while maintaining high performance and reliability.

IT infrastructure of People's Leasing is built on a seamlessly integrated ecosystem that combines core financial systems with real-time data processing capabilities. At the centre of this ecosystem is the InBank & PLCORE system, which integrates with the online/ real-time GL-Ledger to manage critical financial functions, including leasing, loans, savings, fixed deposits, treasury, margin trading, factoring, and Islamic financial services. Non-financial and subsidiary systems operate across different platforms but are fully integrated to ensure operational efficiency and data accuracy.

- People's Leasing's structured IT governance framework ensures that technology investments align with business objectives while emphasizing risk management, compliance, and continuous improvement

MANUFACTURED CAPITAL

Backend Core Systems



Backend Core Systems	Target Users	Key Features
PLCCORE Loan Origination System	⊙ Marketing team and Credit Approval authorities	⊙ Streamlining the loan application and approval process for enhanced efficiency and customer experience.
Credit Management System (CMS)	⊙ Marketing Staff ⊙ Branch Documentation Officers ⊙ Branch Second Officers ⊙ Branch Managers ⊙ Credit Approving Officers	⊙ An advanced credit assessment tool that evaluates creditworthiness based on the 3Cs (Client, Company, Collateral), ensuring a 360-degree credit assessment.
CAPP	⊙ Staff Members	⊙ A field support tool provided to staff to manage daily operational activities efficiently.
Smart Force	⊙ Marketing Teams	⊙ Enables real-time credit processing for clients on the move

IT SUPPORT SYSTEMS

IT support systems play a critical role in safeguarding the integrity of the Company's front-end and back-end systems by supporting stability, security and seamless operations.

Disaster Recovery (DR) Infrastructure

People's Leasing's robust DR infrastructure is designed to mitigate risks and ensure the rapid restoration of critical business functions. Built on redundancy and resilience, it features primary and secondary data centres with real-time system replication and redundant network connectivity. Regular testing and continuous refinements enhance its effectiveness, ensuring operational continuity even in challenging situations. Ongoing improvements to DR infrastructure included enhancements in the VM environment (servers), storage expansions to provide greater scalability, resilience, and enhanced data security.



Business Continuity Planning (BCP) Framework

People's Leasing has established a comprehensive BCP framework to ensure seamless operations and uninterrupted service delivery during unforeseen challenges or disasters. The BCP includes tailored strategies for risk assessment, crisis management, and contingency planning across all operations, including the Head Office and branches nationwide, ensuring business continuity even in difficult situations. A dedicated Incident Management Team is entrusted with the responsibility of overseeing the implementation of the BCP in the event of an emergency.

As a part of continuous improvement, the Risk & Control Department performs BCP drills with findings reported to the BIRMC on a quarterly basis.

ICT Quality Assurance Unit

The ICT Quality Assurance Unit is a dedicated team tasked with ensuring the quality, reliability, and performance of the Company-wide IT systems and applications. The primary purpose of the ICT QA unit is to conduct ongoing due diligence to verify that the Company's IT products meet specific compliance requirements and adhere to quality standards. Maintenance of hardware also falls under the purview of the ICT Quality Assurance Unit.

Information Security (IS) Architecture

Information security architecture of People's Leasing is built on the ISO 27001 certification, which has been in place since 2011 and serves as the foundation for the Company's information security system. The Information Security Committee (ISC), chaired by the CEO, oversees the information security and technology risk management, ensuring the Company policies align with the ISO 27001 standards and other global best practices, while internal audits, Vulnerability and Penetration Testing (VAPT), and CBSL onsite examinations complement the efforts to identify and mitigate potential risks.

In the current year, People's Leasing upgraded its certification to ISO 27001:2022, with all policies reviewed and updated in line with the latest version of the standard.

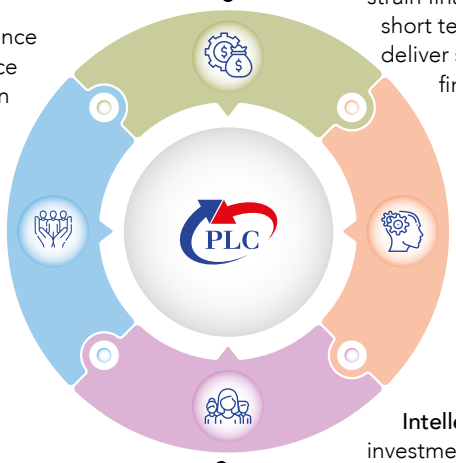
Business Analyst (BA) Unit

The BA unit was established in the current financial year to focus on strengthening business-technology alignment through ongoing process improvements, and fostering greater collaboration and communication between internal stakeholders.

TRADE-OFF'S AND IMPACT ON OTHER CAPITALS

Financial Capital – while infrastructure or technology upgrades may strain financial resources in the short term, they are likely to deliver significant long term financial returns.

Social and Relationship Capital – investments in physical and technology infrastructure to enhance customer experience helps to strengthen customer loyalty.



Human Capital – While automation and technology improve efficiency, employees may need to adapt to new systems, requiring more resources to reskill and manage potential changes to job roles.

Intellectual Capital – investments in technological advancements enhances the Company's competitive edge in the long run.

FUTURE PLANS

Short Term (1 -2 years)

- As per the Board Approved Business Expansion Plan, set up 10 new branches to promote financial inclusion in underserved regions across Sri Lanka
- Launch a digital platform to involve stakeholders in business generation
- Enhance the Delinquency Management System for improved efficiency and risk control
- Upgrade the SMART FORCE initiative with TAB-based tools for better engagement and sales
- Introduce social media-based services for fund transfers, bill payments, and inquiries

Medium Term (2 -4 years)

- Upgrade Data Loss Prevention (DLP) software & Web Access Firewall (WAF) to enhance the integrity of DR infrastructure
- Utilize AI-driven analytics to improve credit assessments, recovery, and cross-selling

Long Term (4 - 5 years)

- Deploy Endpoint Detection & Response (EDR) and Security Incidents and Event Management (SIEM) tool to strengthen information security architecture

INTELLECTUAL CAPITAL

GRI 3-3

MANAGEMENT APPROACH

People's Leasing embraces a holistic and forward-looking approach to managing and investing in Intellectual Capital, focusing on strengthening the unique attributes that define the Company's identity, while also driving greater synergy between the different components to unlock their collective value to enhance the Company's ability to adapt, innovate, and sustain long-term growth in a dynamic operating environment.

MATERIAL THEMES

- Business model flexibility in an environment that is continually changing
- Assembling and retaining a skilled, involved, and driven team
- Increase customer awareness through responsible communication
- Heightened demands on governance, compliance and regulatory context

Intellectual Capital refers to the institutional knowledge, systems, brand equity, and innovation that shape our competitive advantage. At People's Leasing & Finance, we leverage our accumulated expertise, well-established reputation, and customer insights to build and sustain long-term value. Intellectual Capital is embedded in our corporate culture, business model, and service delivery. It includes our brand trust, governance frameworks, digital capabilities, and the continuous refinement of internal processes. We focus on harnessing data, embracing digital transformation, and improving customer-centric solutions to stay ahead in an evolving financial services landscape. Knowledge-sharing, innovation, and compliance are encouraged at every level of the organisation, allowing us to respond swiftly and strategically to new challenges. We also invest in technology and process optimisation to strengthen operational agility and ensure regulatory alignment.

By nurturing Intellectual Capital, we not only drive internal efficiency but also foster differentiation in a competitive marketplace. Our focus is on remaining future-ready by protecting and growing the knowledge assets that underpin our ability to deliver superior service and drive sustainable growth.



VALUE DRIVERS

- Brand Heritage
- Ethics and Integrity
- Brand Achievements
- Knowledge Base
- Strategic Business Partners
- Standards and Certifications
- Memberships and Affiliations

KEY INITIATIVES

- Conducted the first-ever brand health study
- Forged three new strategic business partnerships

STAKEHOLDER OUTCOMES

- High quality products and services
- Innovative financial solutions
- Trusted partner
- Delivering long-term value that can be proud of.
- Sustainable investment
- Low risk profile for their investment
- Opportunities for collaboration through shared systems and process innovation.
- Stable and trustworthy relationship
- Enhances supplier reputation through association.
- Assurance of compliance and industry leadership through ethical practices and institutional knowledge.
- Positive industry influence

OUTPUTS FOR PEOPLE'S LEASING

- Stronger market position and enhanced top of mind brand awareness leading to enhanced competitive edge
- Increased customer retention
- Facilitates talent acquisition and retention.
- Operational excellence
- Regulatory recognition

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.10

17 PARTNERSHIPS FOR THE GOALS

Target 17.16 | 17.17



BRAND VALUE

Rs. 5.40 Bn

A(lka);

(OUTLOOK STABLE)

FITCH RATING UP-GRADATION

INTELLECTUAL CAPITAL

BRAND HERITAGE

People's Leasing & Finance PLC (People's Leasing) boasts a powerful brand heritage within Sri Lanka's Non-Banking Financial Institution (NBFI) sector. In 2025, People's Leasing celebrates 29 years of operation, a milestone that reflects the Company's deep and enduring commitment to the people of Sri Lanka. Over the past three decades, People's Leasing has combined conventional models alongside a strong focus on digital transformation to enhance customer convenience and promote financial inclusion, which has made People's Leasing one of the most iconic and recognisable finance services brands in Sri Lanka today.

Further, as a subsidiary of People's Bank, one of the Country's most respected state-owned banks, People's Leasing brand identity personifies the core values of the "People's" brand legacy.

In an effort to understand its current brand positioning and plan for the strategy for the next decade, the Company conducted its first-ever Brand Health and Equity study in the current year. The objectives of the research were to assess the brand health of People's Leasing in comparison to its competitors, covering aspects such as brand awareness, usage, consideration, and perception. Additionally, the research aims to evaluate brand equity of People's Leasing relative to competitors and analyse the effectiveness of recently launched advertisements against key competitor ads.

ANALYSIS OF IMPACTS TO THE PEOPLE'S LEASING'S BRAND VIA THE PORTER'S FIVE FORCES MODEL

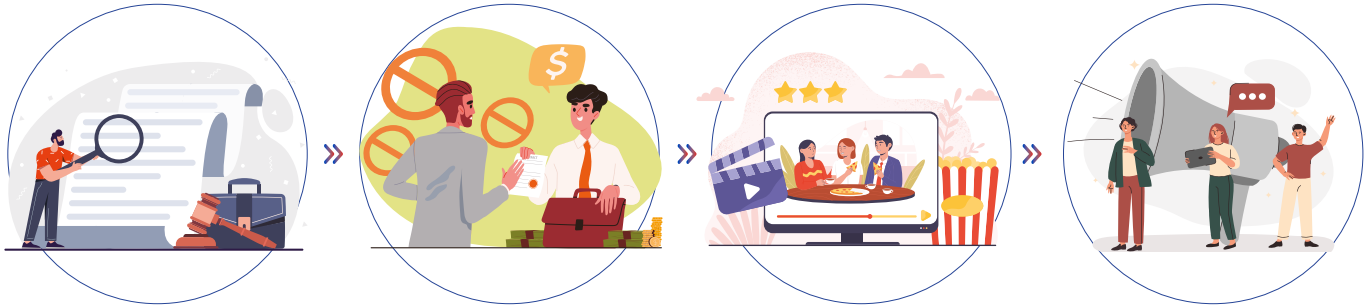
Force	Competitive Rivalry	Threat of Substitutes	Threat of New Entrants	Bargaining Power of Customers	Bargaining Power of Suppliers
Challenge	The financial services sector is saturated with numerous competitors offering similar products, supported by aggressive marketing and digital outreach.	Increasing availability of alternative financing options like traditional bank loans, fintech platforms, credit cards, and peer-to-peer lending.	The rise of digital-only financial service providers lowers entry barriers, including the capital requirements set by regulators, fostering agile competition, though unregulated services pose potential threats.	Consumers now demand personalized, competitive, and digitally efficient financial services, increasing their negotiation leverage.	Leveraging diversified funding and robust in-house capabilities, People's Leasing currently encounters minimal influence from institutional funders and banks; however, digital transformation and the outsourcing of specialized, high-switching-cost services could amplify that influence.
Strategic Response	Differentiate through customer-centric innovation and advanced digital solutions. Build long-term relationships by offering value-added services beyond pricing.	Introduce sustainable offerings, such as solar leasing solutions. Forge strategic partnerships with companies such as DIMO and CodeGen to diversify and enhance service portfolio.	Leverage People's Leasing's established market reputation, regulatory knowledge, and solid financial base to maintain a robust entry barrier and reinforce market trust.	Provide customized financial solutions with transparent pricing. Enhance customer convenience through swift service delivery via the PLC Core System, digital marketing strategies, and strategic partnerships, while strengthening market positioning.	Ensure transparent, mutually beneficial supplier relationships and invest in internal tech developments.
Brand Impact	Enhances competitive positioning, strengthens customer loyalty, drives sustainable growth, and reinforces identity of People's Leasing as the truly "people's" financial partner.	Positions People's Leasing as an innovative, eco-conscious, and customer-first brand, especially resonating in environmentally sensitive and tech-savvy regional markets.	Emphasizes stability, expertise, and resilience of People's Leasing, fostering trust among customers amid a dynamic and increasingly digital financial landscape.	Reinforces People's Leasing's image as adaptive and responsive, dedicated to delivering seamless and high-quality digital customer experiences.	Resilience, uninterrupted service delivery, and operational stability, coupled with strong brand associations, will enhance People's Leasing's brand image.

HIGH | MEDIUM | LOW

ETHICS AND INTEGRITY

As a leading player in the local NBFI sector, People's Leasing Board considers it a duty to maintain the highest standards of ethical conduct not only as the basis of building stakeholder trust but also to safeguard the integrity and stability of the Country's financial system. The Board sets the tone from the top to foster a culture of ethics and has established a comprehensive conduct framework to ensure best practices permeate across all levels of the business.

Conduct Framework of People's Leasing



Code of Conduct | Anti-Bribery and Corruption Policy | Accepting Gift & Entertainment Policy | Whistleblower Policy

These areas are explained in detailed under Corporate Governance Section

KNOWLEDGE BASE

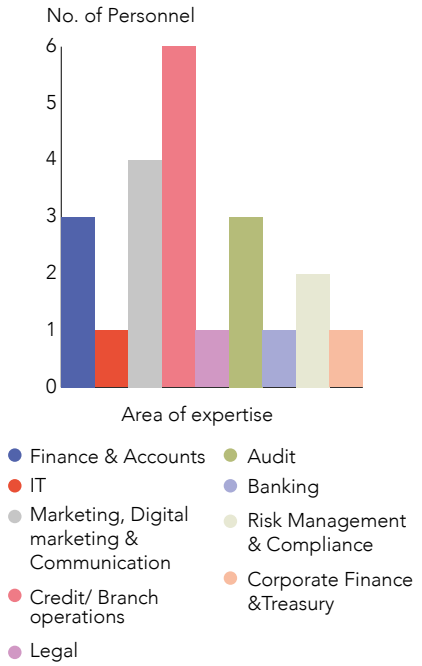
Knowledge base of People's Leasing comprises the Company's leadership team, whose expertise is instrumental in driving business agility and resilience. With years of hands-on experience in diverse disciplines ranging from financial management, regulatory compliance, risk mitigation, customer relationship management, and market strategy, leadership team of People's Leasing brings deep knowledge enabling informed decision making, drive innovation and continuous improvement to enhance competitive edge of the Company while remaining agile and resilient in an ever-evolving financial landscape.

Moreover several of the Company's senior leaders hold positions in industry bodies and professional organisations. This strong network of expertise not only facilitates knowledge sharing but also raises profile of People's Leasing as a thought leader within the financial services sector.





Knowledge Base



Area of expertise	No. of personnel*
Finance/ Accounts	3
IT	1
Marketing/ Digital Marketing/ Communication	4
Credit/ Branch Operations	6
Legal	1
Audit	3
Banking	1
Risk Management/ Compliance	2
Corporate Finance/ Treasury	1

INTELLECTUAL CAPITAL

BRAND ACHIEVEMENTS FOR FY 2024/25

Throughout the 2024/25 financial year, People's Leasing has solidified its reputation as an industry leader by securing a distinguished array of local and international accolades in business excellence, technology innovation, reporting transparency and sustainability. These honours underscore our commitment to operational excellence and responsible growth, while our strengthened financial position and upgraded credit rating reflect the robustness of our strategic vision. Together, these achievements not only celebrate our past successes but also pave the way for continued leadership and value creation in the years ahead.

BUSINESS EXCELLENCE AWARDS

Global Brand Magazine Award 2024

- Most Trusted Financial Institution Sri Lanka

Asian Business Leadership Awards

- Financial Fortitude Best Leasing Company of the year

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 Finance

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
- Best NBFI Brand of the Year

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 Award

BestWeb.lk Awards 2024

- Gold Award - Best Mobile User Experience Finance and Insurance Website.
- Silver Award-Best Finance and Insurance Website.

FINANCIAL STABILITY

Rs. **5.79** Bn
PBT
(7.67% year on year growth)

Rs. **194.53** Bn
Total Assets
(21.69% year on year growth)

A(lka); (Outlook Stable)
upgraded by Fitch Ratings Lanka Ltd on 24 January 2025

TECHNOLOGY EXCELLENCE AWARDS

National ICT Awards 2023/24

- Chief Information Officer of the Year

National Best Quality Software (NBQSA) Awards 2024

- Merit Award- In-House Development category



REPORTING EXCELLENCE AWARDS

TAGS Awards hosted by CA Sri Lanka

- Annual Report 2023/24 of People's Leasing placed among top-ten nominees for overall excellence in Annual Reports.
- Silver Award: Finance Companies, Leasing Companies & Other Financial Institutions (Total Group Assets Above Rs. 75 Bn.)
- Certificate of Recognition: Corporate Governance Disclosure Financial Services
- Certificate of Recognition: Digitally Transformative Reporting
- Certificate of Recognition: Sustainability Reporting
- Certificate of Recognition: Integrated Reporting

CMA Excellence in Integrated Reporting Awards – 2024

- People's Leasing was adjudged and awarded as one of the "Ten Best Integrated Reports".
- "First Runner Up" Best Integrated Report – Finance & Leasing Sector

Best Presented Annual Report Awards organised by South Asian Federation of Accountants (SAFA)

- Joint Bronze, Financial Services

ARC Awards, hosted by Mercomm Inc., USA.

- Best of Sri Lanka Grand Award
- Best of Financial Data Category Grand Award
- Category Awards (Financial Services: General Category)
  - Gold Award : Financial Data
  - Gold Award : Chairman's/ President's Letter
  - Gold Award : Non-Traditional Annual Report
  - Gold Award: Written Text
  - Silver Award: Infographics
  - Bronze Award : Printing & Production.

AWARDS FOR SUSTAINABILITY EXCELLENCE

- Token of Appreciation from Biodiversity Sri Lanka as an appreciation for the impactful partnership to "Life to our forests" Project in Kanneliya"



INTELLECTUAL CAPITAL

STRATEGIC BUSINESS PARTNERSHIPS

People's Leasing's network of strategic business partnerships play a key role in strengthening market position. The Company engages in strategic collaborations that provide access to new technologies, and expertise to help improve operational efficiency and expand service offerings that enable People's Leasing to tap into new customer segments, mitigate risks, and enhance its competitive edge in the dynamic financial services market.

New Strategic Business Partnerships formed in FY 2024/25

Partnership with Malabe Punchi Car Niwasa

- People's Leasing has partnered with Punchi Car Niwasa, a vehicle sales outlet with a capacity to accommodate over 400 vehicles and a vehicle inspection facility. This partnership allows People's Leasing to provide convenient financial services to customers visiting the sales outlet. Customers benefit from value-added services, including the lowest interest rates in the market, flexible repayment options, and an extended repayment period of up to seven years.

Partnership with DIMO for Agricultural Vehicles

- People's Leasing has also collaborated with DIMO, a leading diversified conglomerate, to introduce a financing scheme for Sri Lanka's agricultural sector. The partnership offers flexible financing with special interest rates, minimal down payment requirements, and the option to extend lease terms up to seven years for DIMO's range of Mahindra and Swaraj tractors, Lovol and CLASS harvesters, and other agricultural machinery.

Partnership with Codegen Pvt Ltd for ETX Electric Three-Wheels

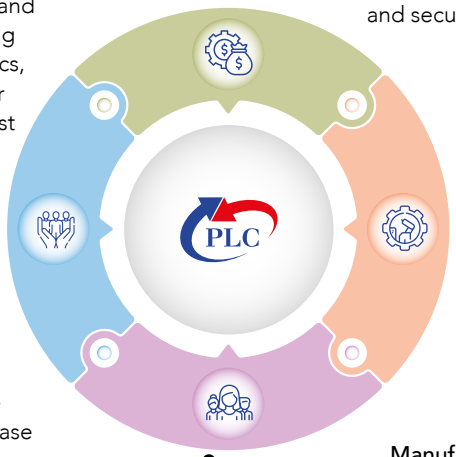
- People's Leasing has teamed up with Codegen Pvt Ltd to provide leasing facilities for their ETX electric three-wheelers. Under the partnership, Codegen will promote the Company's leasing options to its customers.

TRADE-OFF'S AND IMPACT ON OTHER CAPITALS

Financial Capital – strong brand positioning drives business expansion, revenue and profitability growth.

Effective partnerships lower cost and secure new business.

Social and Relationship Capital – a well-established brand presence and strong commitment to ethics, builds stakeholder confidence and trust



Human Capital – strong knowledge base enables continuous development of employees through knowledge sharing, coaching and mentoring.

High ethical value enhance employee engagement and retention.

Manufactured Capital – Standards and certifications enhance the integrity and efficiency of both physical and digital assets.

Knowledge driven culture promote operational efficiency and digital infrastructure.

STANDARDS AND CERTIFICATIONS

- ISO 27001:2022 Information Security Standard
- On Boarded to Sustainability Certification Standards and Certifications & Standards Initiative (SSCI) of European Organization for Sustainable Development (EOSD)
- Carbon Conscious Certificate from Climate SI for the year ended 31st March 2025
- 5S Certification from the National Productivity Secretariat.
- EDGE Green Building Certificate for Classique by PLC from Green Business Certification Inc. (GBCI)

FUTURE PLANS

Short Term (1 -2 years)

- Complete rollout of insights from the Brand Health & Equity Study across all marketing channels
- Consolidate and evaluate performance of newly established partnerships
- Enter in to new strategic tie-ups to capture different market segments
- Employee up-skilling
- Continue delivering cross-functional training programs to strengthen the organisational knowledge base

Medium Term (2 -4 years)

- SSCI certification process
- Build AI powered platform for real time knowledge sharing and employee engagement
- Accelerate digital lead generation and optimize customer acquisition cost across digital platforms
- Expand engagement with younger, digital-native audiences through tailored campaigns
- Position People's Leasing as a thought leader

Long Term (4 - 5 years)

- Brand positioning at cross border level for financing
- Innovation & New Channel Development
- Market Expansion and Long-Term Loyalty
- Enhance Social and Content Engagement

GRI 2-28

MEMBERSHIPS AND AFFILIATIONS

People's Leasing leverages its memberships and affiliations with industry bodies and professional organisations for the purpose of knowledge enhancement and to stay informed about best practices, regulatory changes, and emerging trends. Additionally, links to broader industry initiatives and community-focused affiliations allows the Company to contribute to more meaningful social and environmental causes. Ongoing memberships include;

- The Financial House Association of Sri Lanka
- Credit Information Bureau of Sri Lanka
- The Financial Ombudsman, Sri Lana
- The Leasing Association of Sri Lanka
- The Association of Margin Providers
- Sri Lanka Business and Biodiversity Platform - Patron Member

HUMAN CAPITAL

GRI 3-3

MANAGEMENT APPROACH

Human capital development approach of People's Leasing centres on a comprehensive Employee Value Proposition (EVP) designed to cultivate a high-performing, inclusive, and values-driven workplace.

To achieve these objectives, the EVP goes beyond traditional rewards to integrate opportunities for continuous learning, clear career growth, and well-being. Ultimately the EVP aims to foster a culture where employees feel valued, engaged, and empowered to contribute meaningfully, supporting the creation of a future-ready and people-centric workforce.

MATERIAL THEMES

- Geopolitical and socio economic uncertainty
- Business model flexibility in an environment that is continually changing
- Assembling and retaining a skilled, involved, and driven team
- Heightened demands on governance, compliance and regulatory context

Human Capital encompasses the knowledge, skills, experience, and commitment of our people the driving force behind our success. At People's Leasing & Finance, we believe that empowered, motivated, and well-equipped employees are essential to achieving our strategic goals. Our approach to Human Capital focuses on building a resilient and agile workforce through continuous learning, development opportunities, and a strong performance-driven culture. We strive to attract and retain talent by offering a supportive work environment, fostering inclusivity, and ensuring employee well-being. Leadership development, succession planning, and employee engagement are integral to our strategy for nurturing future-ready teams. We also recognise the importance of aligning personal growth with organisational objectives, promoting a sense of ownership and purpose across all levels of the company.

By investing in Human Capital, we strengthen not only our internal capabilities but also our capacity to adapt and thrive in a rapidly changing environment. Our people are central to delivering customer value, driving innovation, and upholding our brand promise. Through ongoing development and support, we aim to build a culture of excellence that supports both individual fulfilment and collective achievement.



VALUE DRIVERS

- HR Management and Oversight
- Recruitment Strategy
- Diversity, Equality and Inclusion
- Employee Integration
- Human Rights
- Compensation and Benefits
- Performance Monitoring
- Competency Development
- Developing Future Leaders
- Communication and Engagement
- Grievance Handling
- Safe Workplace

KEY INITIATIVES

- Focus on recruiting more females into the workforce
- Strengthening the on-boarding process
- Adjustment of minimum salary of employees with discrepancies
- 10% salary increment for all employees
- 823 promotions
- 79,660 training hours
- Launch of the "Talent Pool" initiative
- Launch of the HR at Your Doorstep programme

STAKEHOLDER OUTCOMES

Shareholders (ICON) Higher returns owing to improved productivity and retention.

- Business continuity
- Future readiness .

Higher employee engagement and satisfaction translate into better customer interactions and service delivery.

- Minimize service disruptions

- Fair labour practices
- Compliance with laws and regulations
- Compliance with succession planning requirements of the regulator

OUTPUTS FOR PEOPLE'S LEASING

- Revenue per employee is Rs. 10.61 Mn
- 83.60% employee retention
- Increase in employee satisfaction leading to an increase in employee retention
- ZERO incidents of discrimination

Target 3.4 | 3.8

Target 4.4 | 4.5 | 4.7

Target 5.2 | 5.2 | 5.5

Target 8.2 | 8.3 | 8.5 | 8.6

Target 10.3 | 10.4



EMPLOYEES

2,679

Rs. 4.86 Bn

EMPLOYEE EXPENSES

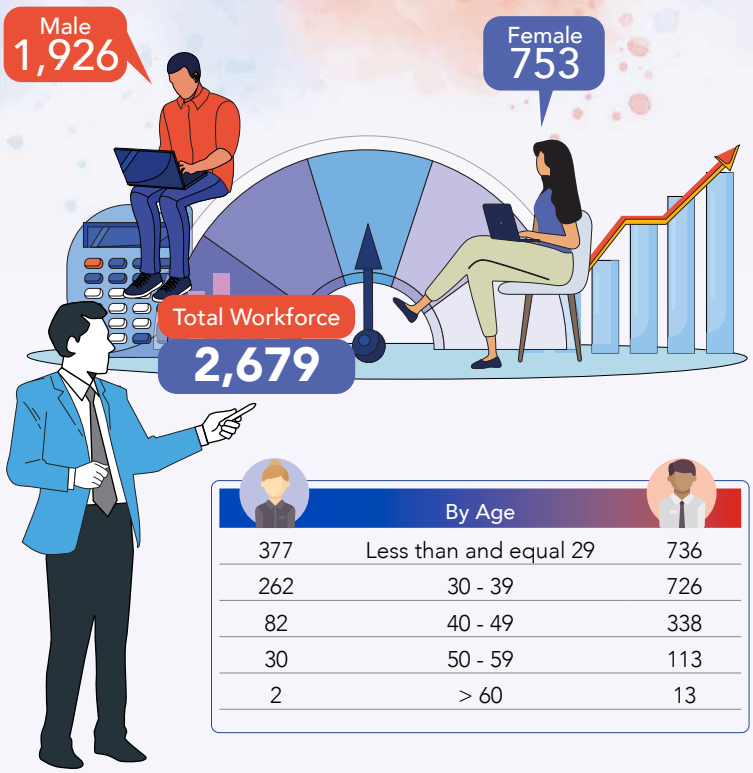
964

NEW RECRUITS

HUMAN CAPITAL

WORKFORCE ANALYSIS 2024/25

GRI 2-7, 405-1



By Province		
51	Central	194
24	Eastern	90
36	North Central	137
34	North Western	114
20	Northern	87
41	Sabaragamuwa	152
71	Southern	246
21	Uva	109
455	Western	797

By Age		
377	Less than and equal 29	736
262	30 - 39	726
82	40 - 49	338
30	50 - 59	113
2	> 60	13

By Employement Category		
5	Senior Leadership	50
7	Middle Managers	51
19	Line Managers	128
156	Executives	503
564	Non Executives	1,124
2	Minor staff	70

Employee Analysis By Employment Types

Region	No of Branches/Units	Permanent		Probation		Contract		Province-wise
		Female	Male	Female	Male	Female	Male	Total
Central	11	43	148	7	44	1	2	245
Eastern	8	14	62	10	28	-	-	114
North Central	9	30	102	6	35	-	-	173
North Western	8	28	88	6	25	-	1	148
Northern	8	15	58	5	28	-	1	107
Sabaragamuwa	9	33	111	8	41	-	-	193
Southern	15	53	192	17	54	1	-	317
Uva	6	16	90	5	17	-	2	130
Western	87	345	664	109	124	1	9	1,252
Grand Total	161	577	1,515	173	396	3	15	2,679

Diversity of Employees 2024/25

Employee category	Gender	Total Employee Count	Age Analysis (Years)					Total-Gender analysis (No.)
			> 60	50 - 59	40 - 49	30 - 39	<= 29	
Senior Leadership	F	5	0.00%	0.07%	0.07%	0.04%	0.00%	0.19%
	M	50	0.04%	1.12%	0.67%	0.04%	0.00%	1.87%
Middle Managers	F	7	0.00%	0.07%	0.11%	0.07%	0.00%	0.26%
	M	51	0.00%	0.60%	1.05%	0.26%	0.00%	1.90%
Line Managers	F	19	0.00%	0.37%	0.19%	0.11%	0.04%	0.71%
	M	128	0.00%	0.82%	2.80%	1.16%	0.00%	4.78%
Executives	F	156	0.00%	0.52%	2.39%	2.69%	0.22%	5.82%
	M	503	0.00%	1.01%	5.52%	11.68%	0.56%	18.78%
Non executives	F	564	0.07%	0.04%	0.26%	6.87%	13.81%	21.05%
	M	1124	0.45%	0.26%	1.75%	13.44%	26.05%	41.96%
Minor staff	F	2	0.00%	0.04%	0.04%	0.00%	0.00%	0.07%
	M	70	0.00%	0.41%	0.82%	0.52%	0.86%	2.61%
Total		2679	0.56%	5.34%	15.68%	36.88%	41.55%	100.00%

Note : PLC exclusively hires full-time employee and does not employ part time employees.

GRI 2 -23

HR MANAGEMENT AND OVERSIGHT

Human resource management and oversight at People's Leasing focuses on regulatory compliance with global best practices.

A robust policy framework encapsulating regulatory requirements and provisions for human rights and labour set out under the ILO conventions and the United Nations Global Compact, form the basis of effective management of human capital at all levels of the organisation. As part of the overall approach to management and oversight, HR policies are regularly updated to facilitate the changing needs of the business as well as to capture regulatory requirements and best practices.

The Board of Directors of People's Leasing remains the main authoritative body providing oversight for ensuring human capital strategy and for ensuring practices are consistent with the Company's broader objectives. Oversight is further strengthened through clearly defined roles and responsibilities, internal audits and continuous monitoring.

Additionally, HRIS platform of People's Leasing serves as the backbone for managing essential HR functions to ensure all aspects of the employees from recruitment, onboarding, performance management, compensation & benefits, performance management and career mobility resonate with employee aspirations and align with the Company's long-term objectives.

GRI 2 -8, 401-1,408-1

RECRUITMENT STRATEGY

At People's Leasing, recruitment is guided by an annual cadre plan developed to ensure that each business function has access to the right number of skilled employees in line with strategic goals.

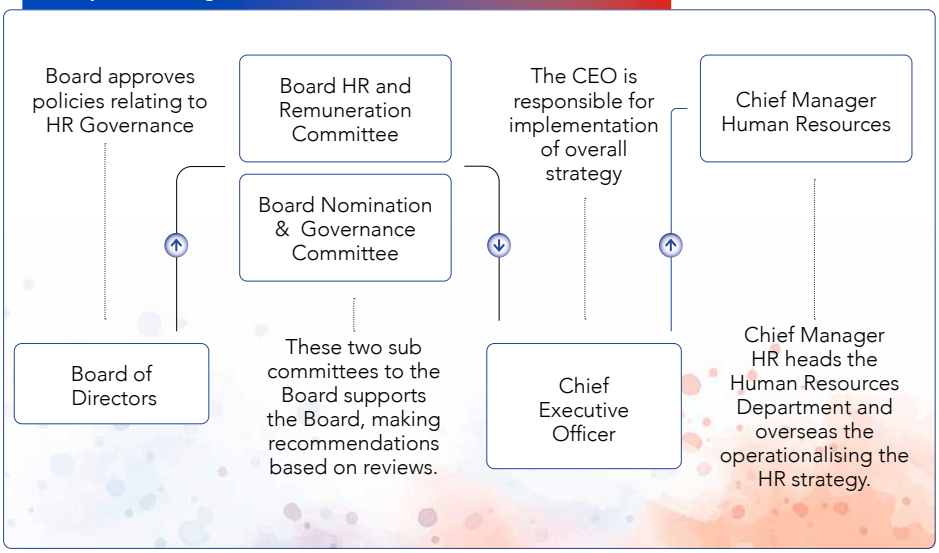
As per established policy guidelines, recruitment is a systematic and thorough process based on the "hire for potential" principle. In line with this approach, vacancies are notified internally and advertised externally followed by a rigorous process of shortlisting to determine the best-fit candidates, who are then required to undergo several rounds of interviews and testing to assess the candidate's suitability. The process is designed to be fair and objective, focusing solely on qualifications, competencies, and experience. Likewise strong emphasis is placed on diversity and inclusion, with no discrimination permitted on the basis of gender, race, religion, or any other legally protected status. The Company also upholds strict adherence to labour laws, including the legal age of employment, only hiring individuals aged 18 or above.

Moreover, in strict adherence to all labour regulations regarding the legal working age, People's Leasing conducts necessary verifications to ensure that only candidates aged 18 or older are considered for employment. Hence, operations of People's Leasing are not at risk for child labour.

Selected new recruits are issued with a contract of employment which includes standard clauses regarding employment type, leave entitlement, employees' provident fund (EPF) contributions, notice periods, working hours and etc.

All new hires are placed on a probationary period, usually six months, during which time, the employee's performance is closely monitored to ensure they meet expectations. Upon successful completion of the probationary period, the employee is made permanent.

People's Leasing & Finance PLC - HR Governance Structure



GRI 202-2

KEY IMPROVEMENTS IN FY 2024/25 - REDUCING RECRUITMENT LEAD TIMES

- Given the highly competitive nature of the local NBFI sector, several process improvements were made in the current year to reduce recruitment lead times. The recruitment process for selected employee categories was streamlined to enable selected candidates to receive feedback on the same day as their interview, while the on-boarding process was also further strengthened with the offer letter and other documentation for successful candidates completed on the same day.
- Further at People's Leasing, all senior managers of the company are locally hired.



HUMAN CAPITAL

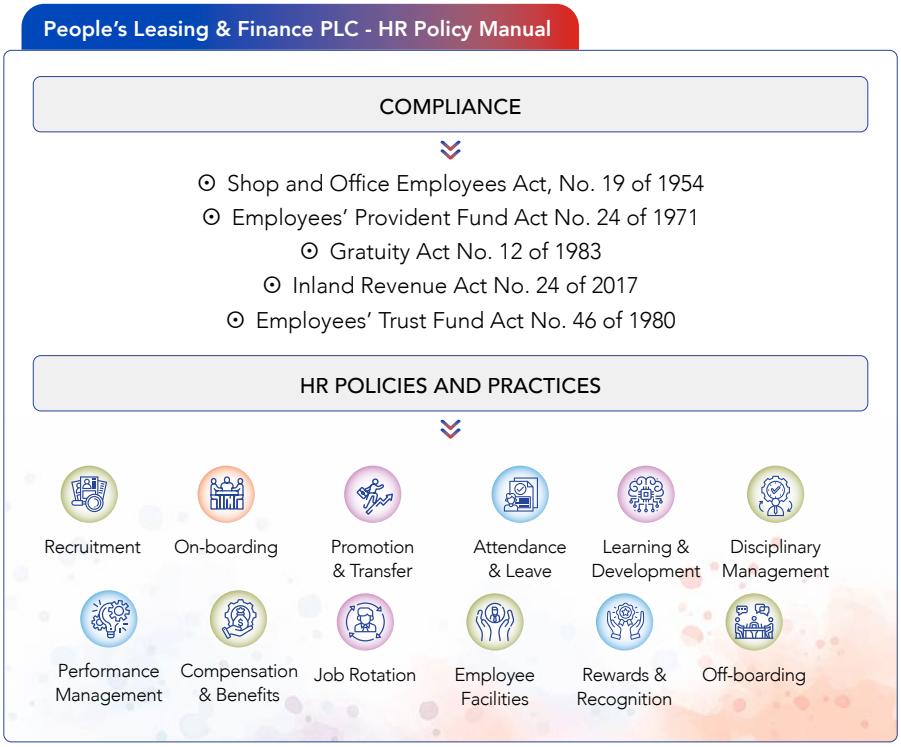
Diversity, Equality and Inclusion (DEI)

People's Leasing actively works to eliminate gender discrimination and has implemented extensive mechanisms and programmes to support women in achieving their fullest potential, including recruiting more females to the workforce and promoting females in leadership roles.

People's Leasing works to ensure a 1:1 ratio between the salaries offered to men and women at entry level as well as those performing comparable roles across all employee categories and operational levels.

As part of this commitment, the Company conducts regular pay equity analyses to identify and proactively address any gender pay gaps across all employee categories, ensuring fair and equitable compensation practices.

Organisation-wide gender parity indicators are monitored for comparability against industry norms.



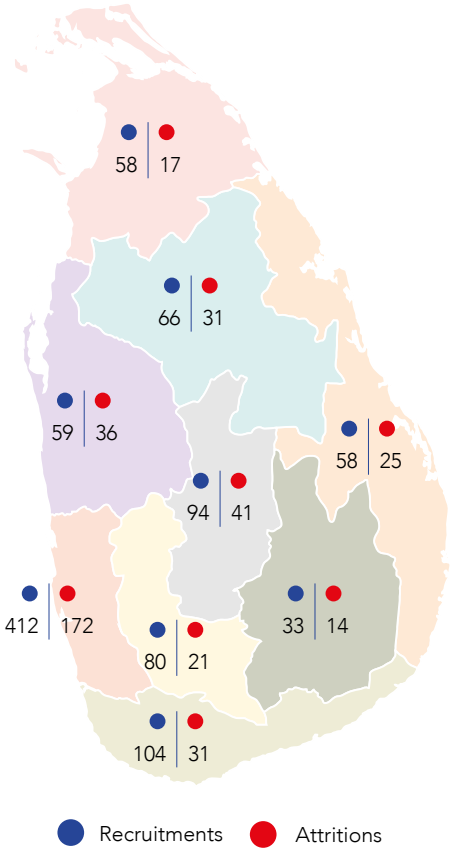
Recruits and Attritions by Employee Category and Gender

Employee category	Gender	Recruitment Number	Recruitment %	Attrition Number	Attrition %
Senior Leadership	F	1	0.10	1	0.26
	M	3	0.31	5	1.29
Middle Managers	F	1	0.10	-	0.00
	M	4	0.41	2	0.52
Line Managers	F	2	0.21	5	1.29
	M	7	0.73	9	2.32
Executives	F	13	1.35	10	2.58
	M	17	1.76	31	7.99
Non Executives	F	275	28.53	96	24.74
	M	618	64.11	222	57.22
Minor staff	F	-	0.00	-	0.00
	M	23	2.39	7	1.80
Total		964	100.00	388	100.00

Recruits and Attritions by Age Group

Age	Recruitment Number	Recruitment %	Attrition Number	Attrition %
Less than and equal 29	797	83	213	55
30 - 39	113	12	131	34
40 - 49	29	3	29	7
50 - 59	16	2	5	1
> 60	9	1	10	3
Total	964	100	388	100

Province wise Recruitments and Attritions



PEOPLE'S LEASING'S GENDER PARITY DASHBOARD

Indicator	People's Leasing's commitment	2024/25	2023/24
Diversity and Inclusion	Gender parity-policies to promote diversity and inclusion	1,926:753 Gender Ratio (Overall)	1,498:554 Gender Ratio (Overall)
		30.29% Female recruits from total recruits	37.88% Female recruits from total recruits
Remuneration	Guidelines on gender pay equity	1:1 Ratio of basic salary between men and women	1:1 Ratio of basic salary between men and women
Sexual Harassment	Gender parity-policies to prevent sexual harassment at the workplace	ZERO Incidents reported	ZERO Incidents reported
Training Opportunities	Training and Development Policy	30.41:28.22 Training hours per person (M:F)	41.09:41.61 Training hours per person (M:F)
Career Development Opportunities	Promote females in leadership roles	206 females promoted	118 females promoted
		9.09% Female representation at Senior management level	10.64% Female representation at Senior management level

KEY IMPROVEMENTS IN FY 2024/25 - DRIVING DEI AT ALL LEVEL OF THE ORGANISATION

- People's Leasing took definitive action to embed DEI across its operations, starting with focused efforts to recruit more females into the workforce. Moving forward, the Company aim to establish gender parity targets for all key operations coupled granular level monitoring and reporting frameworks.

GRI 405-2

Ratio of Basic Salary between Men and Women

Employee category	Gender	Basic salary ratio FY 24/25	Basic salary ratio FY 23/24
Senior Leadership	M	1.00	1.00
	F	1.02	0.99
Middle Managers	M	1.00	1.00
	F	1.15	0.92
Line Managers	M	1.00	1.00
	F	1.08	1.10
Executives	M	1.00	1.00
	F	1.09	1.11
Non executives	M	1.00	1.00
	F	0.97	0.94
Minor staff	M	1.00	1.00
	F	0.81	0.81

Employee Integration

People's Leasing has a structured employee integration (onboarding) programme designed to help new recruits feel welcomed, supported, and equipped to contribute effectively from the outset. The programme includes a comprehensive induction to familiarise employees with the Company's code of conduct, policies, and operational procedures as well as introduce new hires to their teams and assigned mentors to ensure new employees transition smoothly into their roles within the organisation.

GRI 2-30, 406-1, 407-1, 409-1

Human Rights

A strong commitment to upholding human rights underpins all aspects of HR management. Guided by internationally accepted standards such as the United Nations Global Compact and ILO conventions, People's Leasing maintains a zero tolerance approach towards discrimination. Leaders at all levels are expected to model inclusive behaviour, foster a culture of mutual respect, and ensure that all employment-related decisions are fair, transparent, and based solely on merit. There were no incidents of discrimination reported in the current year.

Equally importantly, People's Leasing rejects any form of forced or compulsory labour, with all employment relationships deemed to be undertaken through mutual consent and free choice. Hence, operations of People's Leasing are not at risk for forced or compulsory labour.

Likewise, freedom of association and the right to collective bargaining are fully respected and supported, with over 45% of employees currently represented by a recognised trade union. Hence, operations of People's Leasing are not at risk for freedom of association or collective bargaining.

GRI 202-1,401-2

Remuneration and Benefits

Remuneration and Benefit Policy of People's Leasing is designed to ensure that compensation is competitive, equitable, and aligned with both individual and organisational performance, while being consistent with industry benchmarks. Remuneration structures are based on a grading system where employees are categorised on their roles and responsibilities, with each grade consisting of minimum, medium, and maximum salary bands to facilitate appropriate remuneration to inspire career progression within the category and beyond. Remuneration for all executive employees is also closely tied to performance metrics, with bonuses awarded annually based on the overall Company performance.

HUMAN CAPITAL

For certain employees who fall under the monthly minimum wage requirements of Rs. 21,000 under the Shop and Office Act, People's Leasing offers a significantly higher salary than the mandatory requirement.

Remuneration and Benefits

	2024/25 Rs.million	2023/24 Rs.million	2022/23 Rs.million
Salaries and bonus	2,582.32	2,318.24	2,445.16
EPF	228.89	204.68	208.98
ETF	57.22	51.17	52.24
Overtime	56.74	34.07	23.24
Leave encashment	82.30	71.12	68.65
Allowance and incentives	1,448.54	1,187.21	1,351.64
Casual wages	4.11	1.55	1.45
Medical insurance	246.24	204.7	181.52
Gratuity	158.22	175.37	155.67
Total	4,864.57	4,248.11	4,488.55

GRI 404-3

PERFORMANCE MONITORING

Performance monitoring is seen as a key component in developing a high performing workforce. The main aim of the People's Leasing performance monitoring process is to link each employee's contributions directly to corporate strategy. This is achieved by cascading corporate strategic objectives to departmental level goals and further refining them into team targets and individual KPI's set annually.

Monitoring of performance is an ongoing process supported by the formal mid-year assessment and annual appraisal where each executive is assessed against clearly defined Key Performance Indicators (KPIs) and their ability to consistently demonstrate the organisation's core values in practice.

High-performing individuals are recognised and rewarded through merit-based salary increments, performance bonuses, and career progression opportunities.

GRI 404-2

COMPETENCY TRAINING

For a financial institution such as People's Leasing, competency training aims to ensure employees are equipped with the knowledge, skills, and behavioural attributes necessary to navigate an evolving regulatory landscape, maintain operational excellence, and uphold high standards of customer service and compliance.

Competency development at People's Leasing is undertaken through a blended learning approach pivoted on the 70:20:10 model, where the majority of learning takes place through on-the-job training (70%), followed by structured classroom training (20%), and mentoring and coaching (10%). The Company's structured approach to classroom training is guided by the annual performance evaluation process, which helps identify individual training needs. Identifying skill gaps enables the development of targeted upskilling and reskilling initiatives designed to support specific developmental needs of employees.

Classroom training is delivered by both internal subject matter experts and reputed external training partners using in-person workshops and seminars that provide interactive, hands-on sessions. Similarly, e-learning modules accessible via the Learning Management System are also increasingly used to promote continuous learning, while webinars on timely and relevant topics broaden exposure and promote cross-functional learning.

KEY IMPROVEMENTS IN FY 2024/25 - STRENGTHEN EMPLOYEE ON-BOARDING

- A comprehensive induction programme was introduced for new recruits to provide in-depth exposure to all aspects of the organisation while gaining hands-on experience with systems and procedures.
- To further support these efforts, a mobile application is being designed to provide new recruits with seamless access to essential resources, including company policies, corporate history, and other key information necessary for a smooth transition into the organisation

Benefits provided to Permanent Employees of People's Leasing and Finance PLC

- Allowances and Incentives
- Leave Encashment Facility
- Medical Insurance
- Gratuity
- Life Insurance
- Staff Loans
- Critical Illness Funding Support
- Salary Increment
- Death Donations
- Bonuses
- Parental Leave
- Holiday Home Facilities

KEY IMPROVEMENTS IN FY 2024/25 - ENHANCING SALARY SCALES

- In keeping with the adjustment in the national minimum wage requirements introduced in 2024 under the Shop and Office Act, the Company proceed to adjust the minimum salary of 57 individuals.
- A 10% salary increment granted to all staff

KEY IMPROVEMENTS IN FY 2024/25 - RECOGNISING EMPLOYEE PERFORMANCE

- People's Leasing employees were granted several bonus payments during the year and 750 were promoted with unsuccessful candidates given the opportunity to submit appeals for reconsideration.

To ensure effectiveness, every training initiative is evaluated through pre and post-training assessments to gauge knowledge transfer and behavioural change. Participant feedback is systematically collected to inform future enhancements in content and delivery, enabling the Company to continuously elevate its learning ecosystem.

KEY IMPROVEMENTS IN FY 2024/25 - FORMALISING THE COMMITMENT TO TRAINING

- The Company is in the process of developing a Learning & Development policy to formally institutionalise commitment of People's Leasing to training and development.

GRI 401-3

Parental Leave Indicators

Service Indicator (as at 31.03.2025)	Number	As a % of Total Female Workforce
Employees Entitled for Parental Leave	753	100.00%
Total number of employees due to return after taking parental leave	38	5.05%
Employees on Parental Leave	32	4.25%
Employees who returned after parental Leave	31	4.12%
Employees still in employment 12 months after returning on parental leave	-	-
Return to work rate of employees who took parental leave	82%	

Note: All male employees are eligible for 3 days of paternity leave.

Promotions Granted

Indicator	2024/25		2023/24		2022/23	
	Men	Women	Men	Women	Men	Women
Senior Leadership	16	-	5	3	16	-
Middle Managers	18	3	11	-	1	1
Line Managers	66	10	28	4	4	-
Executives	238	64	155	45	2	2
Non Executives	269	129	257	66	1	1
Minor staff	10		24	-	-	-
Total	617	206	480	118	24	4
Grand Total	823		598		28	

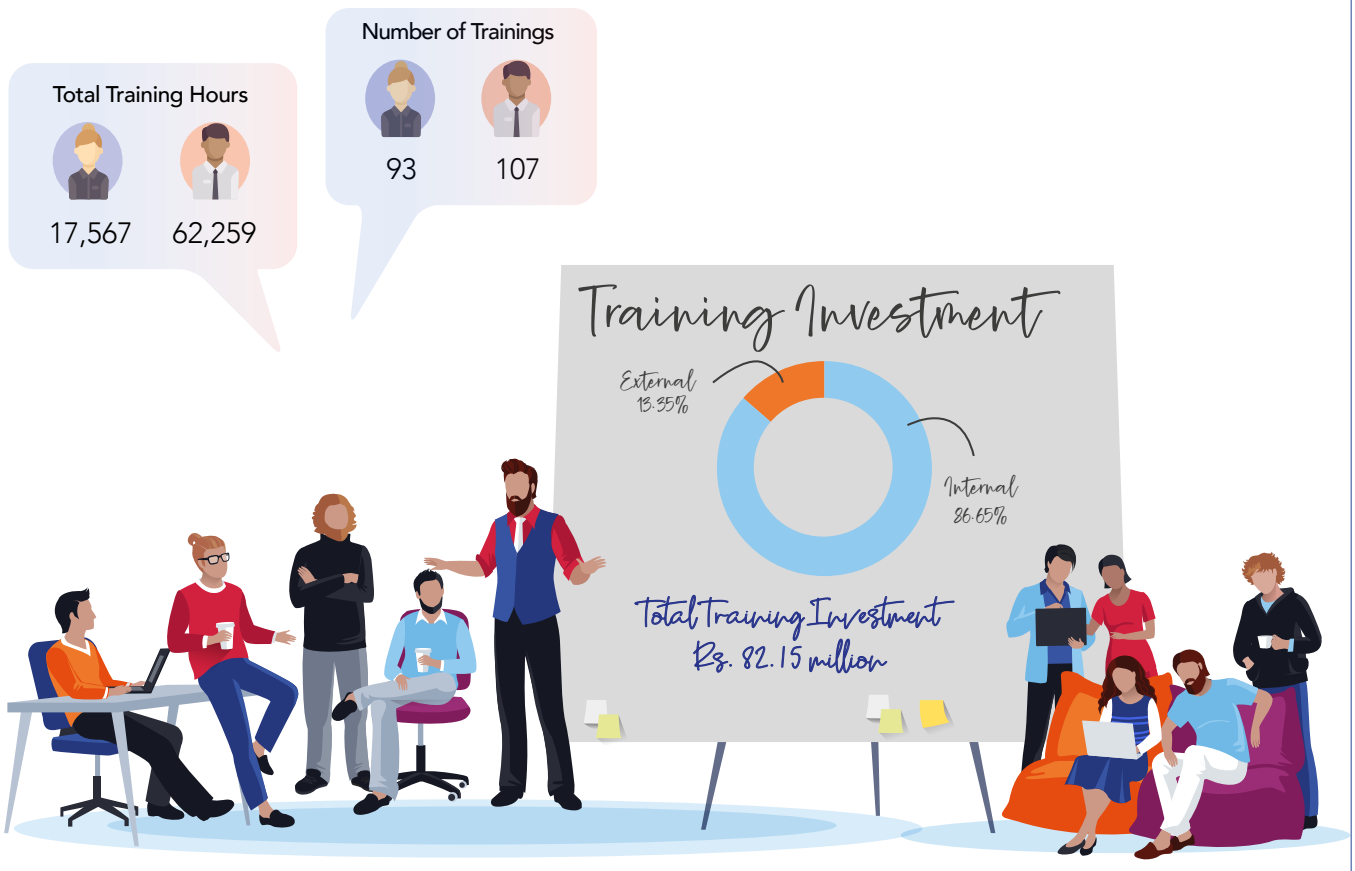
Employment Category	Type of Training
Managerial	Sustainability related areas Leadership building programs Tax related training Strategy formulation
Executives	Product Awareness Training Program Interpretation of new credit reports and credit score Workshop
Non-executives	Awareness on Customer Screening Process Identification of genuine currency/ forged notes

HUMAN CAPITAL

Competency Training Highlights

GRI 404-1

Gender wise Training Details in Summary



Gender-wise Training Information in Detail

Category	Gender	Training Mode				Total Staff	Total Staff Trained EMP	Gender Wise proportion of staff trained	Average Hours per employee category
		Internal (hr)	External (hr)	Online/ Virtual (hr)	Total Training Hours				
Senior Leadership	F	65	23	39	127	5	4	0.07	25.40
	M	1,244	36	183	1,463	50	50	0.93	29.26
Middle Managers	F	101	16	7	124	7	7	0.12	17.71
	M	983	66	3	1,052	51	51	0.88	20.63
Line Managers	F	300	387	231	918	19	19	0.14	48.32
	M	2,865	67	110	3,042	128	120	0.86	23.77
Executives	F	3,850	134	548	4,532	156	148	0.23	29.05
	M	14,009	326	1,498	15,833	503	490	0.77	31.48
Non Executives	F	14,526	-	674	15,200	564	559	0.33	26.95
	M	33,346	58	1,714	35,118	1,124	1,124	0.67	31.24
Minor staff	F	49	-	134	183	2	1	0.02	91.50
	M	2,068	-	-	2,068	70	50	0.98	29.54
Total	F	18,891	560	1,633	21,084	753	738	0.28	28.00
	M	54,515	553	3,508	58,576	1,926	1,885	0.72	30.41
Grand Total		73,406	1,113	5,141	79,660	2,679	2,623	1.00	29.73

GRI 404-3

Developing Future Leaders

People's Leasing places strong emphasis on cultivating future leaders as part of its long-term talent strategy. Prioritising the development of future leaders, the Company invests in targeted training and mentoring, to prepare employees to take on greater responsibilities and contribute to strategic goals.

High-potential employees are identified through performance evaluations and succession planning processes, and are given targeted opportunities to build critical leadership competencies covering both technical and soft skills.

GRI 402-1

Communications and Engagement

People's Leasing's principal approach to employee communication is based on trust, transparency, and two-way dialogue. Managers at all levels are expected to maintain open communication with their respective teams, while the open-door policy encourages employees to freely raise concerns, share ideas, and engage in constructive dialogue with leadership. Open forum with CEO is also provide an opportunity for employees to touch base with the Company's leadership on a regular basis.

Meanwhile employees are informed of operational changes through various channels, including the intranet and monthly review meetings and adequate notice is given prior to the implementation of operational changes.

Scheduled meetings with union representatives also provide an opportunity to convey operational changes. Meetings with union representatives also serve as a source for the exchange of ideas for continuous improvement in workplace practices. Commitment of People's Leasing to build cordial relationships with union representatives over the years, have prevented the need for a collective bargaining agreement.

In the year under review, employee engagement activities continued with the aim of promoting team bonding and collaboration.

Get-togethers and celebrations for key events such as Christmas, Vesak, Pirith ceremonies, Iftar.

GRI 2-25,2-26

Grievance Handling

Grievance handling process of People's Leasing underscores the commitment to ensure employee concerns are addressed promptly, transparently, and with sensitivity. Clearly defined channels allow employees to raise issues without fear of retaliation. All grievances managed under the oversight of designated HR personnel to ensure employee rights are safeguarded.

GRI 403-1, 403-2, 403-3, 403-4, 403- 5, 403-6, 403-7, 403-8, 403-9, 403-10

Safe Workplace

As a financial institution, People's Leasing staff are not generally exposed to occupational health hazards typical of industrial settings. Nonetheless, employee health and safety remains a top priority.

The Company strictly adheres to all national fire safety regulations, including implementing appropriate firefighting equipment at all locations across branch network and at the head office premises. Fire safety protocols are implemented in line with regulatory standards and cover employees and all third parties present on Company locations any given time. As part of the overall approach, fire wardens have been appointed at each location to serve as first responders in the event of emergencies. Fire wardens are also entrusted with the responsibility of conducting routine fire drills to ensure that employees are well-prepared to respond effectively in case of emergencies.

Meanwhile, the Company's Risk and Control Department conducts regular safety checks to identify potential safety risks and determine the efficacy of emergency preparedness across the branch network. The Risk and Control Department together with the Administration Department also undertakes targeted training activities to promote the organisation-wide safety culture.

KEY IMPROVEMENTS IN FY 2024/25 - PROMOTING DIRECT ENGAGEMENT WITH LEADERSHIP

- Introduced a leadership-driven initiative to foster a positive and engaging workplace culture, centered around the vision of becoming the happiest workplace. Through direct engagement opportunities with the CEO and interactive programs, the initiative promotes open communication, trust, and collaboration, reflecting the Company's strong commitment to employee well-being and satisfaction.

HUMAN CAPITAL

Additionally all confirmed employees are entitled to comprehensive insurance coverage, including Personal Accident Cover, Surgical and Hospitalisation Cover, as well as Life and Critical Illness Cover. Marketing and recovery officers, who operate in the field are entitled to Personal Accident Cover from the start of their probation period. In recent years, more emphasis has also been placed on mindfulness and mental wellness.

In the fiscal year 2024/25, two work-related injuries were officially reported. In both cases, the affected employees were granted paid medical leave to facilitate their recovery and ensure a safe return to work. The organization remains committed to supporting the well-being of its workforce by adhering to occupational health and safety standards and providing necessary assistance during periods of injury and recuperation.

As well there have been no work-related ill health recorded during the year.

Given the nature of our business, our employees are not exposed to occupational health risks. Therefore, we haven't in placed an Occupational health and safety management system for our company.

GRI 2-8

Non-Employee Service Personnel

At our organizational level, this category includes individuals who do not have a direct employment relationship with the organization. This primarily refers to personnel such as security and janitorial staff engaged through reputable thirdparty service providers to support operations at the PLC Head Office and branches across the island. These individuals perform essential services that help maintain a secure, clean, and professional environment, while ensuring compliance with security procedures and upholding the dignity and well-being of all employees, clients, and other stakeholders.

The exact number of outsourced personnel cannot be disclosed,as its varies over time based on service requirements.

KEY IMPROVEMENTS IN FY 2024/25 - HR AT YOUR DOORSTEP PROGRAMME FOR EFFECTIVE GRIEVANCE HANDLING

- The HR at Your Doorstep programme was inaugurated with active participation of HR department representatives, who visited branches across the island to engage directly with employees to enable them to voice their concerns, share feedback, and engage in open dialogue.

KEY IMPROVEMENTS IN FY 2024/25 - LEGENDARY MINDSET PROGRAMME FOCUSING ON MENTAL WELLNESS

- Launch of the Legendary Mindset programme to raise awareness on key topics such as stress management, behavioural transformation, mindful parenting etc.

First Aid Training



As part of the training, employees participated in practical exercises, including hands-on demonstrations of CPR techniques and emergency response protocols

Eye Clinics



Employees are encouraged to undergo eye examinations, with reimbursement for corrective measures such as medications or spectacles.

Doctor Consultations

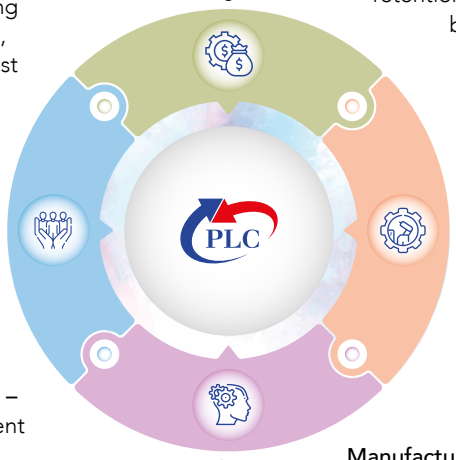


Weekly doctor consultation programmes are conducted at our head office.

TRADE-OFF'S AND IMPACT ON OTHER CAPITALS

Social and Relationship Capital – well trained employees capable of delivering service excellence, builds customer trust and loyalty.

Financial Capital – enhanced workforce capability, productivity, and retention contributes towards better returns.



Intellectual Capital – skilled and competent employees are encouraged to innovate and drive process improvement collectively enhancing competitive positioning.

Manufactured Capital – a skilled workforce is better positioned to maximise the effectiveness of existing infrastructure.

FUTURE PLANS

Short Term (1 -2 years)

- Set qualitative and quantitative KPIs for senior management.
- Review the succession plan for key positions.
- Revamp the HRIS and management systems.
- Review and align incentive schemes based on performance.
- Conduct regular CEO forums to foster open communication.
- Streamline HR processes through automation.
- Implement the e-memo system to ensure efficient HR services.
- Conduct regular HR visits to branches to strengthen relationships.

Medium Term (2 -4 years)

- Revamp the rewards framework linked to clear KPIs to encourage consistent high performance.
- Revisits of the policy and procedures.

Long Term (4 - 5 years)

- Strengthen employer branding by positioning People's Leasing as the "Happiest Place to Work".

SOCIAL AND RELATIONSHIP CAPITAL

GRI 3-3

MANAGEMENT APPROACH

People's Leasing's approach to managing Social and Relationship capital is anchored in its commitment to building trust-based, long-term relationships with customers, suppliers/ business partners, and the wider community. The Company strives to deliver fair, transparent, and customer-centric financial solutions, while also creating inclusive platforms for dialogue, feedback, and continuous improvement. Relationships with suppliers/ partners are nurtured through ethical procurement practices and shared values around quality, compliance, and sustainability. Meanwhile, community engagement is driven by a deep sense of responsibility to create lasting social value through inclusive, locally-relevant initiatives.

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
- Heightened demands on governance, compliance and regulatory context

Social & Relationship Capital represents the networks, partnerships, and trust we cultivate with our stakeholders, including customers, communities, regulators, and business partners. At People's Leasing & Finance, we view these relationships as fundamental to our long-term success. We are committed to building transparent, responsible, and mutually beneficial partnerships that enhance our social licence to operate. By engaging with stakeholders meaningfully and regularly, we ensure that our services are relevant, inclusive, and aligned with societal expectations. Community development, financial literacy, and ethical business practices are key elements of our relationship-building approach. We also prioritise stakeholder feedback and collaboration, recognising that strong external relationships support resilience, innovation, and shared value creation. Trust is a vital currency in the financial sector, and we strive to uphold the highest standards of governance, integrity, and customer service.

By nurturing Social & Relationship Capital, we reinforce our role as a responsible corporate citizen and a dependable financial partner. Our stakeholder relationships enable us to better understand the needs of the communities we serve, positioning us to make a lasting, positive impact on society.



VALUE DRIVERS

- Purpose-driven Product Portfolio
- Service Touch-points
- Marketing and Communication
- Complaint Handling
- Data Protection and Privacy
- Procurement Best Practices
- Supplier Development
- Community Well-being

KEY INITIATIVES

- **New Products** - Customised Gold loans products for target customer segments such as teachers, government officers, self-employed individuals.
- **Digital Enablement** - Introduced digital payment capability for Gold Loans through the PLC Touch-app.
- **Customer Convenience**

  Introduced payment capability for Gold Loans through the People's Bank CDM network

  Reminder alerts to customers regarding upcoming FD renewals together with the automatic renewal option
- **New Supplier Registration** - 74 new suppliers were screened, of which 57 were successfully on boarded to supplier registry of People's Leasing.
- **CSR** - Rs. 1,075,542 invested in CSR activities

STAKEHOLDER OUTCOMES

- Improved trust and satisfaction through transparent communication and responsible service delivery.
- Strengthened brand equity and risk mitigation through positive stakeholder relations.
- Opportunities for long-term collaboration through fair and inclusive procurement practices.
- Better quality of life through education, healthcare, and livelihood development initiatives.
- Improved compliance and alignment with national development goals.

OUTPUTS FOR PEOPLE'S LEASING

- Total customer base of 438,579
- Over 1 Mn+digital transaction volume
- 53.61% year on year reduction in customer complaints
- ZERO breaches of customer privacy
- 100% of newly on boarded suppliers completed ESG due diligence checklists

Target 3.4

Target 4.4

Target 5.5

Target 6.1

Target 8.3

Target 310.2



TOTAL CUSTOMER BASE

438,579

88.02 %

REPEAT CUSTOMER RATIO

Rs. 152.38 Bn

TOTAL SPEND ON SUPPLIERS

SOCIAL AND RELATIONSHIP CAPITAL

GRI 2-6,416-1, 416-2

PURPOSE-DRIVEN PRODUCT PORTFOLIO

Since the inception, People's Leasing has placed the customer at the heart of its operations. The Company's purpose-driven product portfolio is designed to meet the needs of multi-generational, multi ethnic customers across Sri Lanka.

Every offering, from mainstream financial services and innovative financial tools to flexible, tailored solutions are carefully crafted to promote financial empowerment and help people and businesses access the financial resources they need to grow and thrive. This approach underpins the Company's efforts to improve the relevance of its product portfolio through the introduction of new market products and refreshing existing offerings to capture market trends.

All products are subject to regular reviews to assess performance vis-a-vis market uptake and relevance in order to determine viability/ continuity/ need for further refinements. There were no incidents concerning the health and safety impacts of products and services reported in the current financial year.

Product Portfolio

Lending Products

- People's Friendly Lease
- Auto Loan
- Shakthi Business Loan
- Ran Naya Gold Loan
- Margin Trading
- PLC Solar Lease
- Self-e-cash
- Fast Track
- Personal Loans

Islamic Lending Products

- Ijarah
- Trading Murabaha
- Musharakah
- Wadi'ah Gold Safekeeping

Islamic Savings and Investment Products

- Mudharabah Savings Account
- Mudharabah Investment Account
- Usfoor Minor Savings
- Wakala Investment – New Product

Deposit Products

- Super Savings
- Senior Citizen Savings
- Senehasa Minor Savings Account
- People's Leasing Fixed Deposits
- Premier Reward Plan
- Senehas Minor's Fixed Deposits
- "Senehasa Minor's" Future Investment Plan

New Product Development Process

- New Product Development Process
  Innovating and Ideation
- Preparation of Product Paper
  Unit Heads
- Feasibility Evaluation
  CEO/GM
- Review and Approval of the Preliminary Concept
  (BIRMC)
- Prototype Development
- Pilot Run to Identify areas for further improvement
- Formal Launch



LAUNCH OF GOLDCASH CARD



During the financial year, People's Leasing introduced the GoldCash Card, a groundbreaking product designed to offer customers a highly convenient, flexible, and secure way to access credit using their gold assets. This card features a revolving loan facility, enabling customers to borrow, repay, and re-borrow in line with their financial needs granting them greater autonomy over their credit utilization and limits.

Beyond its financial flexibility, the GoldCash Card also supports environmental sustainability by operating through a fully paperless process. With digital loan applications and online transactions, customers can seamlessly apply for loans, monitor their balances, and make payments via both the card and the mobile app ensuring 24/7 access to funds from anywhere.

DEMONSTRATING THE COMMITMENT TO CUSTOMER INCLUSIVITY

- In the year under review, People's Leasing further deepened its commitment to customers through the formal roll out of the Accessibility Policy, outlining the Company's commitment to customer inclusivity. The policy reinforces People's Leasing's intention to empower all customers including those with disabilities or other barriers to easily access and use the Company's products, services, and facilities.

SOCIAL AND RELATIONSHIP CAPITAL

SERVICE TOUCHPOINTS

Reinforcing its commitment to delivering exceptional customer experiences, People's Leasing has built a solid network of service touchpoints that serve customers through their preferred medium either in-person or via digital platforms. The Company's extensive islandwide branch network offers customers personalised service delivered by sales teams and dedicated relationship managers who aim to ensure every interaction is meaningful and tailored to individual needs. Likewise, People's Leasing's Customer Care Centre, manned by a team of well-trained professionals, handles all customer inquiries.

Moreover, People's Leasing continues to drive innovation, delivering seamless and accessible services through a diverse range of digital and online front-end platforms. Customers can choose from multiple access points, including the People's Bank ATM/CDM network, QR code and POS payment options, and the intuitive PLC Touch App, all offering a 24/7 service experience that enables customers to manage their financial needs quickly, securely, and conveniently as they desire.

Physical Touchpoints

	2024/25	2023/24
PLC Branches Across Sri Lanka	110	109
PLC Gold Loan Centres Across Sri Lanka	106	104
Dedicated Marketing Officers across Sri Lanka	969	575
Islamic Units Across Sri Lanka	80	70

Enhancing People's Leasing's virtual engagement with stakeholders

	2024/25	2023/24
ATM	244,658 / Rs. 3.27 Bn	260,298 / Rs. 3.46 Bn
Dcheque Transactions	57,090 / Rs. 71.99 Bn	42,092 / Rs. 38.18 Bn
POS	273,571 / Rs.885.44 Mn	249,258 / Rs. 834.57 Mn
Transactions Via. CDM Network of Parent Bank	118,756 / Rs.3.50 Bn	138,323 / Rs.3.87 Bn
PLC Online (Mobile & Internet Banking)	188,418 / Rs. 5.91 Bn	177,355 / Rs. 5.04 Bn
mCash & E-cash	3,303 / Rs.91.70 Mn	2,212 / Rs. 54.19 Mn
SLIPS Transactions	136,080 / Rs. 25.03 Bn	140,923 / Rs. 20.61 Bn
QR Payments	1,087 / Rs.6.54 Mn	1,735 / Rs. 13.61 Mn

VOLUME VALUE (RS.)

GRI 417-1, 417-2, 417-3

MARKETING AND COMMUNICATIONS

As a licensed financial institution regulated by the Central Bank of Sri Lanka (CBSL), People's Leasing is firmly committed to upholding transparency and accountability in all its dealings with customers. The Company strictly adheres to CBSL-mandated disclosure requirements for all financial products and services. Interest rates, terms and conditions of products, associated risks and any other relevant information is disclosed upfront to the customers.

Marketing and promotional material are developed for target audiences and to ensure relevant customers fully understand the nature of the financial products and services they are engaging in, all critical disclosures are presented upfront in a clear and transparent manner without any ambiguity or misleading information.

Further underscoring the commitment to safeguarding the long-term financial well-being of its customers, People's Leasing also makes a conscious effort to ensure messaging within promotional material and customer communication remains consistent across all platforms. The Company's marketing teams and dedicated marketing officers are also provided extensive training on product knowledge and encouraged to follow responsible selling, rather than simply promoting products.

As a company deeply committed to cultivating long-term relationships, People's Leasing consistently prioritizes building and maintaining strong, positive connections with its valued customers.

Recognizing that effective communication and customer appreciation are fundamental to this commitment, the Company organized several customer engagement events throughout the financial year 2024/25.

These thoughtfully planned get-togethers served as vital platforms to enhance direct interaction with customers, gather valuable feedback, and strengthen mutual understanding. More importantly, they provided an opportunity to recognize and honour loyal, long-standing customers, whose continued trust and support have been instrumental to the company's sustained success.

Through these initiatives, People's Leasing reinforced its customer-centric approach, further solidifying its reputation as a trusted financial partner dedicated not only to service excellence but also to meaningful, enduring relationships.

Moreover, in line with its commitment to ethical business conduct, People's Leasing refrains from engaging in anti-competitive behaviour or monopolistic practices in promoting the Company's products and services.

There were no incidents of non compliance concerning product and service information and labelling as well marketing communication reported in the current financial year.

Information about the company's products and services is publicly available on the corporate website (insert link). All advertising and marketing communication materials are developed in Sinhala, Tamil, and English to ensure accessibility and inclusivity across all customer segments.





Promotional Campaigns - FY 2024/25

People's Leasing & Dimo Lanka Tieup



Target Customer Segment: Transport sector

Medium used: Facebook

Reach: 6,865



Target Customer Segment: Potential leasing customers

Medium used: Facebook

Reach: 6,956

Social Media Reach - FY 2024/25

Reach: 35.42%
Impressions : 88%

Reach: 0.9%
Impressions : 0.9%

Views: 6,495
Subscriber Gain : 208

SOCIAL AND RELATIONSHIP CAPITAL

GRI 2-25, 2-26

COMPLAINT HANDLING

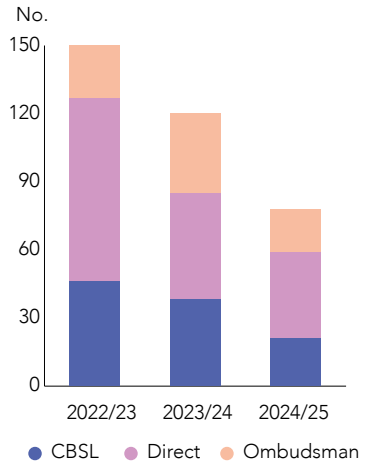
Customers are provided with a wide array of accessible channels to voice complaints or concerns, including email, social media, the Customer Care Centre, in-person visits to any People's Leasing branch, or via the Financial Ombudsman's office. Additionally, complaints may also be directed to People's Leasing through the Central Bank of Sri Lanka (CBSL).

Each complaint is treated with the utmost importance and handled with diligence, with a strong emphasis on prompt and effective resolution to ensure 100% customer satisfaction. All complaints are systematically logged by the Customer Care Centre and promptly routed to the relevant internal authority for resolution. Feedback loops are in place to ensure timely follow-up and resolution within the stipulated service timelines.

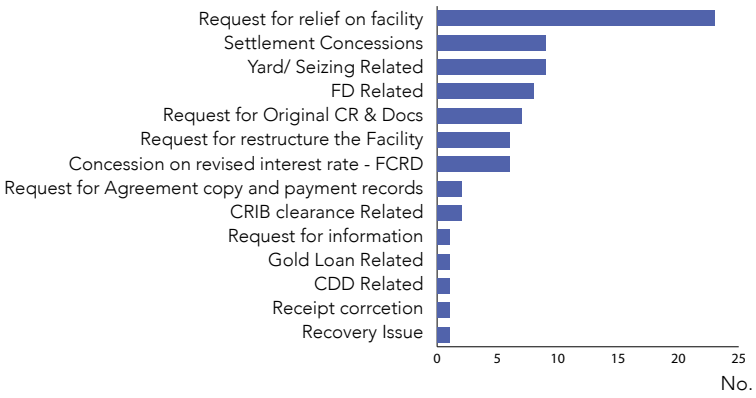
As part of the Company's commitment to service excellence, the Customer Care Centre also conducts follow-up calls to verify the customer's satisfaction with the resolution provided. These callbacks serve not only as a quality check but also offer valuable insights that help drive continuous improvement across products, services, channels, and internal processes of People's Leasing.

Meanwhile for greater effectiveness, disputes related to electronic transactions are directed to the Customer Service and Dispute Resolution Department. A system implementation is currently underway to automate the monitoring and handling of electronic transaction disputes. The initiative is expected to significantly enhance responsiveness and expedite resolutions, reinforcing People's Leasing's dedication to protecting customer interests in an increasingly digital environment.

Complaints Received - Mode wise



Complaints Summary based on the Nature



GRI 418-1

DATA PROTECTION & PRIVACY

Data Protection Policy which outlines the comprehensive Customer Protection Framework developed in line with the fundamental principles set out under the Finance Business Act No. 42 of 2011. The Customer Protection Framework serves as a guideline to educate staff on the confidentiality and privacy of its customers' personal and financial information.

There were no incidents regarding breach of customer privacy reported in the current financial year.

GRI 2-6,308-1,308-2,407-1,408-1,409-1,414-1,414-2

SUPPLIERS

Procurement Best Practices

Supply chain of People's Leasing is composed entirely of local suppliers based in Sri Lanka, who deliver a diverse range of essential products and services. These include stationery, software solutions, office equipment, marketing materials, security services, facility management, and several other categories all of which are critical to supporting the Company's seamless day-to-day operations.

Recognising the vital role suppliers play in enabling operational continuity, People's Leasing has implemented a comprehensive supplier management framework designed to build and maintain a database of approved vendors that meet rigorous standards of quality, compliance, ethics, and sustainability.

Central to this approach is the annual supplier registration process, where suppliers are invited to register under various categories. During the year under review, the number of categories was increased from 24 to 26, with the inclusion of new areas such as IT software, IT maintenance and software support services.

Supplier registration forms for each category are made publicly available for download via the corporate website.

All applicants are subject to a stringent screening process in line with the Company's Procurement Policy, to evaluate price competitiveness, product and service quality, delivery capabilities, after-sales service, and adherence to both social and environmental criteria.

In the current year, a total of 74 new suppliers were screened, of which 57 were successfully on boarded to People's Leasing's supplier registry. All new suppliers were required to complete an ESG due diligence checklist, affirming their commitment to social and environmental best practices. This included compliance with local labour laws, occupational health

and safety standards, human rights principles, and relevant environmental regulations. Notably, no adverse social or environmental impacts were identified during the onboarding process.

No operational risks related to child labour, forced labour, or violations of collective bargaining rights were identified within the supplier's operations. Furthermore, our ESG due diligence conducted during the supplier registration process confirmed their adherence to these labour standards.

GRI 204-1

Sourcing Locally

People's Leasing prioritizes the procurement of goods and services from local and national suppliers, with nearly 99% of our procurement spending directed toward local businesses. This approach not only strengthens the local economy but also helps reduce our environmental footprint. Overseas suppliers are engaged only when local providers are unable to meet specific procurement requirements.

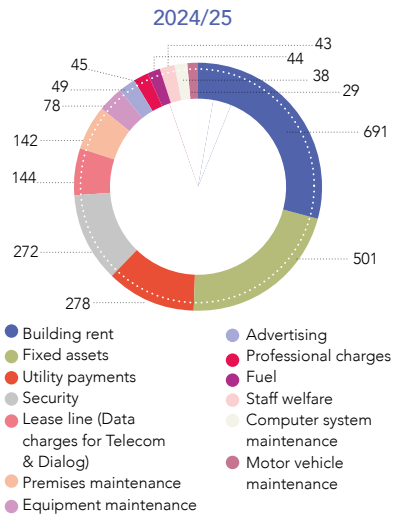
In the reporting year, cumulative payments to suppliers amounted to Rs. 152,380.32 million, marking an increase from Rs. 76,385.13 million in the previous year. Payments to local suppliers are managed through a centrally controlled procurement budget at Head Office.

GRI 410 - 1

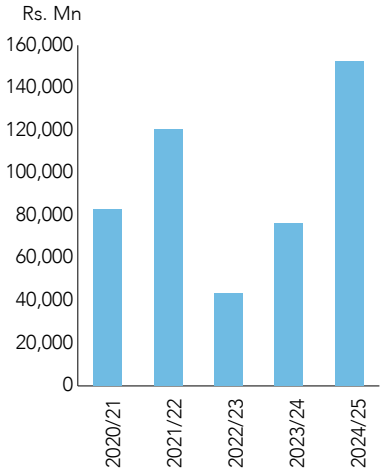
Supplier Development

Supplier development takes the form of training and capacity building to encourage suppliers to align with business practices and work ethics of People's Leasing. Premised on this, special emphasis is placed on raising awareness on certain topics. In line with this approach, branch managers are required to educate outsourced service personnel (including third party security personnel) operating at Company locations on such matters as safeguarding basic human rights in general including responsible visitor/customer management.

Procument Spend



Payments To Suppliers



- People's Leasing raises awareness about cybersecurity by engaging customers through social media platforms and its network of marketing officers. The Company shares important information and practical tips to help customers safeguard their personal and financial data online, ensuring they remain informed and secure in today's digital landscape.

SOCIAL AND RELATIONSHIP CAPITAL

GRI 413-1,413-2

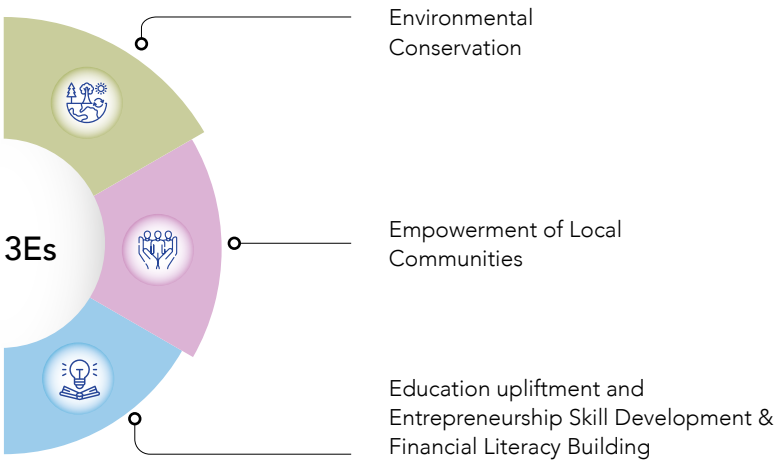
COMMUNITY

Community Well-being

At People's Leasing, our Corporate Social Responsibility efforts are focused on three key areas, known as the 3Es:

	2020/21	2021/22	2022/23	2023/24	2024/25
Investment on Community (Rs. Mn.)	17.60	27.53	5.57	0.71	0.71

- During the FY 2024/25, there were no operations with significant actual and potential negative impacts on local communities.



A FOCUSED APPROACH TO COMMUNITY WELL-BEING

- People's Leasing's community initiatives are a direct reflection of the Company's broader commitment to sustainability aimed at amplifying the positive impacts of its operations while consciously working to reduce any negative effects. To that end, People's Leasing leverages its widespread presence and financial expertise to drive positive change to uplift communities by enhancing access to education and enabling economic empowerment through entrepreneurship. Likewise the Company also makes a conscious effort to offset adverse impacts by extending its services to support socially vulnerable groups to achieve economic resilience.
- People's Leasing's approach to addressing community needs is rooted in a structured, inclusive, and impact-driven framework that ensures meaningful engagement with communities across Sri Lanka. At the heart of this approach is a dedicated liaison officer who is tasked with maintaining open communication, building strong partnerships, and responding proactively to community needs and concerns. Branch officers also work closely with community leaders, local organisations, and government institutions to understand regional priorities and co-develop initiatives that are mutually beneficial.
- Strategic direction and decision-making are guided by the Company's management. The Management Team allocates resources, provides policy oversight, and ensures the availability of internal procedures to support the branch network in executing CSR initiatives effectively. Accordingly, a portion of the Company's profit after tax is earmarked for community wellbeing initiatives. During the year under review, Rs. 711,000 was invested towards community development initiatives.
- The Board approved Company CSR Manual provides detailed guidelines to Branch Network on the planning, implementation, monitoring and evaluation of strategic CSR initiatives initiated at Branch or Head office Level. Monitoring and evaluation are conducted jointly both at the Branch and the Head office level to measure the impact and sustainability of each initiative.



COMMUNITY OUTREACH PROJECTS



Sustainable Cities and Communities

People's Leasing Kandy partners with the Kandy Municipal Council to introduce QR code that enables real time public engagement

In a context where digital transformation of the governmental institutions is set to elevate the nation to a new level, the Kandy Municipal Council (KMC) introduced a Quick Response Code (QR Code) recently. Through this in-house developed QR Code, KMC expects to effectively engage the public living within the Municipal limits and of those visiting the city daily to channel their general complaints /suggestions on real time basis. At the request of the Kandy Municipal Council, Kandy Branch of People's Leasing & Finance PLC partnered towards the success of this initiative by sponsoring 15,000 QR Code stickers. These stickers are expected to display in food outlets and other public places in the Kandy area.





Reducing Inequalities

Financial Support for Athletes with Disabilities at the Kandy District Athletics Competition 2025

As per the request received from the District Secretariat of Kandy, People's Leasing has provided financial assistance for the Kandy District Athletics competition to support athletes with disabilities. The event was organised by the Department of Social Service in collaboration with Kandy District Secretariat and was held on February 19, 2025 at Grounds of the University of Peradeniya. It was aimed at supporting their participation in the 2025 Paraolympics.



SME Goods Markets at People's Leasing Head Office

As an initiative taken by PLC Sports & Welfare Society, Company has hosted a monthly good-market at the Head Office to provide a platform for Small and Medium Entrepreneurs (SME) to showcase and sell their products to Company employees. The initiative was extended to People's leasing customers, as well as local entrepreneurs and community members.



Access to Basic Needs

Distributing water bottles for sil observed devotees on Poson Poya Day

People's Leasing Anuradhapura Branch successfully carried out its annual CSR project by distributing water bottles to the devotees observing Sil at Jaya Sri Maha Bodhiya and Ruwanweliseya on Poson Poya Day. A total of 5,000 water bottles were provided to the devotees as part of this initiative, which aims to support and care for the community during this significant religious occasion.

SOCIAL AND RELATIONSHIP CAPITAL

Access to Education

Providing School Stationery for School Students in underprivileged households in Higurakgoda

In line with the 8th Anniversary of Hingurakgoda Branch, Branch has presented stationery items to children of needy households in that area as their one of CSR initiative.



Scholarship scheme for Children of deceased employees of People's Leasing

As a dedicated organization that cares deeply for our employees and their families, People's Leasing continues to provide a monthly scholarship of Rs.10,000/= for the children of deceased employees to help cover their educational expenses. The scheme aims to support and strengthen the families of deceased employees, ensuring that their children's education continues without interruption.

Supporting Education for Rural School Children in Eluwapola Primary School in Kuliyapitiya

In response to a request from Eluwapola Primary School in Kuliyapitiya, People's Leasing Kuliyapitiya Branch has donated needy school stationery items to seventy of school children. The lack of adequate school supplies significantly hinders the learning process for many children in the school, and the Company's donation of school stationery items directly contributes to improving their educational opportunities and overall well-being. This initiative is part of Company CSR focus on supporting underprivileged students and enhancing educational opportunities for children in rural areas.



People's Leasing Hingurakgoda Branch's Contribution to Kumudupura Primary School

In line with the relocation of People's Leasing Hingurakgoda Branch, the Company provided assistance for the establishment of an electric fence around the community school to help manage the human-elephant conflict in the area. Additionally, the branch presented essential school stationery items to five students from the school who achieved the highest marks in the Grade 05 Scholarship Examination 2024.





Hosting PLC Kidz Got Talent for the third consecutive year

Sports & Welfare Society of People's Leasing & Finance PLC hosted "Kidz Got Talent" for the third consecutive year in celebration of World Children's Day 2024 with a fresh approach that brought new energy and excitement to the stage.

The latest edition held under the theme "Right to Shine", presented a fresh new concept of live performance aimed at recognising the hidden talents of employees' children across the Island.

The competition featured a wide range of talents, including Art, Singing & Dancing. Participants were categorised into five age groups: below 05, 05-08, 08-11, 11-14 & 14-17, ensuring that every child had a platform to showcase their creativity. The response was overwhelming with over 102 entries in the art, 83 entries in singing and 44 entries in dancing, demonstrating the enthusiasm and vibrant talent of the young participants.

Five contestants from each age category in Art, Singing, and Dancing were shortlisted for the live performance round of "Kidz Got Talent," which took place on 13th December 2024 along with the award ceremony held at Mihilaka Medura, BMICH, where 73 talented young individuals were recognized for their exceptional performances.

All the participants at the Kidz Got Talent 2024 were presented a token of appreciation along with a Certificate of Appreciation, while first-place winners were awarded a one-time, one-year scholarship to cover their school and education related expenses. Moreover, the drawings of the 01st place winners were featured in the PLC Note Book 2025.







SOCIAL AND RELATIONSHIP CAPITAL

Access to Healthcare

Annual Blood Donation Campaign at People's Leasing Head Office

As part of our commitment to supporting worthy causes, Annual Blood Donation Campaign organized by the PLC Sports & Welfare Society was held on 14th August 2024 at People's Leasing Head Office for the second consecutive year. During the event, we successfully donated 97 pints of blood to the National Blood Transfusion Service of Sri Lanka. This initiative was organized by the People's Leasing Sports & Welfare Society.

Donors from People's Leasing & Finance PLC, its subsidiaries, People's Bank, and other local community stakeholders also participated in the campaign, contributing to the success of the event.



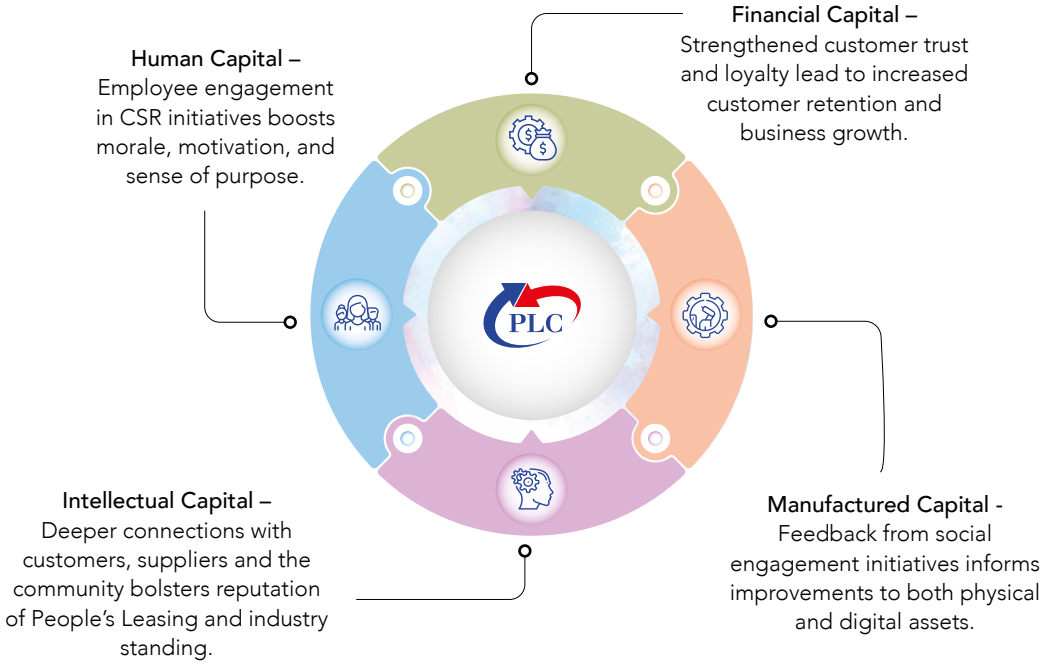


Awareness session to Employees & their Children

PLC Sports & Welfare Society, in collaboration with the Company HR Department, hosted a workshop on the "Art of Parenting" to educate our employees on effective parental practices, including how to balance personal and professional responsibilities. Additionally, a workshop on the "Mindful Garden for Kids" was organised, focusing on the well-being of employees' children. Both sessions were conducted by our in-house mindfulness expert and HR Department employee, Mr. Srihan Kanishka Ariyasinghe.





FUTURE PLANS

Short Term (1 -2 years)

- Develop an automated process for supplier registration and review to facilitate ongoing registrations throughout the year
- Conduct campaigns aimed at enhancing community-level knowledge on financial and digital literacy
- Support Local Small Businesses and Entrepreneurs

Medium Term (2 -4 years)

- Develop a Strategic CSR Agenda to align with the Company's long term objectives

Long Term (4 - 5 years)

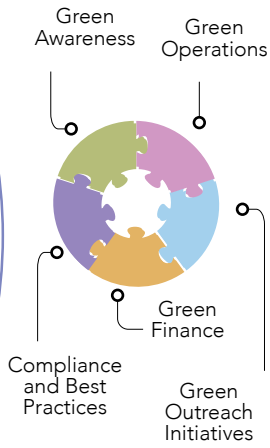
- Enhancing community financial resilience through sustainable, inclusive, and responsible financial practices
- Creating a Legacy of Financial Empowerment Across Generations

NATURAL CAPITAL

GRI 3-3

MANAGEMENT APPROACH

As a financial services provider, People's Leasing & Finance PLC (PLC) operations do not cause significant environmental harm. The Company's limited dependence on natural resources has a relatively low direct impact on the environment. Nonetheless, fully aware of its corporate responsibilities, PLC has implemented a robust Environmental Strategy focused on five core areas - Compliance and Best Practices, Green Finance, Green Operations, Green Awareness, and Green Outreach Initiatives. Together, these pillars aim to ensure the long-term viability of the planet and address the pressing challenges posed by climate change. Further reinforcing this commitment, PLC strives for clarity and transparency in reporting on environmental performance by publishing key indicators through the annual report.



MATERIAL THEMES

- 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
- Heightened demands on governance, compliance and regulatory context

Natural Capital refers to the environmental resources and ecosystems that support our operations and impact our stakeholders. As a responsible financial services provider, People's Leasing & Finance recognises the importance of preserving and respecting the natural environment. We understand that our business operations, while not heavily resource-intensive, still bear a responsibility to minimise environmental impact. Through energy-efficient practices, responsible paper usage, and waste management initiatives, we aim to reduce our environmental footprint. We also remain mindful of the growing relevance of environmental risks and climate change in the financial sector, and seek to integrate sustainability considerations into our decision-making frameworks. Our approach is guided by the principles of conservation, compliance, and continuous improvement.

Natural Capital is not only a shared resource but also a shared responsibility, and we strive to promote environmental awareness across our value chain. By embedding environmentally conscious practices into our operations and engaging stakeholders on sustainability, we aim to create long-term value that extends beyond economic gains. Our commitment to Natural Capital underlines our role as a steward of environmental responsibility, ensuring that we contribute positively to the communities and ecosystems we serve.



VALUE DRIVERS

- Compliance and Best Practices
- Green Finance
- Green Operations
- Green Awareness
- Green Outreach Initiatives

KEY INITIATIVES

- Rs. 580.08 Mn disbursed through Green Financing Schemes
- GHG Inventory report in line with the ISO 14064:2018 standard
- Rs. 0.36 Mn spent on Green Outreach programmes

STAKEHOLDER OUTCOMES

- Access to flexible, affordable and convenient eco-friendly financing solutions
- Increased confidence due to improved ESG performance and alignment with climate-related disclosure standards
- Improved compliance with environmental regulations and emerging climate disclosure requirements
- Opportunities for value adding partnerships for mutual growth

OUTPUTS FOR PEOPLE'S LEASING

- 68% year on year reduction in energy intensity
- Company Carbon Footprint 5,663.76 tCO_2e

Target 6.6 | 6.a

Target 7.2 | 7.3

Target 12.2 | 12.4 | 12.6

Target 13.1 | 13.2

Target 15.1 | 15.2 | 15.5

Target 17.16 | 17.17



Rs. 580.08 Mn

GREEN DISBURSEMENT

5,664 tCO_2e

CARBON FOOTPRINT

NATURAL CAPITAL

COMPLIANCE AND BEST PRACTICES

PLC has always taken great pride in positioning itself as a responsible environmental steward by strictly adhering to the provisions of the National Environmental Act and any other applicable environmental laws and standards. Striving to lead by example to reinforce its commitment to responsible environmental stewardship, in the current year PLC sought to comply with the Sri Lanka Sustainable Energy Authority's (SLSEA) "Specific Energy Consumption (SEC) Benchmark," targeting energy efficiency improvements across high-consumption sectors such as banking, finance, and retail.

Seeking proactive compliance, the Head of Administration was designated as the Energy Manager and tasked with quarterly reporting of electricity consumption through the National Energy Benchmarking Portal (NEBP) managed by the SLSEA. Reporting commenced during the current financial year, covering both the Head Office and branch network.

Beyond compliance, the Company also continues to focus on embedding global best practices into its environmental strategy.

GREEN FINANCE

PLC clearly understands that the most meaningful environmental impact can be achieved by managing the financed emissions associated with its lending portfolio. Efforts in this regard are aligned to the Guideline on Sustainable Finance Activities for Licensed Finance Companies, issued under the Central Bank of Sri Lanka's (CBSL) Roadmap on Sustainable Finance, the Green Finance Taxonomy, and more recently the directives issued by the Colombo Stock Exchange (CSE).

As an early adopter in this space, the Company is known as a pioneer leasing and lending solutions to encourage individuals and businesses to transition to eco-friendly solutions. Keen to further solidify its presence in this space, the Company also actively pursues strategic partnerships to increase the share of green finance within the total lending portfolio.



People's Leasing & Finance PLC and Code Gen International (PVT) Ltd join hands to promote ELEKTRATEQ electric three wheel

Key Pillars of PLC's Green Finance Model

Solar Leasing Scheme	Green Leasing for Electric & Hybrid Vehicles
No of facilities **185**	No of facilities **26**
Total disbursement **Rs. 469.95 Mn**	Total disbursement **Rs. 110.13 Mn**

Voluntarily Best Practices

ISO 14064-1:2018 - Greenhouse Gases

UN Sustainable Development Goals 2030

Nationally Determined Contributions (NDC) under the Paris Agreement on Climate Change - Sri Lanka

- Voluntarily published environmental impact generated from business operations annually.

- No fines or non-monetary sanctions were reported for non-compliance with environmental laws and regulations during the year reporting financial year of 2024/25.



ESG screening of Credit Proposals

GREEN OPERATIONS

Green Operations are anchored by the fundamental principle of resource efficiency. Specifically through the effective management of energy, emissions, water, and waste.

GRI 302-1, 302-2, 302-3, 302-4

Energy Management

As a service-based organisation, PLC's operations are not highly energy-intensive. Electricity consumption at the branches and head office accounts for approximately 66% of the Company's total energy footprint, with the remainder primarily arising from business-related travel.

Acknowledging the corporate duty to achieve energy sustainability, PLC is committed to reducing energy consumption through proactive efficiency initiatives, collectively targeting a systematic, and year-on-year reduction in energy intensity. Due to increased electricity consumption in financial year 2024/25 and the inclusion of People's Insurance, PML standalone branches, and the newly acquired holiday home, PLC Group's energy usage increased by 25.71% compared to financial year 2023/24.

As a financial services company, we do not produce or deliver physical goods. Our energy use mainly comes from office operations, IT systems, and customer service, which are shared across the company. Because of this, we cannot accurately measure energy reductions for specific products or services. However, we are committed to improving energy efficiency across our offices and digital platforms to reduce overall energy use.

Energy consumption within and outside of People's Leasing (Company)

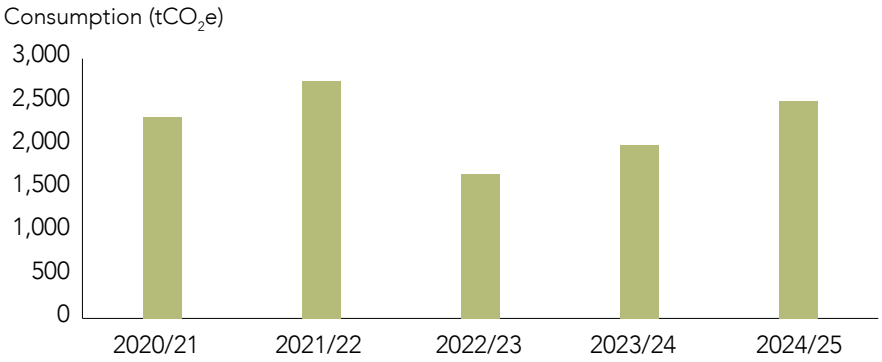
Within PLC

Energy Source	Energy Type	Consumption level GJ (Gigajoules)		
		2024/25	2023/24	2022/23
Renewable	Solar	57.71	N/A	N/A
Non-renewable	Fossil fuel	24,900.11	17,091.14	14,857.49
Total		24,957.82	**17,091.14**	**14,857.49**
Energy Intensity (per employee)		9.32	8.33	6.32

Outside PLC

Energy Source	Energy Type	Consumption level GJ (Gigajoules)		
		2024/25	2023/24	2022/23
Renewable	Solar	N/A	N/A	N/A
Non-renewable	Fossil fuel	12,721.71	7,409.98	5,885.03
Total		12,721.71	**7,409.98**	**5,885.03**
Energy intensity (per employee)		4.75	3.61	2.50

People's Leasing (Group) Electricity Consumption (Grid)



Note: People's Insurance emission is not included in the calculation of financial year 2023/24 & 2022/23.

FOLLOWING THE GHG PROTOCOL, WE REPORT OUR EMISSIONS ACROSS THREE SCOPES:

Scope 1

Direct emissions that occur directly from our activities, such as fuel consumption from company vehicles, on-site energy use from sources we own or control.

Scope 2

Indirect emissions that occur from energy we purchase

Scope 3

Emissions from the production of goods and services we purchase, business travel, waste management, employee commuting, and the environmental impact of the companies we finance or invest in.



NATURAL CAPITAL

GRI 305-1,305-2,305-3,305-4,305-5,305-6,305-7

EMISSION MANAGEMENT

The financial year 2024/25 signifies a decade since PLC began calculating its greenhouse gas (GHG) emissions, a journey marked by steady progress in the depth and quality of emission reporting. For the past 11 years, PLC has been publicly disclosing its annual group-wide emissions covering both Direct (Scope 1) and Indirect (Scope 2 and Scope 3) categories.

Base year for GHG Emission of People's Leasing

In 2014/15, the Company started communicating its annual carbon footprint calculation to all branch and departmental teams to raise awareness.

DIRECT EMISSIONS (SCOPE 1)

Scope 1 emissions arise directly from PLC's operations, as a result of fuel consumption from Company-owned vehicles as well as on-site energy needs. PLC is committed to reducing these direct emissions through a combination of energy efficiency initiatives and a focused transition to renewable energy, alongside the adoption of low-carbon technologies across the organisation.

Calculation of People's Leasing Greenhouse Gas Emission

Scope : People's Leasing Group Greenhouse Gas Assessment

Applied Standard : ISO 14064 - 1:2018

Based Year : 2014/15

Reporting Period : 01st April 2024 to 31st March 2025

Consecutive 11th year for calculation

Reporting Boundary : People's Leasing Head Office and 110 Island-wide branches, along with its subsidiaries: People's Insurance PLC (Head Office and 17 branches), People's Micro-commerce Ltd (Head Office and 2 branches), People's Leasing Fleet Management Ltd, People's Property Development Ltd & People's Havelock Property Ltd, 05 People's Leasing Vehicle yard and 02 People's Leasing Holiday Home

GHG calculation for 2024 was conducted by Climate Smart Initiative (PVT) Ltd

People's Leasing's Direct Emission Inventory Factors and Emission

Scope	Emission Source	GHG Emissions (tCO_2e) Company	Group
Scope 01	Employee commuting - fuel paid by company	176.94	179.60
	Business travel (company own vehicle)	490.62	509.33
	Stand by diesel generators	65.37	65.37
	Rented vehicles	19.69	18.85
	Fire extinguishers	0.64	0.64
	Refrigerant leakages	535.48	535.48
	Cooking gas	0.57	0.57
	Total Direct Emissions	1,289.32	1,309.84

People's Leasing (Company) Carbon Footprint



5,663.76 tCO_2e
Total GHG Emission

42.51%
Increase in GHG Emission

2.11 tCO_2e
GHG Emission Intensity Per Employee

INDIRECT EMISSIONS (SCOPE 2 AND SCOPE 3)

Indirect emissions, which are not produced directly by the Company's operations but result from its activities, are addressed under Scope 2 and Scope 3 categories.

Scope 2 emissions arise from purchased energy, and efforts to mitigate these emissions are directly linked to PLC's ongoing energy efficiency initiatives, as previously discussed. Scope 3 emissions, meanwhile, encompass a broader range of activities including the production of goods and services procured, business travel, waste management, employee commuting etc. As a financial institution, a significant share of PLC's Scope 3 emissions are also associated with the Company's lending portfolio.

PLC does not monitor ozone-depleting substances (ODS), Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.

People's Leasing's Indirect Emission Inventory Factors and Emissions

Scope	Emission Category	Emission Source	GHG Emissions (tCO_2e) Company	GHG Emissions (tCO_2e) Group
Scope 02	Grid Electricity		2,240.83	2,514.84
Scope 03	Indirect Emission from Transportation	Employee commuting - fuel not-paid by company	1,390.08	1,716.06
		Hired vehicles	388.5	392.8
		Business air travel	5.72	9.11
		Transport locally purchased items	107.19	109.37
	Indirect Emission from Services used by the company	Municipal water	6.1	7.41
		Waste disposal	6.09	6.29
	T & D Loss		229.94	257.86
	Total Indirect Emissions		4,374.45	5,013.74

Included gases in calculation of Direct & Indirect GHG Emissions

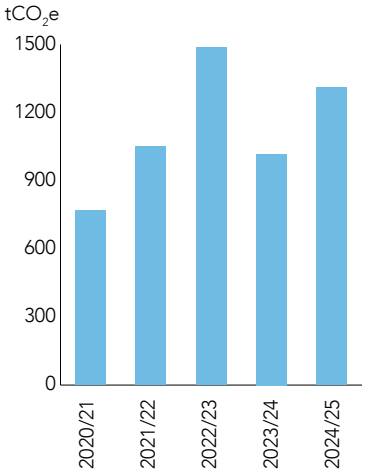
Scope	GHG Emissions (tCO_2e) CO_2	N_2O	CH_4	HFC	Total
Direct GHG Emissions (Scope 1)	759.15	9.45	5.76	535.48	1,309.84
Indirect GHG Emissions (Scope 2)	2,514.84	-	-	-	2,514.84
Other Indirect GHG Emissions (Scope 3)	2,498.90	-	-	-	2,498.90
Total GHG Emissions	-	-	-	-	6,323.58
GHG Emissions (Per Employee)	-	-	-	-	1.74

Indicator	2024/25	2023/24	YoY Change (%)
Total GHG Emissions (Group) (tCO_2e)	6,323.58	3,974.42	37%

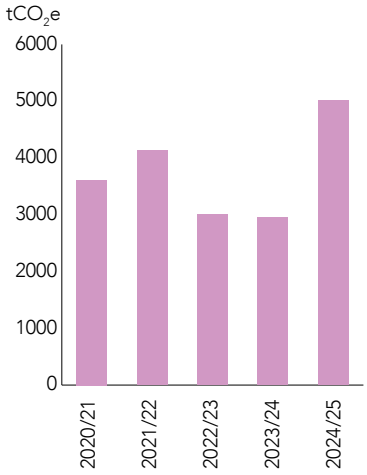
READINESS FOR SLFRS S2 CLIMATE-RELATED DISCLOSURE REQUIREMENTS

- At present, PLC does not report on the energy consumption associated with its products or services. However, in the current year, the Company commenced work on implementing the structural framework for the quantification of emission data relating to products and services offered, including financed emissions associated with the lending portfolio.

People's Leasing (Group) Direct Emissions



People's Leasing (Group) Indirect Emissions



NATURAL CAPITAL

Overall, People's Leasing (Group) Carbon Footprint



Energy
5,773.76 tCO_2e



Water
7.41 tCO_2e



Waste
6.29 tCO_2e

GRI 303-1, 303-2,303-3, 303-5

WATER MANAGEMENT

While water may not be considered a material topic for a service-based organisation, PLC accepts water scarcity as a growing global concern. With access to clean drinking water proving to be a major challenge both in Sri Lanka and globally, PLC is firmly committed to promoting water conservation within its operations and among its broader stakeholder ecosystem.

Regular employee awareness and education programmes aim to promote responsible use of water resources across Company-wide operations. Additionally, in line with PLC's strict policy of ensuring zero harm to natural water bodies and related habitats, the Company's credit evaluation process is designed to reject projects or activities that pose a risk of contaminating, depleting, or otherwise adversely impacting water ecosystems.

Water Withdrawal and Consumption

Water	2024/25 (m3)
Water withdrawal and consumption	49,943.77
Per employee water consumption	13.74

GRI 306-1, 306- 2, 306-3, 306-4, 306-5

WASTE MANAGEMENT

PLC's primary sources of waste stem from routine administrative activities carried out at the head office and across branches. Although the Company's service-based business model results in relatively low waste volumes compared to industrial sectors, PLC remains fully committed to responsible waste management underscored by the 3R principle (Reduce, Reuse, and Recycle), where the main emphasis is on reducing waste generation, coupled with active efforts to promote reuse, and encourage recycling practices as much as possible and practical coupled with active efforts to promote reuse, and encourage recycling practices as much as possible and practical.

Effectively managing the waste lifecycle



- **Waste Segregation:** All PLC have been instructed to follow established waste segregation guidelines, categorising waste into food, paper, plastic/ polythene, and e-waste to ensure responsible disposal with a view to reducing waste sent to landfills.
- **Responsible disposal in partnership with certified waste collectors and recyclers:** PLC collaborates with waste management companies registered with the Central Environmental Authority (CEA), ensuring that all solid waste is either recycled or disposed of in full compliance with national environmental standards.

Waste Generated and Disposed

Waste Type	Location	Disposal Method	Disposed Quantity (Kg)	% of Waste Recycled
Food waste	PLC group	Combustion	7,072.00	N/A
		Composting	23,456.22	
		Piggery feeding	13,140.00	
Mixed waste	PLC group	Combustion	13,862.10	N/A
		Composting	4,905.00	
Paper waste	PLC group	Closed loop recycling	1,409.00	30%
		Combustion	4,962.50	
		Composting	1,862.80	
		Open loop recycling	2,453	
		Re-use	2,049.94	
Plastic waste	PLC group	Closed loop recycling	134.02	60%
		Combustion	780	
		Open loop recycling	1,029.50	
E- waste	PLC group	Open loop recycling	0.0069	75%
		Combustion	10	
		Closed loop recycling	30	



ClimateSI

CARBON CONSCIOUS CERTIFICATE

Climate Smart Initiatives (Pvt) Ltd assures that GHG Inventory of

People's Leasing & Finance PLC

for the financial year 2024/25

has been measured and reported in accordance with the requirements of

ISO 14064-1: 2018 – Specification with guidance at the organizational level for the quantification and reporting of greenhouse gas emissions and removals.

Certificate No : ClimateSI/MRV/054

Date of Certification : 03. 06. 2025

Period of Assessment : 01. 04. 2024 to 31. 03. 2025

Scope of Certification : Financially controlled business activities belongs to People's Leasing & Finance PLC

Total Direct GHG Emissions : 1,310 tonnes of CO_2equivalent

Total Indirect GHG Emissions : 5,014 tonnes of CO_2equivalent

Total : 6,324 tonnes of CO_2equivalent

Eng. H. M. Buddika Hemashantha (BSc (Hons) Eng., M. Eng.)
Director
Climate Smart Initiatives (Pvt) Ltd

Direct Emissions : Stand by generators, Business travel - company owned vehicles, Refrigerant leakage, Employee Commuting (Paid by the company), LPG Usage, Fire extinguishers, Rented vehicles

Indirect Emissions : Grid-Connected electricity, Transmission and distribution loss, Employee commuting (Not paid by the company), Waste disposal, Municipal water, Business air travel, Freight road transport, Hired vehicles

Exclusions : Emissions of client/guest transportation

Period of validity : 01. 04. 2025 to 31. 03. 2026

Managing Scope 3 Emissions

Given they originate from sources beyond the Company's immediate control, Managing Scope 3 emissions presents a greater challenge. To address these indirect emissions, PLC has adopted a broad based approach focused on four key areas:

- **Energy Efficiency Improvements:** PLC continues to implement measures that drive systematic reductions in energy consumption across its operations.
- **Sustainable Procurement:** Conducting Environmental, Social, and Governance (ESG) due diligence during the supplier registration process to ensure suppliers are aligned with sustainability principles with priority given to suppliers who demonstrate a commitment to environmental responsibility and strong social governance practices.
- **Green Finance:** PLC's three-pronged approach focused on Solar Financing, Green Leasing and ESG due diligence screening of Credit Proposals, collectively aimed at promoting the transition to a low-carbon economy.
- **Employee Awareness:** PLC invests in raising employee awareness about sustainability issues, fostering a culture of environmental stewardship throughout the organisation.

NATURAL CAPITAL

AUTOMATION AND DIGITISATION TO TRANSITION TO PAPERLESS OPERATIONS

PLC has placed a strong emphasis on automation and digitisation to significantly reduce paper waste - the largest component in the Company's waste matrix. Internally, the implementation of the eMemo system in 2024 and process automation through the PLC Core System in 2023, particularly the capability to upload all credit approval documents, has culminated in a substantial reduction in organisation-wide paper usage year on year.

As part of the broader automation strategy, PLC is also undertaken to promote digital literacy among its customer base to create a channel to promote sustained paper reduction across a wider audience. By continuously enhancing its digital front end with such initiatives as eDoc, ,eReceipt and eFD Certificates as well as the added functionality of the PLC Touch App, and PLC Online, the Company anticipates notable progress in reducing paper consumption on a broader scale.

GREEN AWARENESS

Green awareness remains a fundamental element of PLC's approach to reducing energy and water consumption and minimising waste. Targeted initiatives focused on sustainable practices aim to educate employees, customers, and the broader community and foster responsible behaviours that align with the Company's collective vision for long-term sustainability.

- Awareness on green practices (awareness campaign on "Bring your Own Lunch Box")
- "ESG Tuesday" was introduced in the current financial year, to provide employees with informative material on ESG related aspects, on a weekly basis.

GREEN OUTREACH PROJECTS

To further amplify its environmental programmes, PLC engages in public – private partnerships to undertake and support impactful environmental projects. These partnerships help to ensure resources are allocated toward projects that not only meet environmental criteria but also deliver measurable social and economic benefits to the communities they serve.

During the year under review, the following initiatives were implemented by our branches as their volunteer commitment. Rs. 0.36 Mn was invested for environmental conservation initiatives in FY 2024/25.

Responsible Solid Waste Management

Support for the Kolongoda City clean-up

Based on the request from the Kolongoda Trade Committee, PLC's Mahiyanganaya Branch has donated waste segregation bins to promote environmental sustainability and proper waste management in the area.

Support for Solid Waste Management at Mirisawetiya Temple Premises

Based on the request from Chief Incumbent of the Mirisawetiya Chaithyaramaya in Anuradhapura, PLC's Anuradhapura Branch initiated a project to streamline the waste segregation at the Temple premises Under the project, waste segregation bins were installed at the temple premises.





Handover of solid waste segregation units to Mirisawetiya Temple, Anuradhapura

NEW INITIATIVES WERE UNDERTAKEN IN 2024/25

- The PLC's 2025 calendar was themed "Embracing ESG Excellence for a Sustainable Future" and designed as an environmentally friendly desk calendar, accompanied by an eco-friendly notebook provided to all staff across the Company
- Paperless operations with e-memos
- Smart Force Tabs to create digitally literate business forces

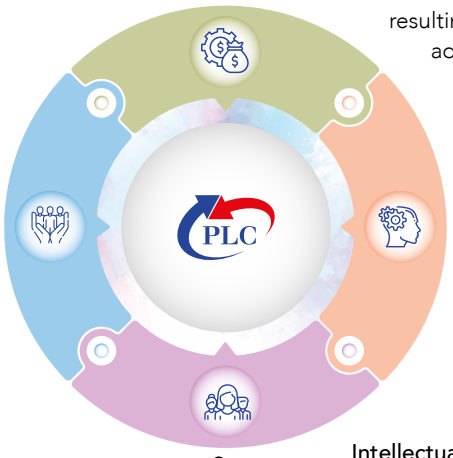
Patron Member of Biodiversity Sri Lanka

Since 2013, PLC has been a Patron member of the Sri Lanka Business & Biodiversity Platform (BSL), a national initiative that is fully owned and operated by the private sector. Over the past decade, the Company has remained committed to supporting BSL's core mission of promoting active corporate involvement in biodiversity and environmental conservation efforts throughout Sri Lanka. The BSL plays a crucial role in protecting Sri Lanka's fragile ecosystem by advocating for policies that support biodiversity and championing conservation initiatives. This is primarily achieved through technical assistance programs, knowledge sharing, and fostering collaboration and dialogue among key stakeholders.

TRADE-OFF'S AND IMPACT ON OTHER CAPITALS

Social and Relationship Capital – Strengthened relationships with stakeholders by demonstrating a commitment to sustainability and environmental stewardship.

Financial Capital – Growing investment in sectors and products that are environmentally sustainable resulting in consistent risk adjusted returns .



Human Capital – Environmental awareness among employees contributes to creating a broader paradigm shift in favour of resource conservation

Intellectual Capital – Enhances PLC reputation as a thought leader in sustainable finance within the NBFI sector.

APPRECIATION FOR LIFE PROJECT

In recognition of People's Leasing & Finance PLC's long term support for the multi-stakeholder "Life" Kanneliya forest restoration initiative, PLC was received an appreciated award by Biodiversity Sri Lanka at the ceremonial awarding ceremony by Preferred by Nature of conformity with the ecosystem restoration field verification standard V3.1

The award recognises PLC's contribution to successfully restoring 10ha degraded fern land adjacent to the Kanneliya Forest Reserve, Halgahawala in Opatha. The project was initiated by Biodiversity Sri Lanka and guided by the Forest Department with the technical assistance provided by the International Union for Conservation of Nature (IUCN). 10 leading responsible corporates have been part of this path breaking initiative which is also the Country's first carbon accrual project.

FUTURE PLANS

Short Term (1 -2 years)

- Support local green projects through financial assistance or strategic partnerships for community-based initiatives that promote environmental conservation and sustainability
- Continue advancing green initiatives across all branches by promoting paperless operations, enhancing energy efficiency, segregating solid waste, and ensuring environmentally responsible disposal practices.
- Pursue fintech partnerships to enhance digital channel architecture in support of green operations.
- Advance and Strengthen ESG due diligence across lending and procurement functions to promote sustainable and ethical business practices.
- Implement a company-wide energy audit to assess current energy usage and develop targeted improvement measures.

Medium Term (2 -4 years)

- Conduct a study on the methodologies and implementation steps towards calculating financed emissions
- Introduce innovative green finance solutions that promote sustainability and empower MSMEs and vulnerable communities
- Develop a robust framework for data collection and reporting on the environmental impacts resulting from business activities.
- Deploy a comprehensive Environmental Management System (EMS) to enable accurate tracking and continuous improvement of environmental performance across energy, emissions, water, and waste streams.
- Set measurable energy reduction goals to effectively minimize the company's carbon footprint

Long Term (4 - 5 years)

- Set clear targets and key performance indicators (KPIs) across all branches and departments to drive progress toward achieving net zero emissions.
- Improve reporting transparency regarding performance and progress on environmental matters
- Promote and advance the adoption of green building concepts at branch level in compliance with globally accepted standards on green building.

Linking Governance & and Trust

STRONG GOVERNANCE IS THE BRIDGE BETWEEN STABILITY AND INNOVATION. BY FOSTERING TRUST THROUGH ETHICAL PRACTICES, RISK MANAGEMENT, AND RESPONSIBLE LEADERSHIP, WE CREATE A SECURE FOUNDATION THAT SAFEGUARDS STAKEHOLDERS WHILE DRIVING PROGRESS IN AN EVOLVING FINANCIAL LANDSCAPE.





GOVERNANCE & RISK

158 Board of Directors
164 Corporate Management
168 Senior Management
172 Chairman's Introduction to Corporate Governance
173 Corporate Governance
232 Annual Report of the Board of Directors on the Affairs of the Company
239 Board of Directors' Communication Policy
240 Board Audit Committee Report
243 Report of the Human Resources and Remuneration Committee
246 Related Party Transactions Review Committee Report
248 Board Nomination & Governance Committee
250 Board Integrated Risk Management Committee Report
254 Board Credit Committee
256 Board Investment Committee
257 Compliance Risk Management Statement
260 Risk Management Review

BOARD OF DIRECTORS

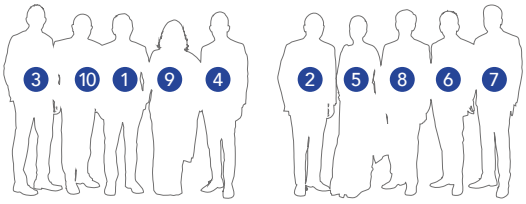
GRI 2-9



1. **Prof. Ajantha Samarakoon** Chairman / Independent, Non-Executive Director
2. **Mr. Clive Fonseka** Non-Independent, Non-Executive Director
3. **Mr. Pravir Samarasinghe** Non-Executive Director
4. **Mr. Dulinda Perera** Non-Independent, Non-Executive Director
5. **Ms. Udeni Gallage** Independent, Non-Executive Director



6 **Mr. Bradley Emerson** Non-Independent, Non-Executive Director
7 **Mr. Anura Perera** Non-Independent, Non-Executive Director
8 **Mr. S. Sudarshan** Independent, Non-Executive Director
9 **Ms. Shameela Loku Kaluge** Non-Independent, Non-Executive Director
10 **Mr. Jayantha Thilakarathne** Non-Independent, Non Executive Director



BOARD OF DIRECTORS

PROF. AJANTHA SAMARAKOON

Chairman/ Independent Non-Executive Director

Date Joined: 31 December 2024

Qualifications:

- PhD in Management and Economics from Tomas Bata University in the Czech Republic.
- Bachelor of Commerce (Special) Degree & Master's Degree from University of Kelaniya.
- Membership in professional bodies such as CMA-Australia.
- Membership Association of Accounting Technicians (AAT) in of Sri Lanka.

Experience:

Worked as an Audit Supervisor for three years, gaining valuable expertise in financial governance and operational oversight.

Key Skills

Finance and Auditing

Membership in Sub Committees

Member of the Board Integrated Risk Management Committee

Current Positions within the Group

None

Current Positions outside the Group

- Professor at the Department of Commerce and Financial Management within the Faculty of Commerce and Management Studies at the University of Kelaniya, Sri Lanka.
- Chief Examiner for the G.C.E. A/L examination since 2006 demonstrating the leadership in shaping educational standards at the national level.

Past Positions held/ Experience

- Experienced academic leader, with a track record of mentoring PhD students and actively contributing to international conferences.
- Played a key role in the development of curricula for both government and private universities in Sri Lanka, contributing to the country's education system.
- Co-chair of the International Conference on Business and Industry (ICBI 2017).

MR. CLIVE FONSEKA

Non-Executive, Non-Independent Director

Date Joined: 9 February 2020

Qualifications:

- Master's Degree in Business Administration from the University of Sri Jayewardenepura's Postgraduate Institute of Management.
- Senior Fellow Member of the Institute of Bankers of Sri Lanka
- ACI Dealing Certificate
- Certified Member (CMA) of the Institute of Certified Management Accountants of Australia

Experience:

With over 29 years of experience includes leadership roles at American Express Bank and Standard Chartered Bank.

Key Skills

Banking/Finance

Membership in Sub Committees

- Member of the Board Audit Committee

Current Positions within the Group

- CEO/General Manager of People's Bank
- People's Leasing Property Development Limited – Chairman

Current Positions outside the Group

- Director - Sri Lanka Banks' Association
- Director - Financial Ombudsman Sri Lanka
- Director - Institute of Bankers of Sri Lanka
- Director - Credit Information Bureau of Sri Lanka
- Director - LankaPay Ltd
- Member – National Payment Council

Past Positions held/ Experience

- Deputy General Manager at People's Bank

MR. PRAVIR DHANOUSH SAMARASINGHE

Non-Executive Director

Date Joined: 6 November 2023

Qualifications:

- Fellow Member of Institute of Chartered Accountants of Sri Lanka
- Fellow Member of Institute of Management Accountants (UK)
- Master's Degree in Business Administration.

Experience:

- 35 years of professional and commercial experience including 21 years in senior leadership.

Key Skills

General management, Finance, and Accounting

Membership in Sub Committees

- Chairman of the Board Audit Committee
- Chairman of the Board Human Resources & Remuneration Committee
- Member of the Board Nominations and Governance Committee

Current Positions within the Group

None

Current Positions outside the Group

- Director/CEO of Overseas Realty (Ceylon) PLC
- Director/CEO of Mireka Capital Land (Pvt) Ltd
- Director/CEO of Mireka Homes (Pvt) Ltd
- Director/CEO of Havelock city (Pvt) Ltd
- Director/CEO of Realty Management Services (Pvt) Ltd
- Director/CEO of Overseas Realty Trading (Pvt) Ltd
- Director of Swadeshi Industrial Works PLC
- Director of Swadeshi Marketing (Pvt) Ltd
- Director of Swadeshi Industrial Works PLC
- Director of Keells Food Products PLC
- Trustee of the Employers' Federation of Ceylon
- Council member of the Employers' Federation of Ceylon

Past Positions held/ Experience

- Chairman of the Sri Lanka Institute of Directors
- COO / Executive Director Richard Peiris & Company PLC
- Chairman of the Employers' Federation of Ceylon
- Chairman of the Industrial Association of Sri Lanka
- Chairman of the Condominium Developers Association of Sri Lanka

MR. DULINDA PERERA

Non- Independent, Non-Executive Director

Date Joined: 23 January 2025

Qualifications:

- Bachelor of Science in Engineering (Hons) in Chemical and Process Engineering from the University of Moratuwa
- MBA from the University of the West of Scotland
- Chartered Global Management Accountant (CGMA)
- Associate Member of the Chartered Institute of Management Accountants (ACMA)
- Member of the Chartered Institute of Marketing (MCIM)
- Member of the Chartered Institute of Professional Managers (MCPM)

Key Skills

Expert in branding, digital transformation, corporate communications and finance.

Membership in Sub Committees

- Chairman of the Information Technology & Digital Marketing Committee
- Member of the Related Party Transactions Review Committee
- Member of the Board Credit Committee

Current Positions within the Group

- Chairman – People's Micro-Commerce Ltd
- Director – People's Insurance PLC

Current Positions outside the Group

- Hotel Developers (Lanka) Limited – Non-Executive Director
- IKON Management Solutions Pvt Limited – CEO/Director

Past Positions held/ Experience

- People's Insurance PLC – Head of Marketing
- Indian High Commission of Colombo – Consultant Communications
- N Factor Global – Vice President New Media

MS. UDENI GALLAGE

Non-Independent, Non-Executive Director

Date Joined: 30 January 2025

Qualifications

- Attorney-at-Law

Experience

- Over a decade of extensive experience in the Sri Lankan legal field, having served in both the private bar and government sector. Has contributed significantly to legal research, training programs, and voluntary initiatives aimed at justice and legal empowerment.

Key Skills

Legal, Research, Legal Empowerment, Training, Community Engagement

Current Positions within the Group

None

Membership in Sub Committees

- Chairperson of Board Related Party Transaction Review Committee
- Member of the Information Technology & Digital Marketing Committee

Past Positions Held / Experiences

- Resource person for various institutions including the Department of Sports Sciences and Physical Education at Sabaragamuwa University of Sri Lanka.
- Contributor to legal research and community-based legal training programs

MR. BRADLEY EMERSON

Non-Independent, Non-Executive Director

Date Joined: 10 February 2025

Qualifications:

- MBA from the University of Sri Jayewardenepura
- Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants (UK)
- Fellow of the Institute of Bankers of Sri Lanka
- Currently pursuing a Doctor of Business Administration (DBA)

Experience:

- Seasoned professional with over four decades of expertise in banking, education, and strategic leadership.

Key Skills

Business Strategist

Membership in Sub Committees

- Member of the Board Nominations & Governance Committee
- Member of the HR & Remuneration Committee
- Member of the Information Technology & Digital Marketing Committee

Current Positions within the Group

None

Current Positions outside the Group

- Atarah Capital Pvt Ltd – Director
- People's Bank - Director
- Business Athletes Pvt Ltd – Founder/ CEO
- Asia Capital PLC – Independent Director

Past positions held/ Experience

- People's Insurance PLC – Chairman
- Imperial Institute of Higher Education (Pvt) Ltd – CEO/Director
- CIMA UK – Regional Director
- Ministry of Finance-Public Private Partnership Unit - COO
- Pan Asia Bank- Deputy CEO
- NTB – Head of Retail Banking
- Commercial Bank – Senior Manager Operations

BOARD OF DIRECTORS

MR. ANURA PERERA

Non-Executive, Non-Independent Director

Date Joined: 10 February 2025

Qualifications:

- Bachelor of Business Management degree from the University of Kelaniya
- Master of Business Studies from the University of Colombo
- ACI-Operations Certificate with a distinction pass from the Financial Markets Association-Paris
- ACI on-line FX Global Code Certificate from the Financial Markets Association-Paris
- Associate Member of the Institute of Bankers of Sri Lanka
- Member of the Association of Banking Sector Risk Professionals
- Member of the Sri Lanka Forex Association
- Member of the Association of Professional Bankers Sri Lanka

Experience:

- Career started in 1991 and has gained extensive exposure and experience in Branch Banking, Regional Administration, Treasury Operations, Risk Management, and Credit Control in banking sector.

Key Skills

- Risk management, Treasury operations, Credit control , Branch banking and Regional administration

Membership in Sub Committees

- Chairman of the Board Investment Committee
- Member of the Board Integrated Risk Management Committee

Current Positions within the Group

- DGM -Risk Management – People's Bank
- Chairman of the People's Leasing Fleet Management Ltd
- Director of the Alliance Finance PLC – Bangladesh

Current Positions outside the Group

None

Past Positions held/ Experience

- AGM-Risk Management – People's Bank

MR. SATHANANTHAN SUDARSHAN

Non-Executive, Independent Director

Date Joined: 10 February 2025

Qualifications:

- Associate of the Institute of Chartered Governance Institute UK and Ireland
- Associate of the Institute of Chartered Corporate Secretaries in Sri Lanka.
- MBA from the University of Lincoln, Hull, United Kingdom
- Completed the "Company Director's Course' conducted by the Commonwealth Association for Corporate Governance on behalf of the Commonwealth Fund for Technical Co- operation
- Member of the Sri Lanka Institute of Directors

Experience:

A governance specialist with a Management and corporate secretarial background. Well versed in regulatory requirements of licensed financial institutions with over 20 years of experience.

Key Skills

- Well versed in Board room activities, Board dynamics in advising Boards with special emphasis on Corporate Governance

Membership in Sub Committees

- Chairman of the Nominations & Governance Committee
- Chairman of the Board Integrated Risk Management Committee
- Member of the Board Audit Committee
- Member of the HR & Remuneration Committee
- Member of the Related Party Transactions Review Committee
- Member of the Board Credit Committee
- Member of the Board Investment Committee

Current Positions within the Group

None

Current Positions outside the Group

- Chairman of Board Secretaries Forum of Sri Lanka Institute of Directors
- Chairman of Governance Consultants (private) Limited,
- Treasurer of the Sri Lanka Tennis Association.

Past Positions held/ Experience

- Group Company Secretary – Sampath Bank
- Group Company Secretary – Siyapatha Finance

MS. SHAMEELA LOKU KALUGE

Non- Executive, Non- Independent Director

Date Joined: 17 February 2025

Qualifications:

- Bachelor of Science Degree in Biological Science with a Second Class Upper Division from the University of Kelaniya
- Master of Science in Computer Science from the University of Colombo
- Master of Business Administration (Finance) with a distinction from Cardiff Metropolitan University, UK
- Diploma in Treasury, Investment, and Risk Management from the Institute of Bankers of Sri Lanka (IBSL)
- Fellow of the IBSL
- ACI Dealing Certificate with a Distinction from the ACI Financial Markets Association, France
- ACI Online FX Global Code Certificate awarded by the ACI Financial Markets Association, France
- Member of the Sri Lanka Forex Association
- Member of the Association of Professional Bankers

Experience

Over 22 years of experience in Bank's Treasury Unit.

Key Skills

- Treasury operations including FX dealing, investment banking and risk management, International Banking, handling Financial Institutions, Computer science, Quality assurance

Membership in Sub Committees

- Member of the Board Investment Committee

Current Positions within the Group

- DGM - Treasury, International & Investment - People's Bank

Current Positions outside the Group

- Vice President of Association of Primary Dealers (APD)

Past Positions held/ Experience

- Sri Lanka Standards Institute – Standards/Testing Officer
- Informatics Information systems (Pvt) Ltd- Faculty Member/Centre Coordinator
- Director of the Association of Primary Dealers (APD) in 2017
- Secretary of APD from 2020 to 2023
- People's Travels (Pvt) Ltd – Director (past)

MR. JAYANTHA THILAKARATHNE

Non-Executive, Non- Independent Director

Date Joined: 11 March 2025

Qualifications:

- Attorney at Law with an LLB and LLM from the University of Colombo
- Master's in Public Management (HR) from the Sri Lanka Institute of Development Administration (SLIDA)
- Chartered Member of the Institute of Personnel Management (CIPM)
- Postgraduate Diploma in Public Management

Experience:

- Accomplished legal and human resource professional with over 25 years of senior management experience in both national and multinational organizations.

Key Skills

Expertise spans strategic HR management, legal advisory, change management, corporate culture development, and financial planning.

Membership in Sub Committees

- Chairman of the Board Credit Committee

Current Positions within the Group

None

Current Positions outside the Group

- Janatha Estate Development Board – Chairman
- Urban Development Authority – Director
- People's Bank – Director
- People's Travels Pvt Ltd – Chairman
- Taj Hotels PLC – Director of Human Resources

Past Positions held/ Experience

- Sri Lanka Telecom - Chief HR Officer
- Maliban Biscuit Manufactories - Group General Manager
- Ceylon Agro Industries PLC – Head of HR and Legal
- Lanka Wall tiles Limited – Personal Manager
- Rusirumal Pvt Ltd – Assistant Human Resource Manager
- Royal Porcelain (Interbatch Porcelain) – Head of HR/Legal
- State Plantation Corporation – Assistant Manager Legal

MS. NIROSHA KANNANGARA

Assistant General Manager/ Company Secretary

Date joined : May 2025

Qualifications

- MASTER OF LAWS (LL.M) – 2002, University of Colombo, Sri Lanka.
- BACHELOR OF LAWS – Second class Honours Lower (division) – 1997 University of Colombo, Sri Lanka.
- POST ATTORNEY DIPLOMA IN BANKING AND INSURANCE LAWS 2008 – Advanced Legal Studies Unit of the Sri Lanka Law College.
- ATTORNEY-AT-LAW of the Supreme Court of Sri Lanka from 01st of December 1998.
- Barrister and Solicitor to the Fiji High Court from 12th October 2018.
- Registered Company Secretary, in accordance with the Companies (Secretaries) Regulations in Sri Lanka to practice as a Corporate Secretary.
- Commissioner for Oaths in 1998.
- Notary Public since 1999.
- Accreditation Mediator in Fiji, since 2019.

Experience

- 25 years of overall experience in the field of law, banking, financial and company secretarial.

Key Skills

Advisory to the Board of Directors.

Lecturer specialized in commercial law

Secretary to Sub-Committees

Board Nomination and Governance Committee

Board Related Party Transactions Review Committee

Board Human Resources and Remuneration Committee

Board Investment Committee

Board Credit Committee

Board Information Technology and Digital Marketing Committee

Current Position within the Group

Company Secretary of People's Leasing Fleet Management Limited

Company Secretary of People's Property Development Limited

Company Secretary to People's Leasing Havelock property Limited

Past Positions held/ Experience

- Assistant General Manager/Company Secretary U B Finance PLC.
- Director Legal at Sri Lanka Tourist Development Authority.
- Resident Magistrate to Fiji Judicial Department.
- Assistant Vice President Legal, Company and Board Secretary at Union Bank of Colombo PLC.
- Legal Consultant at the DFCC Bank and DFCC Vardhana Bank, Ratnapura Branch.
- Guest Lecturer at the Faculty of Graduate Studies, University of Colombo.
- Visiting Lecturer at the Management Faculty of the Kelaniya University, Kelaniya.
- Project – Co-ordinator at the Centre for the Study of Human Rights, Faculty of Law, University of Colombo.

Ms Nirosha Kannangara resumed duties as the new Company Secretary effective from 2nd May 2025 , consequently , Ms. Shalini Silva ceased to hold the position of the Company Secretary with effective from 10th April 2025.

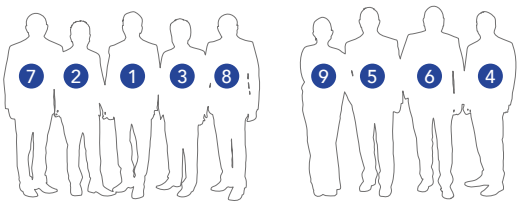
CORPORATE MANAGEMENT



1. **Mr. Sanjeewa Bandaranayake** Chief Executive Officer/ General Manager
2. **Mr. Udesh Gunawardena** Chief Operating Officer
3. **Mr. Prabath Gunasena** Senior Deputy General Manager/ Chief Information Officer
4. **Mr. Ranil Perera** Head of Operations
5. **Mr. Neil Thushantha** Assistant General Manager - Branch Network



6 **Mr. Ganesan Thushyanthan** AGM - Branch Network
7 **Mr. Nalin De Silva** AGM - Recoveries
8 **Mr. Aminda Rajapaksa** Chief Internal Auditor
9 **Ms. Zairaa Kaleel** Chief Compliance Officer



CORPORATE MANAGEMENT

MR. SANJEEWA BANDARANAYAKE

Chief Executive Officer/ General Manager

Date Joined : July 2007

Qualifications

FCA, FCMA (Sri Lanka), FCMA (Australia), Finalist of the CIMA (UK)

Experience /Skills

Over 31 years of post-qualifying experience at a very senior level in Finance, with particular emphasis on Accounting, Financial Management, Treasury and Operations, Branch Network, Administration and Human Resources.

Positions held in People's Leasing Group

Served as SDGM – Operations, DGM Finance & Administration.

Current positions

- CEO/GM of People's Leasing & Finance PLC
- Director of People's Insurance PLC
- Director of People's Leasing Fleet Management Limited
- Director of People's Leasing Property Development Limited
- Director of People's Leasing Havelock Properties Limited
- Director of People's Micro-Commerce Ltd.
- Director of Alliance Finance PLC-Bangladesh
- Council member of the Finance Houses Association of Sri Lanka

Membership in Management Committees/ Sub Committees:

- Chairman of ALCO
- Chairman of CMC
- Chairman of MIC
- Chairman of ITSC
- Chairman of ISC
- Member of EIRMC

Past Positions held Outside the Group

- Former Director of the Leasing Association of Sri Lanka
- Former Director of Credit Information Bureau of Sri Lanka
- Former Chairman of the Leasing Association of Sri Lanka, Vice President of the Asian Financial Services Association (AFSA),
- Former Committee Member of the Ceylon Chamber of Commerce
- Former Council Member of the Sri Lanka Institute of Credit Management (SLICM).
- Former CEO of People's Merchant Finance PLC.
- Former member of the Financial System Stability Consultative Committee of the Central Bank.

MR. UDESH GUNAWARDENA

Chief Operating Officer

Date Joined : September 1999

Qualifications

ACA, ACMA (Sri Lanka), Dip in Treasury Investment and Risk Management (IBSL)

Experience/Skills

Over 30 years of experience at senior levels in Finance and Operations and held various senior positions with particular emphasis on Accounting, Auditing, Financial Management, Treasury and overall Operations of NBFI Sector.

Positions held in People's Leasing Group

- Acting CEO of People's Leasing & Finance PLC
- Chief Internal Auditor of Peoples Leasing & Finance PLC
- CFO and the Company Secretary of Alliance Finance PLC Bangladesh
- Secretary to Board Audit Committee

Current positions:

- Chief Operating Officer of People's Leasing & Finance PLC
- Non-executive Director of Alliance Finance PLC, Bangladesh

Membership in Management Committees/ Sub Committees:

- Chairman of MCC
- Member of ALCO
- Member of MIC
- Member of EIRMC
- Member of ITSC
- Member of ISC
- Member of CMC

Past Positions held/ Experience

Former Director of the Leasing Association of Sri Lanka

MR. PRABATH GUNASENA

Senior Deputy General Manager/ Chief Information Officer (CIO)

Date Joined : May 1999

Qualification

MBA , University of Western Sydney, Dip. in Computer System Design, NIBM Sri Lanka, Project Management for Information Systems Institute of Systems Science, National University of Singapore.

Experience/ Skills

Over 30 years of experience in Finance and ICT, inclusive 25 years of experience in the Banking and Finance sector. Particular emphasis on strategic IT leadership, innovation, Business Intelligence, Automation, Cyber security and Enterprise Architecture.

Positions held in People's Leasing Group

Held various key roles as the Head of ICT in People's Leasing.

Current positions

Senior Deputy General Manager / CIO

Membership in Management Committees/ Sub Committees:

- Member of IT ITSC
- Member of IT ISC
- Member of EIRMC

MR. RANIL PERERA

Deputy General Manager

Date Joined : October1999

Qualifications

MA in Regional Development and Planning (Colombo), MBA (Manipal), PG Diploma in Economic Development (Colombo), B.Com (Special) International Trade (Sri Jayewardenepura), Part qualifications from the CIM (UK), Part qualifications from the CA Sri Lanka

Experience/ Skills

Over 25 years' experience in the fields of Branch Management, Recoveries, Operations, Credit Administrations and Credit Management, Risk and Control

Current positions

Head of Operations

Membership in Management Committees/ Sub Committees

- Member of ALCO
- Member of MCC
- Member of ITSC
- Member of ISC
- Member of CMC
- Member of EIRMC

Past Positions held Outside the Group

- Former Director of the Leasing Association of Sri Lanka
- Former Acting CEO, People's Leasing Property Development Limited

MR. NEIL THUSHANTHA

Assistant General Manager – Branch Network

Date Joined : March 2005

Qualifications

B.Sc. (Agri) Special (Majored in Agri. Econ.) Second Class Hon. Upper Division from University of Peradeniya, Part qualification in (CIMA), UK

Experience /Skills

Over 25 Years of experience in Credit, Recoveries, Marketing, Fund Mobilization, Branch Operation & Branch Network Development. Involve with Credit Analysis, Business Development & Strategic Planning.

Positions held in People's Leasing Group

- Served as CM –at People's Leasing & Finance PLC

Current positions

- Assistant General Manager – Branch Network at People's Leasing & Finance PLC
- Non-Executive, Non-Independent Director of People's Micro-commerce Ltd

Membership in Management Committees/ Sub Committees

- Member of ALCO
- Member of MCC

MR. GANESAN THUSHYANTHAN

Assistant General Manager - Branch Network

Date Joined : September 2004

Qualifications

BA (Hons) in Economics (Specialised in Monetary Economics) - University of Colombo, MA in Economics (Specialised in Financial Markets) - University of Colombo, Certificate Course in Hire Purchase and Leasing Financing –IBSL, Higher diploma in Computer Software Engineering London TEC International

Experience /Skills

Over 22 years in Leasing & Finance Industry with particular emphasis on Branch Network, Fixed Deposit & Savings, Gold Loan, Islamic Finance and Margin Trading.

2 Years' experience as Assistant Lecturer at Department of Economics, University of Colombo.

Positions held in People's Leasing Group

- SM Branch Operations - North and East Region

Current positions

- Assistant General Manager – Branch Network at People's Leasing & Finance PLC
- Non-Executive, Non-Independent Director of People's Leasing Property Development Ltd.

Membership in Management Committees/ Sub Committees

- Member of the ALCO
- Member of the MCC

MR. NALIN DE SILVA

Assistant General Manager - Recoveries

Date Joined : January 1997

Qualifications

Certificate Course in Hire Purchase and Leasing Financing-IBSL, Management Development Programme - PIM, University of Sri Jayewardenepura

Experience /Skills

Over 28 years' experience in the Leasing & Finance sector, Branch Management, Credit, Marketing, Branch Network Development, Business Development and Recovery Operations at People's Leasing & Finance PLC

Positions held in People's Leasing Group

SM – Branch Operations -North Western Province

Current positions

- Assistant General Manager - Recoveries

Membership in Management Committees/ Sub Committees

- Member of the MCC

MR. AMINDA RAJAPAKSA

Assistant General Manager – Chief Internal Auditor

Date Joined : March 2005

Qualifications

B.com Special from University of Sri Jayewardenepura

Experience /Skills

Over 21 years' experience in Auditing, Business process Re-engineering and Accounting in Leasing & Finance Industry

Positions held in People's Leasing Group

- SM – Internal Audit

Current positions

- Chief Internal Auditor

Membership in Management Committees/ Sub Committees

- Secretary to the BAC

MS. ZAIRAA KALEEL

Assistant General Manager – Chief Compliance Officer

Date of Joined : September 2020

Qualification

B.Com (Hons) Sp (Peradeniya), LL.B (Hons) (UK), MBA (Kelaniya), ACMA(UK), CGMA, AIB(SL), CPA(Aus), ACSI(UK), AMBCS(UK), Dip in Compliance (IBSL)

Experience /Skills

Over 21 years of comprehensive experience in the financial services sector, with expertise across diverse areas, including Banks, Finance Companies, Margin Providers, and Stock Brokers.

In-depth knowledge of Compliance, Risk Management, and Information Governance.

Position held in People's Leasing

- Senior Manager – Compliance / Information Officer (RTI Act)

Current positions in People's Leasing

Chief Compliance Officer

Membership in Management Committees/ Sub Committees

- Member of ISC
- Member of EIRMC
- Alternate Representative of People's Leasing & Finance PLC to the Council of the Finance House Association of Sri Lanka
- Chairperson, Compliance Forum of the Finance Houses Association of Sri Lanka

SENIOR MANAGEMENT



Mr. Chamil Herath
Chief Manager - Branch Network



Ms. Priyanka Wimalasena
Chief Manager - Branch Network



Mr. Samantha Abeywickrama
Chief Manager - Branch Network



Mr. Samantha Senavirathne
Chief Manager - Branch Network



Mr. Susil Priyantha
Chief Manager - Branch Network



Mr. Nishantha Weerasinghe
Chief Manager - Branch Network



Mr. Chandike Jayaweera
Chief Manager - Branch Network



Mr. Bernard Sutharsan
Chief Manager - Branch Network



Mr. Chinthana Bandara
Chief Manager - Branch Network



Mr. V. P. Saman
Chief Manager - Branch Network



Ms. Akila Samarasinghe
Acting Chief Risk Officer



Mr. Nishantha Perera
Chief Manager - Margin Trading / Portfolio Management



Mr. Jayantha Madawala
Chief Manager - Recoveries



Mr. Fazmil Mowlana
Chief Manager - Islamic Finance & Digital Product



Mr. Chaminda Dharmarathne
Chief Manager - Branding & Communication



Mr. B. Kavisinghe
Chief Manager - IT Infrastructure



Mr. Lasantha Liyanage
Chief Manager - Group Human Resources



Mr. Niranjan Selvanayagam
Chief Manager - Digital Transformation and Project delivery



Mr. Navindu Wijesekera
Chief Manager - ICT



Ms. Sumudu Silva
Chief Manager - Branch Network Support Services



Mr. Dharshana Gamage
Chief Manager - ICT



Mr. Saman Abeyweera
Chief Manager - Gold Loan

SENIOR MANAGEMENT



Mr. Bandula Samarajeewa
Chief Manager- Branch network



Mr. Aruna Hewamadduma
Chief Manager - Branch Network



Mr. Ajith Senevirathne
Chief Manager - Branch Network



Mr. Pradeep Serasinghe
Chief Manager - Branch Network



Mr. Amila Walpitagama
Chief Manager - Branch Network



Mr. Sisira Gamage
Chief Manager - Three Wheeler Unit



Mr. M. Kirupakaran
Chief Manager - Branch Network



Mr. Chandana Kumara
Chief Manager - Branch Network



Mr. Jayaruk Kotalawala
Chief Manager - Branch Network



Mr. Prasad Dasanayaka
Head of Administration



Mr. Senaka Munasinghe
Chief Manager - Branch Network



Mr. Sumudu Fernando
Senior Manager - Classique Centre



Mr. Priyankara Gangabadage
Acting Chief Financial Officer



Mr. Shaja Sayar
Senior Manager- Head of Leasing & Loans (IT)



Mr. Dilip Athukorala
Senior Manager- Information Systems Audit



Mr. R. Pushpamenan
Senior Manager -Internal Audit



Mr. G.P. Sirikumara
Senior Manager (Head of Leasing & Loans)



Mr. Asela Gunasekara
Senior Manager - Margin Trading



Mr. Darshana Samarakoon
Senior Manager - Branch Network



Mr. W.A.T.D. Willarachchige
Senior Manager - Branch Network



Mr. Sisira Herath
Head of Legal

Not pictured
- Mr. Y.M.W.P.C. Yapa Senior Manager

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE



TODAY, WE OPERATE IN AN ENVIRONMENT MARKED BY HEIGHTENED PUBLIC SCRUTINY, INCREASED REGULATORY EXPECTATIONS, AND A GREATER EMPHASIS ON ETHICAL AND RESPONSIBLE BUSINESS PRACTICES. IN THIS CONTEXT, A ROBUST AND RESILIENT CORPORATE GOVERNANCE BACKBONE IS VITAL TO SUPPORT A LARGE FINANCIAL INSTITUTION SUCH AS PEOPLE'S LEASING & FINANCE PLC.

Prof. Ajantha Samarakoon
Chairman

Today, we operate in an environment marked by heightened public scrutiny, increased regulatory expectations, and a greater emphasis on ethical and responsible business practices. In this context, a robust and resilient corporate governance backbone is vital to support a large financial institution such as People's Leasing & Finance PLC (People's Leasing).

The evolving regulatory landscape over the past year required us to revisit and strengthen our governance framework to meet new compliance demands. Much of the focus for the year therefore on adopting the new provisions set out under section 9 of the CSE listing rules on corporate governance, with the Board and Board Committees working closely with senior management, as needed to oversee the implementation of relevant changes.

A major highlight of the year was the appointment of several new members to the Board, comprising a diverse mix of professionals with strong backgrounds in finance, banking, risk management, and governance. All 8 new Board members function in a Non-Executive capacity, consistent with People's Leasing's customary practice of being led by a fully committed Board which greatly enhances oversight, strengthens accountability, and facilitates objective decision-making at the highest level.

DECLARATION

In conclusion, I wish to declare that to the best of my knowledge, the Board of Directors, Key Management Personnel and Employees of People's Leasing have complied with the principles of good governance as set out by the regulatory frameworks, including the Finance Business Act No. 42 of 2011. The Anti-Money Laundering Laws and Regulations and Financial Transaction Reporting Act, the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, the Listing Rules of the Colombo Stock Exchange and all other applicable regulations.

Further I am pleased to report that our employees have demonstrated unwavering commitment to upholding our organisation's Code of Conduct. Through their actions, they have exemplified the values of integrity, professionalism, and respect that form the cornerstone of our corporate culture. Across all levels and departments, our team has embraced the ethical principles outlined in our Code of Conduct, ensuring that their behaviour aligns with the highest standards of business ethics. This dedication to compliance not only strengthens our reputation as a responsible corporate citizen but also reinforces our commitment to creating a workplace environment built on trust and mutual respect.

FUTURE PLANS

In 2025 the Board will focus on building a robust foundation for ESG governance to integrate sustainability more deeply into the Company's strategic and operational framework. As an immediate priority, the Board will aim to establish a dedicated Board subcommittee for Sustainable Finance to provide focused oversight and guidance on ESG-related financial initiatives. Plans are also being drawn up to formally assign sustainability-related responsibilities within the Company's internal governance policies to promote accountability across all levels of the Company.

CORPORATE GOVERNANCE

PEOPLE'S LEASING'S COMMITMENT TO GOOD GOVERNANCE

People's Leasing is deeply committed to upholding strong governance principles that ensure long-term institutional stability, ethical conduct, and value creation for all stakeholders. Recognising that governance is not a static function but one that must continuously evolve to meet emerging challenges and stakeholder expectations, People's Leasing maintains a proactive and adaptive approach that involves regularly reviewing and refining its governance framework in response to the dynamic internal and external environment in which it operates.

CORPORATE GOVERNANCE FRAMEWORK

GRI 2-9

At the heart of People's Leasing's governance philosophy lies the commitment to transparency, accountability, governance and sustainability, collectively encapsulated in the Company's governance framework

- **Transparency** - Commitment to open and timely disclosure of financial and non-financial information to maintain stakeholder confidence
- **Accountability** - Defined roles and responsibilities for the Board and senior management to facilitate informed decision-making aligned with strategic objectives
- **Governance** - Adherence to all applicable laws, regulatory requirements, and industry standards
- **Sustainability** - Integration of environmental, social, and governance (ESG) considerations into decision-making

REGULATORY REQUIREMENTS

- Finance Business Act No. 42 of 2011
- Companies Act No 7 of 2007
- Listing rules of Colombo Stock Exchange
- Finance Business Act Direction No. 05 of 2021 on Corporate Governance
- Finance Business Act Direction No. 06 of 2021 on Assessment of Finess & Propriety of Key Responsible Persons
- The Anti-Money Laundering Laws and Regulations and Financial Transaction Reporting Act No. 6 of 2006 and its amendments
- The Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and its amendments
- The Inland Revenue Act No. 24 of 2017 and its amendments
- The Shop and Office Employees Act No. 19 of 1954 and its amendments
- The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- All other applicable regulations

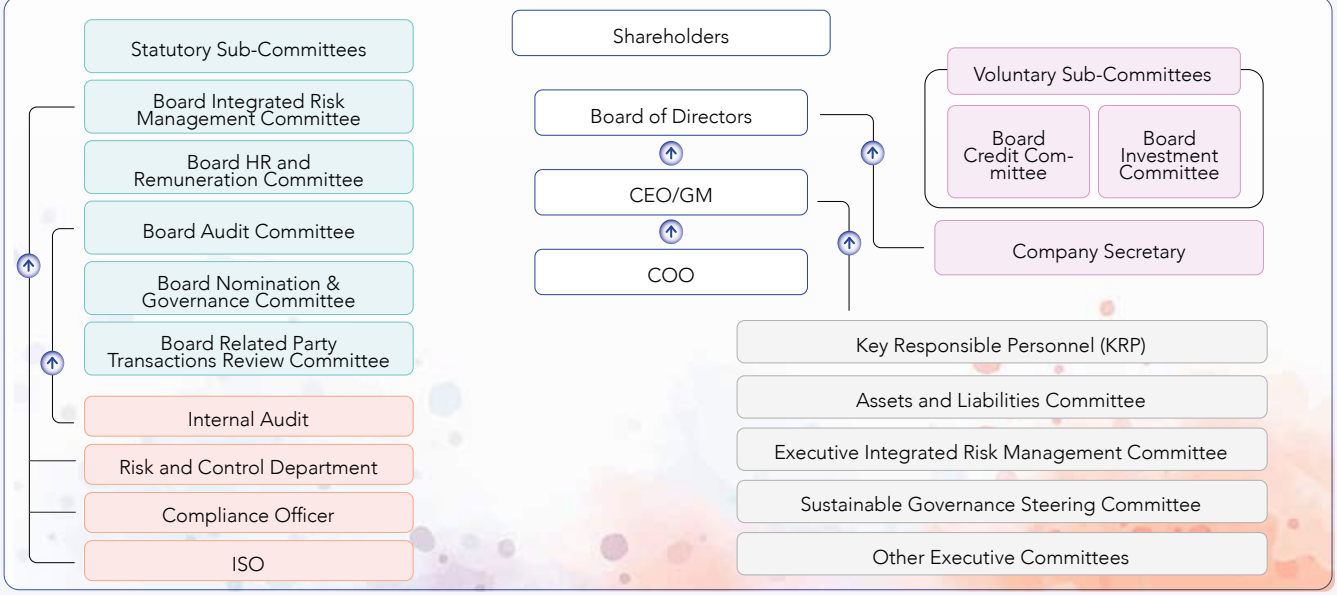
INTERNAL FRAMEWORKS

- Vision Mission and Corporate Values
- Articles of Association
- Corporate Governance Charter/Board Charter
- Subsidiary /sub Subsidiary policy of parent
- Board-approved TORs of Board Committees
- Code of Business Conduct and Ethics
- Board-approved policy frameworks for governance, risk and operational areas including HR, IT security and data privacy
- Whistleblower protection Policy
- Internal control procedures and processes
- Anti-money laundering/KYC policy
- Corporate Communication Policy

VOLUNTARY CODES AND BEST PRACTICES

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- GRI Standards issued by the Global Reporting Initiative
- IR Framework issued by IIRC
- ISO 27001 information security system Standards
- UNGC Sustainability Principles
- ILO Convention for Social and Labour, issues inducing Human Rights
- Sustainable Development Goals (SDG's)

RISK GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE

With new laws or regulatory expectations becoming increasingly more complex the People's Leasing Board conducts regular gap analysis to assess the extent of alignment with its existing practices. Based on these findings, relevant corporate policies, Standard Operating Procedures (SOPs), Terms of Reference of the Board and its subcommittees, as well as internal control frameworks are amended or reissued accordingly.

In parallel, the Board also reviews the Company's governance structure to strengthen roles and responsibilities within the Board and management, introduce new oversight committees if required, or drive cross-functional collaboration to enhance risk governance, ethics, and sustainability integration.

THE BOARD OF DIRECTORS

The Board

People's Leasing's Board of Directors serves as the apex governing body and the ultimate custodian of the Company's corporate governance framework. The Board bears the critical responsibility for steering People's Leasing towards sustainable long-term value creation for its stakeholders, ensuring the Company operates in line with the highest standards of integrity, accountability, and ethical conduct.

The Board operates in line with a clear mandate that defines the duties, responsibilities and expectations of the Board of Directors. As per the mandate the Board is responsible for defining the Company's vision, mission, core values, and overarching strategic direction. Specifically, the Board is entrusted with providing leadership to guide the formulation and implementation of People's Leasing's corporate strategy and risk appetite. The Board is further required to exercise independent judgment in reviewing, approving, and overseeing management's execution of the business strategy. The Board also plays a central role in evaluating the Company's performance across key financial and non-financial parameters, identifying course corrections as needed, and enabling a governance culture that supports innovation, agility, and resilience.

Matters Reserved for Board Approval

Risk, Capital and Liquidity Planning

- Changes relating to the Company's capital structure
- Approval of the annual capital plan
- Approval of risk appetite and liquidity risk appetite

Financial Results and Dividends

- Financial Results and Dividends
- Approval of interim and final financial statements, dividends and any significant change in accounting policies or practices

Strategy

- Approval of the Company's strategic plan
- Reviewing delivery of the strategy and measure performance against plan
- Major capital projects, investments, acquisitions, mergers or disposals

Remuneration

- Approval of the framework for determining the policy and specific remuneration of the Chair and Non executive directors and KRPs
- Approval of non-executive director payments
- Major changes in employee share schemes



Board and Sub Committee Membership

- Board appointments and removals
- Establishment of Board Committee and their membership
- Succession planning for key positions on the Board/ KRPs

Governance and Control

- Approval of principal regulatory filings
- Review and update the Terms of Reference (TOR) and membership of Board Sub Committees
- Approval of Board and Board Sub Committees performance evaluation process
- Review and update the Corporate Governance framework
- Approval of division of responsibilities between the Chair and Chief Executive Officer
- Appointment (or removal) of Company Secretary and Key Responsible Personnel

Board Composition

People's Leasing is led by a competent Board composed of 10 Non-Executive Directors. All Directors are individuals of high integrity and professional standing, bringing with them a wealth of experience across a range of industries including banking and finance, law, accounting, corporate governance, and risk management.

The Board of People's Leasing, maintained its composition during the financial year ended 31st March 2025, in full compliance with the requirements of the Finance Business Act No. 5 of 2021 on Corporate Governance as well as the Listing Rules of Colombo Stock Exchange.

Duties and Responsibilities of Individual Directors

All Board members are expected to discharge their responsibilities with integrity, diligence, and contribute effectively to the collective decision-making process of the Board. Each Director is expected to have a clear understanding of the Company's business, strategic goals, and risk landscape. Directors are required to uphold fiduciary duties, act in the best interest of the Company and its stakeholders, and avoid conflicts of interest at all times. They are expected to stay informed of legal, regulatory, and industry developments, and to continuously update their knowledge and skills to effectively oversee management performance and challenge strategic proposals when necessary. In doing so, individual Directors play a key role in maintaining the integrity of the governance process and upholding the trust placed in the Company by its stakeholders Additionally, all Directors are required to engage in the annual self-assessment, which is an integral part of the comprehensive Board evaluation process to ensure continuous improvement in Board effectiveness

GRI 2-15

Conflicts of Interest

Directors have a fundamental duty to act in the best interests of the Company and its stakeholders. This includes taking all necessary measures to avoid situations that may give rise to actual or perceived conflicts of interest. Each Director is expected to exercise independent judgment and ensure that personal or external interests do not influence, or appear to influence, their decision-making in their role as a Board member.

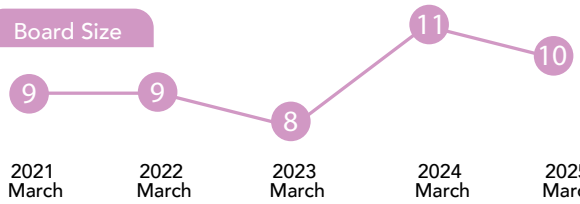
People's Leasing maintains a formal Code of Conduct & Ethics for Directors which clearly outlines procedures for managing conflicts of interest and reinforces a culture of transparency and ethical conduct. These safeguards ensure that all Board decisions are made impartially and in the best interest of the Company, thereby protecting stakeholder trust and preserving the integrity of the governance framework.

In line with the Code of Conduct & Ethics for Directors, Directors are required to make full and timely disclosures of any potential conflict of interest, whether financial, relational, or otherwise. Disclosures must be made in writing to the Related Party Transaction Review Committee (RPTRC). The RPTRC reviews such disclosures with the Chair of the RPTRC expected to disclose such matters at the Board meetings.

Board Diversity Indicators

GRI 2-9

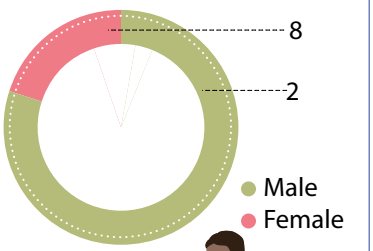
Board Size



People's Leasing upholds exemplary governance by maintaining a Board of Directors exceeding regulatory requirements—comprising seasoned professionals whose diverse expertise strengthens strategic direction, risk oversight, and long-term value creation.

Composition

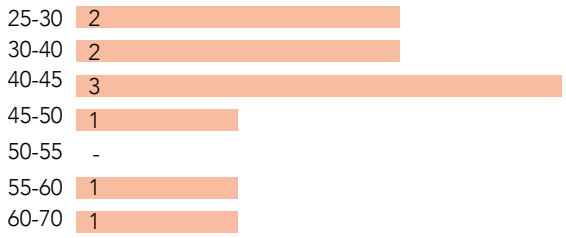
At PLC, we recognize the value of gender diversity at the board level. The presence of accomplished female professionals brings fresh perspectives, balanced insights, and inclusive leadership—strengthening our governance and driving sustainable growth



100%
Non-executive Directors



Age Diversity



Expertize

Expertize	2025 March
Accounting , Auditing & Management	3
Banking & Finance	4
Legal & Compliance	2
Information Technology	1
Marketing	1
Academic and Professional Development	2

CORPORATE GOVERNANCE

Meanwhile conflicted Directors are obligated to recuse themselves from participating in related discussions or decisions at Board meetings. Additionally, Directors are prohibited from using their position to divulge confidential or sensitive information for personal benefit or benefit of any third party, whether financially or otherwise.

Related Party Transactions are disclosed in Note 55 of the Financial Statements on pages 388 to 394. The total number of Board seats (excluding directorship in People's Leasing) held by present Directors as of 31st March 2025 are summarised below.



Prof. Ajantha Samarakoon

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies

N/A



Mr. Dulinda Perera

Board seats held in Listed Entities

- People's Insurance PLC

Board seats held in unlisted companies

- People's Micro Commerce Ltd
- IKON Management Solutions Pvt Ltd
- Hotel Developers (Lanka) Limited



Mr. Bradley Emerson

Board seats held in Listed Entities

- Asia Capital PLC

Board seats held in unlisted companies

- Atarah Capital Pvt Ltd
- Business Athletes Pvt Ltd
- People's Bank



Mr. Clive Fonseka

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies

- People's Leasing Property Development Limited
- Lankapay Pvt Ltd
- CRIB SriLanka
- National Payment Council
- Financial Ombudsman Sri Lanka (Guarantee) Ltd
- IBSL



Ms. Udeni Gallage

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies

N/A



Mr. Anura Perera

Board seats held in Listed Entities

- Alliance Finance PLC

Board seats held in unlisted companies

- PLC Fleet Management Limited



Mr. Pravir Samarasinghe

Board seats held in Listed Entities

- Overseas Realty (Ceylon) PLC
- Keells Foods Products PLC
- Swadeshi Industrial Works PLC
- John Keells PLC

Board seats held in unlisted companies

- Mireka Capital Land (Pvt) Ltd
- Mireka Homes (Pvt) Ltd
- Havelock City (Pvt) Ltd
- Realty Management Services (Pvt) Ltd
- Overseas Realty Trading (Pvt) Ltd
- Swadeshi Marketing (Pvt) Ltd
- Swadeshi Chemicals (Pvt) Ltd
- Mireka Seascapes (Pvt) Ltd
- Employees Federation of Ceylon
- Hotel Developers Lanka Ltd



Mr. S. Sudarshan

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies

- Institute of Chartered Corporate Secretaries in Sri Lanka
- Governance Consultants(pvt)Ltd
- Sri Lanka Tennis Association
- Board Secretaries forum of Sri Lanka Institute of Directors



Ms. Shameela Loku Kaluge

Board seats held in Listed Entities

N/A

Board seats held in unlisted companies

N/A



Mr. Jayantha Thilakarathne

Board seats held in Listed Entities

- Taj Hotels PLC

Board seats held in unlisted companies

- Janatha Estate Development Board
- People's Travels
- UDA
- People's Bank

Board Refreshment

Board refreshment serves as an opportunity for continuous enhancement of Board balance through the infusion of new skills as well as to improve age and gender diversity at a leadership level.

Board refreshment most often takes place organically as a consequence of the retirement or resignation of existing Board members leading to the appointment, re-election of new Directors.

GRI 2-10

Selection and Appointment of New Directors

The process of selecting new Directors is overseen by the Board in close collaboration with the Nominations & Governance Committee (NGC). The assessment of potential candidates is a comprehensive process involving a rigorous assessment of potential candidates based on how their skills and expertise can complement the Board quality and diversity.

Moreover since the People's Leasing Board consists entirely of NED's the criteria for the selection of NED's follows the directives set out under Section 9 of the CSE Listing Rules on Corporate Governance and the Code of Best Practice issued by CA Sri Lanka (2023) as well as the criteria set out under the Finance Business Act Direction No. 06 of 2021 on Assessment of Fitness & Propriety of

CORPORATE GOVERNANCE

Key Responsible Persons. Accordingly, appointments to the Board are subject to the approval of the Central Bank of Sri Lanka (CBSL) under the "fit and proper" criteria for Directors of financial institutions.

All new appointments are communicated to the CSE and shareholders via a press releases which include a brief CV of the Director.

Re-election of Directors

In accordance with the Company's Articles of Association, the Directors have powers at any time and from time to time, to appoint any person to be a Director either, to fill a casual vacancy, or as an addition to the existing directors. However, any director so appointed shall hold office until the following Annual General Meeting (AGM). All such Directors are eligible to offer themselves for re-election by the shareholders, subject to the recommendation of the Nominations and Governance Committee (NGC) thereby ensuring that all Board appointments remain accountable to the Company's shareholders. The NGC assesses each Director's eligibility for re-election based on a comprehensive evaluation of their past performance, including attendance, active participation, contributions to Board discussions, and continued compliance with the fit and proper criteria applicable to Directors.

Retirements and Resignation of Directors

As per the Finance Business Act No. 5 of 2021 on Corporate Governance a Director who has served on the Board for a term of nine (9) years or reaches the age limit of seventy (70) years (whichever is first), will cease to be a Director unless special approval is obtained from the Director Supervision of the Non Bank Financial Institutions confirming his/her fitness and propriety for continuity under the Finance Business Act No. 05 of 2021.

Similarly, new appointments, retirements and resignations of Directors, are also informed to the Director Supervision of the Non Bank Financial Institutions in accordance with

Procedures for assuring Directors Independence

Assurance regarding the Independence of Non-Executive Directors is obtained based on the following guidelines;

DEFINITION

Independence is determined against criteria as set out in the Finance Business Act Direction No. 5 of 2021, Listing Rules of the Colombo Stock Exchange and in compliance with Annexure C of the CA Code 2023.

ASSESSMENT

Independent assessment of Directors is conducted annually by the Board, based on annual declaration and other information submitted by Non Executive Directors.

OUTCOME

The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, directors' independence during the period under review.

Matters Reserved for Board and shareholders Approval

RESIGNATIONS

- Mr. Michael Pradeep Amirthanayagam resigned as Chairman with effect from 31st December 2024.
- Mr. Himashe Isuru Balapatabendi resigned on 11th December 2024
- Mr. Atapattu Mudiyanselage Priyanka Madduma Bandara Atapattu resigned on 27th December 2024
- Mr. Chanura Jayanta Wijetillake resigned on 23rd January 2025
- Mr. Yudhishtran Kanagasabai resigned on 31st January 2025.
- Mr. Mohammed Azzam Ali Ahamat resigned on 10th February 2025
- Mr. Upul Lakshman Asoka Wickramasinghe Bandara resigned on 10th February 2025
- Mr. Heenkenda Mudiyanselage Udeni Kusumsiri Samararatne resigned on 10th February 2025
- Mr. Tishan Manjula Wellalage resigned on 11th March 2025.

DIRECTORS APPOINTED DURING THE YEAR AND ARE ELIGIBLE FOR REELECTION AT THE 29TH AGM

- Prof. Samarakoon Mudiyanselage Ajantha Kumara Samarakoon, who was appointed to the Board on 31st December 2024, in terms of Articles 27(2) of the Articles of Association of the Company
- Mr. Kurugamage Jude Dulinda Gregory Perera, who was appointed to the Board on 23rd January 2025, in term of Articles 27(2) of the Articles of Association of the Company
- Ms Polwattha Gallage Udeni Gallage, who was appointed to the Board on 31st January 2025, in term of Articles 27(2) of the Articles of Association of the Company
- Mr. Pugoda Gallage Anura Chandana Perera, who was appointed to the Board on 10th February 2025, in term of Articles 27(2) of the Articles of Association of the Company
- Mr. Sathananthan Sudarshan, who was appointed to the Board on 10th February 2025, in term of Articles 27(2) of the Articles of Association of the Company
- Mr. Robert Bradley Rajapoopalan Emerson, who was appointed to the Board on 10th February 2025 in term of Articles 27(2) of the Articles of Association of the Company
- Ms. Kospelawattage Shameela Ransrini Senaratne Loku Kaluge, who was appointed to the Board on 17th February 2025 in term of Articles 27(2) of the Articles of Association of the Company
- Mr. Moraendage Jayantha Thilakarathne, who was appointed to the Board on 11th March 2025, in term of Articles 27(2) of the Articles of Association of the Company

Finance Business Act No. 6 of 2021 on Corporate Governance as well as the CSE with appropriate reasons as per the Listing Rules of Colombo Stock Exchange.

GRI 2-19, 2- 20

Directors Remuneration

All members of the People's Leasing Board are Non-Executive Directors, and their remuneration is benchmarked against prevailing industry standards and reviewed annually to ensure competitiveness and fairness. The Directors who serve on Board Subcommittees are entitled to receive additional fees.

The aggregate remuneration paid to Directors in FY 2024/25 was Rs. 27.76 Mn.

GRI 2-17

Training for Directors

Throughout their tenure, Directors also benefit from both internal and external training programmes to support ongoing knowledge enhancement and build awareness on economic, regulatory and industry trends.

GRI 2-12

BOARD OVERSIGHT RESPONSIBILITIES

Compliance and Best Practices

The Board remains fully accountable to its stakeholders and assumes ultimate responsibility for ensuring compliance with all applicable laws, regulations, codes, and governance standards.

In fulfilling this duty, the Board closely monitors the evolving regulatory landscape to ensure timely compliance with all statutory requirements. Proactive steps are taken to implement new regulations, often ahead of mandatory timelines, underscoring the Board commitment to early adoption of regulatory requirements. In addition to meeting regulatory obligations, the Board also promotes the voluntary adoption of globally recognised governance practices that enhance stakeholder trust and organisational resilience.

During the year under review, the Board initiates necessary action to ensure compliance with Section 9 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange (CSE). The Board affirms that People's Leasing is fully compliant with all applicable statutory and regulatory provisions. Moreover, the Board is satisfied that all reasonable steps have been taken to align with the voluntary governance codes to which the Company has committed.

RISK MANAGEMENT AND INTERNAL CONTROL RISK OFFICER TO CHECK

The Board of Directors holds ultimate responsibility for overseeing the Company's risk management and internal control framework. This responsibility encompasses establishing an Integrated Risk Management Framework to identify, assess, manage, and monitor all forms of risk that may affect the achievement of People's Leasing's objectives.

The Board has delegated oversight of the Integrated Risk Management Framework to the Board Integrated Risk Management Committee (BIRMC). The BIRMC is responsible for reviewing the adequacy and effectiveness of the Company's Integrated Risk Management Framework, ensuring alignment with regulatory expectations, strategic priorities, and risk appetite. As part of their duties, the BIRMC also monitors key risk exposures, emerging risks, and mitigation strategies on a regular basis, providing timely updates to the Board.

Oversight for the day-to-day implementation of risk management practices is the responsibility of the Risk

GRI 2-23

IN COMPLIANCE WITH THE PROVISIONS IN THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE FOLLOWING UPDATED POLICIES WERE PUBLISHED ON THE CORPORATE WEBSITE EFFECTIVE FROM 01ST OCTOBER 2024.

- Policy on the matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and Re-election
- Policy on Remuneration
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities.
- Policy on Risk management and Internal controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

Regulation / Code	Adoption	Adherence	Disclosure Table
The Companies Act No.7 of 2007 (Companies Act)	Mandatory	Fully Compliant	
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory	Fully Compliant	186 - 199
Central Bank of Sri Lanka (CBSL), Finance Companies (Corporate Governance) Direction No. 05 of 2021	Mandatory	Fully Compliant	203 - 231
Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary	Fully Compliant	200 - 202

CORPORATE GOVERNANCE

Management Department, which operates independently but reports to the BIRMC. The Risk Management department is responsible for embedding risk awareness across the organisation, conducting risk assessments, developing risk mitigation strategies, and maintaining risk registers, and also plays a central role in stress testing and scenario analysis to ensure resilience in changing market conditions.

Hand in hand with the Integrated Risk Management Framework, the Board ensures the establishment of an effective system of internal controls to support efficient operations, compliance with applicable laws, and protection of company assets. Scheduled audits by the Internal Audit division serves to assess the efficacy of the Company's risk management and internal control systems with audit findings together with the Management responses presented to the Board Audit Committee on a quarterly basis and from thereon to the Board.

For more information please refer to the

- Risk Management Report on page 260
- Board Integrated Risk Management Committee Report on page 250
- Board Audit Committee Report on page 240

FINANCIAL REPORTING AND ASSURANCE

The Board accepts responsibility for ensuring the integrity, accuracy, and transparency of the Company's financial reporting and assurance processes. The Board is responsible for ensuring that People's Leasing's financial statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 07 of 2007, and the requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

Furthermore, the Board works closely with the Board Audit Committee to ensure the Company's financial statements present a true and fair view of People's Leasing financial position, performance, and cash flows.

In this regard, the Board Audit Committee is tasked with reviewing the adequacy of the financial reporting process, internal controls over financial reporting, and compliance with accounting standards and regulatory frameworks. The Committee also ensures the independence and effectiveness of both internal and external auditors.

The Board is further responsible for ensuring that robust assurance mechanisms are in place. This includes an independent Internal Audit function, which conducts regular audits of financial processes and controls, and reports its findings directly to the Audit Committee. External assurance is provided through the annual statutory independent audit.

For more information please refer to the ;

- Statement of Directors' Responsibilities - page 275
- Independent Assurance Report on Internal Control Over Financial Reporting - page 277
- Directors Statement on Internal Control - page 278
- Chief Executive Officer and Chief Financial Officer's Responsibility Statement - page 280
- Audit Committee Report - page 240
- Independent Auditors' Report - page 281

GRI 2-16,2-23,2-24,2-26,2-27,205-1,205-2,205-3

ETHICS AND CONDUCT

The Board of Directors holds ultimate responsibility for setting the tone from the top to promote ethics and good conduct. This is supported by a comprehensive framework of Board approved conduct policies, codes, and standards that promote integrity, honesty, and ethical behaviour across all levels of the organisation. The Board ensures that these standards are embedded into the Company's operations and clearly communicated to all employees at every level of the organisation.

Likewise, the Board ensures that appropriate mechanisms are in place for employees and stakeholders to report concerns confidentially and without fear of retaliation.

There have been no critical concerns communicated to the Board during the reporting financial year.

All operations were assessed for risk related corruption and during the year there were no incidents of corruption reported. There were also no instances of non-compliance with applicable laws and regulations during the year.

PLC Conduct Framework



Code of Conduct -

The Code of Conduct holds all employees and Directors of PLC to the highest ethical standards of conduct in compliance with applicable laws, regulations and best practices. The Code, which is accessible through the intranet governs conduct relating to; Compliance with laws, Confidential and proprietary information, Ethical dealings, Insider trading, protection of the environment etc. The Code of Conduct is supplied to new employees as part of the employee induction process. Major suppliers of goods and services are also required to ensure that they comply substantially with the provisions of the code. The responsibility for the implementation and execution of the Board approved Code of Conduct has been delegated to the CEO and the corporate management team.

Bribery and Anti-Corruption Policy -

The policy which is applicable to all Directors and employees without exception, describes the Company's stance against accepting bribes, kickbacks and facilitation payments during the course of business and the consequences associated with the breach of such conditions. Business partners and third parties who act on behalf of the Company are also required to abide by the guidelines set out under the Bribery and anti-Corruption policy. Regular training is conducted to increase awareness among all stakeholders.

During the reporting year, People's Leasing has conducted training sessions on Anti-Corruption for its employees through the company's Learning Management System (LMS).

Whistle Blowing Policy -

This Whistle Blowing Policy is designed to allow stakeholders to anonymously report instances of improper or illegal conduct or unethical practices within the Company. Anyone aware of such conduct is encouraged to utilise the Whistleblower channel to report directly to the Board Audit Committee. Whistleblower complaints are directed to the Chairman of the Board Audit Committee via email or by sending a letter addressed to the "Chairman of the Board Audit Committee," with or without disclosing the whistleblower's identity.

Once a whistleblower complaint is received, the Audit Committee will initiate a thorough and timely investigation. Depending on the nature of the complaint, the Audit Committee may refer it to the Chief Internal Auditor or appoint an appropriate officer or committee comprising suitable corporate management members to conduct the investigation. The scope and timeframe for the investigation will be outlined in writing, ensuring transparency and accountability. The Board Audit Committee will monitor the progress of investigations and actions taken through status updates provided by the Chief Internal Auditor.

All reported events under the Whistleblower Policy, or the absence thereof, is reported to the Board Audit Committee on quarterly basis. Regular training sessions are conducted through the Learning Management System (LMS) to educate employees on the proper use of the Whistleblowing mechanism.

Acceptance of Gift & Entertainment Policy Manual -

The policy is designed to reflect the Company's belief that no one employee should receive undue benefits that may negatively influence other employees' morale. Hence the policy aims to maintain uniformity in exchanging, distributing, and receiving gifts from the employees, including gratuity and rewards.

Anti-money laundering Policy / KYC Policy -

The policy sets forth guidelines and processes developed to detect, prevent, and report potential money laundering activities associated with the Company's core business lines.

There were no reported incidents of non-compliance recorded in the year under review

CORPORATE GOVERNANCE

IT AND INFORMATION SECURITY SYSTEMS

The People's Leasing Board recognises the competitive advantages stemming from sustained investments in digital technology, most notably in terms of agility, scalability, innovation, and service excellence. In light of this, the Board establishes the Company's IT strategy to ensure that investments in IT infrastructure and technology-based solutions are purposefully aligned with People's Leasing's strategic goals and evolving customer needs.

As a licensed financial institution operating in a highly regulated and data-intensive industry, safeguarding its information and data assets is of paramount importance to People's Leasing. The Board has therefore instituted a robust information security risk management framework, aligned with the ISO 27001:2013 Information Security Management Standard. This framework offers strong protection against both external cyber threats and internal data breaches ensuring the security, integrity, confidentiality, and availability of the Company's digital assets. These are complemented by quarterly vulnerability assessments and penetration testing by external specialists and the annual ISO surveillance audits to verify the resilience of People's Leasing's information security posture.

At the operational level, People's Leasing's IT Department is responsible for implementing IT policies and driving key digital initiatives. Cybersecurity governance is led by the Chief Information Officer (CIO), who oversees system security protocols, monitors cyber risks, and ensures compliance with IT governance frameworks.

GRI 2-9, 2-12, 2-13,2-14

SUSTAINABILITY GOVERNANCE AND REPORTING

Recognising that long-term value creation depends on balancing economic, environmental, and social outcomes, the Board is deeply committed to embedding Environmental, Social, and Governance (ESG) considerations into the heart of PEOPLE'S LEASING's decision-making processes. The Board provides leadership and guidance for driving the Company's sustainability agenda by setting the strategic direction and ensuring alignment with the broader corporate objectives.

The Board further undertakes to review the Company's sustainability priorities on a regular basis and monitor progress against clearly defined goals and targets.

To translate the Board's vision into actionable outcomes, the Management Committee for Sustainability operates under the delegated authority of the Board. Chaired by the CEO, this Committee provides strategic guidance and oversight for integrating sustainability principles into core business functions. It ensures that sustainability efforts are embedded across operations and remain aligned with evolving global benchmarks, including the Sustainability Standards and Certification Initiative (SSCI) issued by the European Organization for Sustainable Development (EOSD). By anchoring sustainability within the broader corporate strategy, the Management Committee ensures cross-functional collaboration and effective resource allocation in support of ESG goals.

Operational execution of the sustainability strategy is led by the Sustainable Finance Unit (SFU). This dedicated unit is responsible for implementing the sustainability roadmap, coordinating ESG initiatives across departments, and tracking progress against key action plans. The SFU also plays a critical role in cultivating ESG awareness and accountability across all levels of the business, promoting a company-wide sustainability culture.

To ensure continuous improvement and alignment with the Board's strategic vision, the Head of the SFU provides periodic updates to the Board on sustainability performance. These updates include insights into emerging ESG risks and opportunities, stakeholder

Furthermore the Board commitment to sustainability extends to clear, comprehensive, and accurate reporting on PEOPLE'S LEASING's progress and performance on ESG matters. Reporting is facilitated through the adoption of globally accepted reporting frameworks, such as the Global Reporting Initiative (GRI) Universal Standards, Task Force on Climate-Related Financial Disclosures (TCFD), United Nations Sustainable Development Goals and the Sri Lanka Financial Reporting Standards - S1 & S2.

STAKEHOLDER ENGAGEMENT

The Board is of the opinion that engaging openly with external and internal stakeholders helps to build trust and also gain deeper insights about their expectations of the Company. Guided by the Board approved conduct policies, Company-wide management teams to take a proactive approach to communication with stakeholders

For more information please refer to the Stakeholder Engagement section on page 45.

SHAREHOLDER RELATIONS

Shareholders are engaged through multiple channels of communication, including the Annual Report, Annual General Meeting (AGM), regulatory filings, the investor relations page / media centre on the corporate website and through announcements in the CSE.

Shareholders also have the opportunity to comment or make suggestions on publicly available information, through the Company Secretary, where all significant issues and concerns are referred to the Board with the views of the Management.

ANNUAL GENERAL MEETING (AGM) AND VOTING RIGHTS

The Annual General Meeting (AGM) serves as a key platform for shareholder engagement and corporate transparency. Convened at the end of each financial year under the oversight of the Board of Directors, the AGM provides shareholders the opportunity to engage directly with the Board, seek clarifications, and gain insights into the company's performance, strategy, and governance practices.

In accordance with the listing rules of the Colombo Stock Exchange (CSE), the Notice of the AGM, the Annual Report, Audited Financial Statements, any proposed resolutions, and details of voting procedures are circulated to all shareholders at least 15 working days in advance. A digital version of the Annual Report is also uploaded to the CSE website and made available on the company's corporate website for easy access and download.

Shareholders are encouraged to exercise their voting rights either by attending the AGM in person or by appointing a proxy. A formal mechanism is in place to record and count all proxy votes cast for

each resolution. Following the conclusion of the AGM, the outcome of each vote is promptly disclosed to the CSE in line with regulatory requirements, ensuring transparency and adherence to good governance principles.

KEY ROLES AND RESPONSIBILITIES

GRI 2-11, 2- 12

Segregation of Duties Between the Chairman and CEO

The role of the Chairman is distinct and separate from that of People's Leasing's CEO. The People's Leasing Board is led by an Independent Non-Executive Chairman who is responsible for overseeing the work of the Board and the effectiveness of Board committees. The Chairman is further responsible for facilitating open dialogue at Board level and ensuring that all Directors contribute meaningfully to deliberations

The CEO operates under the delegated authority of the Board and is responsible for the day-to-day management of the Company's operations and for delivering the strategic objectives as determined by the Board. Acting as the highest-ranking executive officer of People's Leasing, the CEO provides leadership to the management team and is accountable for the execution of the business strategy, overall performance, and operational efficiency of the Company. The CEO is tasked with ensuring the implementation of Board-approved policies, developing business plans and budgets, managing risks within the risk appetite set by the Board, and driving value creation for all stakeholders. The CEO also acts as a key link between the Board and the senior management team, ensuring that the Board is regularly and adequately informed of the Company's operational performance, emerging risks, and market conditions.

This clear division of responsibilities between the Chairman and CEO ensures that no one individual has unfettered decision-making power and supports the effective functioning of the Board in overseeing management, guiding strategy, and protecting the interests of shareholders and other stakeholders.

Key Roles and Responsibilities



Chairman

- Setting the Board's annual work plan and the agendas, in consultation with the Company Secretary.
- Ensuring effective participation of all Board members during Board meetings.
- Facilitating and encouraging discussions amongst all Directors of matters set before the Board.
- Monitoring the effectiveness of the Board.
- Oversight for stakeholder engagement.



CEO

- Appointing and ensuring a competent and suitably skilled corporate management team to support the execution of the Board approved strategy.
- Developing and recommending to the Board business plans and budgets in line with the Board approved strategy.
- Monitoring and reporting to the Board on the performance against strategy of the Company and its compliance with applicable laws and Corporate Governance principles.
- Maintaining high standards of ethics in line with the People's Bank Group values
- Ensuring that the Company operates within the approved risk appetite.



Company Secretary

- Assist in setting meeting agendas, maintaining minutes, and ensuring governance best practices.
- Ensure compliance with laws, regulations, and filing of statutory returns.
- Circulate Board papers, provide guidance on roles and obligations, and facilitate Director training.
- Act as liaison between the Board, shareholders, and regulators.
- Support the Board in ensuring ethical conduct and adherence to policies.
- Maintain statutory records and ensure secure custody of corporate documents.

CORPORATE GOVERNANCE

BOARD SUB-COMMITTEES

To assist in performing its oversight role, the Board has appointed several Sub Committees. The responsibilities delegated to each Subcommittees are formally documented in each Committee's Terms of Reference (TOR), which have been approved by the People's Leasing Board. Committee TOR's are reviewed on an annual basis by the Board and updated as needed. Committee meetings are held quarterly, or as required with the respective Committee Chair required to report back to the Board after each Committee meeting.

In accordance with Rule 9 of the CSE on Corporate Governance, all mandatory Board Committees the Audit Committee, Nominations and Governance Committee, HR & Remuneration Committee, Related Party Transaction Review Committee, and Board Integrated Risk Management Committee were reconstituted during the financial year ended 31st March 2025, with the addition of eight new directors to the Board. To maintain consistency, the Board Credit Committee and the Board Investment Committee were also later reconstituted in line with these changes.

As part of the overall exercise, the TOR's of the Nomination and Governance Committee, HR and Remuneration Committee, Related Party Transactions Review Committee, Board Investment Committee, and Board Credit Committee were revised to raise the quorum requirements, thereby increasing the minimum number of members required to convene a meeting.

At the Board meeting held on 27th March 2025, it was resolved to implement the Board Information Technology and Digital Marketing Committee with effect from 1 April 2025.

BOARD EFFECTIVENESS

Board Meetings

Board meetings are held monthly, or more frequently if required. A structured framework guides the planning process, with an annual meeting calendar prepared in advance by the Company Secretary in consultation with the Chairman. This calendar is shared with all Board members at the beginning of each year.

Board Meeting Process

1

Before the Meeting

The Company Secretary in consultation with the Chairman, sets the agenda to ensure sufficient time is allocated at each meeting to address all pertinent matters including strategy, performance, industry developments, risk and compliance matters etc.

A Board approved procedure allows any Director to make a written request to the Chairman, to include additional matters and proposals to the Agenda.

Once the agenda has been finalised, all Directors are provided with detailed information on all items on the agenda.

To give Directors sufficient time to prepare, the information pack containing relevant Board Papers are circulated at least three (03) working days prior to the meeting date.

2

At the Meeting

It is mandatory for Directors to attend Board meetings, with all Board members expected to be fully prepared and engage proactively in all Board proceedings. All Board members are expected to come well prepared and actively participate in all matters outlined under the agenda. The Chairman / Chairperson of each Board committee will be called upon to provide an update on significant matters discussed at their respective Board sub-committee meetings, which are typically scheduled before the Board meeting

The CEO will be invited to provide a comprehensive update on the Company's business and operations to date as well as an overview of the context in which these outcomes were achieved, while selected members of the Corporate Management are also invited to make presentations on the items set out under the agenda.

The Company secretary maintains minutes of every Board meeting.

3

After the Meeting

The Company Secretary is required to submit the minutes of the meeting to the Chairman for approval prior to being circulated among the Directors and other members of Corporate Management who were present at the particular meeting. Minutes of the meetings are typically circulated within two weeks after the meeting date.

GRI 2-18

BOARD AND BOARD SUB-COMMITTEE EVALUATION

In keeping with good governance practices, the effectiveness of the Board of Directors and its Sub Committees is assessed annually in line with regulatory requirements. The process is carried out with each Director completing a comprehensive self-assessment form indicating their views on Board effectiveness across multiple dimensions, including Board composition and expertise, quality of deliberations, meeting procedures, strategic oversight, risk management, ethical governance, regulatory compliance and management engagement. Once completed, the assessments are submitted to the Company Secretary, who consolidates the results and presents a summary of findings to the Chairman of the Board for review and discussion.

A similar procedure is followed to evaluate the performance of the Board Sub Committees. Additionally, Non-Executive Directors are required to assess the effectiveness and contributions of the Chairman. This evaluation process fosters greater accountability and encourages constructive feedback, thereby maximising the contributions of each Board member to the Company's governance and strategic direction.

The most recent Board and Sub Committee evaluations were formally tabled at the Board meeting held on 30th May 2025, with findings confirming that all Directors had effectively fulfilled their duties in accordance with the Board's mandate.

EVALUATING THE PERFORMANCE OF THE MD/ CEO

The performance of the CEO is evaluated annually by the Chairman of the Board based on the achievement of clearly defined short, medium, and long-term objectives that are mutually agreed upon at the beginning of the financial year. This assessment also considers the CEO's overall leadership effectiveness, strategic execution, financial performance, and ability to drive long-term value creation. Upon completion of the review, the Chairman presents the evaluation outcomes, along with relevant observations and feedback, to the Board Human Resources and Remuneration Committee and there after to the Board for their consideration regarding the changes to the CEO's compensation, if any.

GRI 2-12

MANAGEMENT COMMITTEES

Management Committees are typically appointed by the CEO and comprise members from the senior management team. These committees are tasked with overseeing key areas such as credit risk, asset and liability management, compliance, IT, operations, and sustainability. Each committee functions under clearly defined mandates and reporting lines, enabling informed, timely decision-making, fostering cross-functional coordination, and ensuring that the Company operates in line with its governance, risk, and performance frameworks

ACCESS TO INFORMATION

- All Board Directors are entitled to access the information necessary to prepare for and participate meaningfully in Board deliberations. They may request data related to the Company's operations, financial performance, risk exposures, strategic plans, or any other relevant documentation. Directors are also permitted to engage directly with Key Management Personnel (KMP) for clarification where required. Additionally, they may seek independent professional advice to support their duties as Board members, with all associated costs covered by the Company.



CORPORATE GOVERNANCE

STATEMENT OF THE EXTENT OF COMPLIANCE UNDER SECTION 9 OF THE RULES OF THE CSE ON CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.2	Policies	
9.2.1	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; (a) Policy on the matters relating to the Board of Directors. (b) Policy on Board Sub Committees. (c) Policy on Corporate Governance, Nominations and Re-election. (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistle-blowing (l) Policy on Anti-Bribery and Corruption	Complied. The company has incorporated and published all policies in accordance with this rule on its website, https://www.plc.lk/, thereby confirming the existence of all policies.
9.2.2	Any waiver from Compliance with the Internal Code of Business Conduct ethics and or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Complied. No such waivers were granted during the year under review.
9.2.3	Listed Entities shall disclose in its Annual Report: (i) the list of policies that are in place in conformity to Rule 9.2.1 above, with reference to its website. (ii) details pertaining to any changes to policies adopted by the Listed entity Compliance with Rule 9.2 above.	Complied. The Polices published on the Company's website will be reviewed annually or as needed whenever the Central Bank of Sri Lanka (CBSL) or CSE implement modifications that affect these policies. The website will be updated with the most current reviewed policies accordingly.
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Complied. A request form has been introduced and uploaded to the Company's website, allowing shareholders to request copies of these policies directly from the Company.
9.3	Board Committees	The Company has already formed the said Board Committees in compliance with the Finance Business Act Direction No. 5 of 2021 issued by the CBSL and Rule 9 of the Listing Rules of CSE. In accordance with Rule 9.3.1 of the CSE, the Nomination Committee has been renamed as "Nomination and Governance Committee." Additionally, in compliance with the Finance Business Act Direction No. 5 of 2021 issued by the CBSL, Board Integrated Risk Management Committee was implemented and to promote sound governance, the Company has formed two other Board Committees: (i) Board Credit Committee, (ii) Board Investment Committee.

Rule No.	Applicable Requirement	Extent of Compliance
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied. The details regarding the composition, responsibilities and scope are disclosed in the respective Board Sub Committee report in the Annual Report. Please refer respective Board Sub Committee Reports on pages 248, 243, 240 and 246.
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in the Rules.	Complied.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied.
9.4.	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. The number of shares in respect of which proxy appointments have been validly made; The number of votes in favour of the resolution; The number of votes against the resolution; and The number of shares in respect of which the vote was directed to be abstained.	The Company maintains records of all resolutions which are being considered at the Annual General Meetings and Extra -Ordinary General Meetings. The company also maintains digital records pertaining to annual general meetings held on virtual platform. The proxy form provides for a shareholder to mark his/her/its preference.
9.4.2	Communication and relations with shareholders and investors (a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders and such process shall be disclosed by the Entity in the Annual Report and the web site of the entity (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guide lines issued by the Exchange in relation to same and published on the website of the Exchange.	The Company has a Board approved Communication Policy in compliance with the Finance Business Act Direction No. 5 of 2021 issued by the CBSL and a Board approved Policy on Relations with Shareholders and Investors, which has been uploaded to the Company's website in compliance with Corporate Governance Rule No. 9 issued by the CSE. The Company Secretary serves as the contact person for all communications with the CSE. The contact details of the Company Secretary are published on the CSE website under "announcements" section, as well as on the Company's official website, Shareholders/Investors to communicate. The Company Secretary brings such concerns to the notice of the Board. Furthermore, the Policy on Relations with Shareholders and Investors is available on the company's official website "http://www.plc.lk" The 29th AGM is scheduled to be held on 30 June, 2025, as per the guidelines issued by the CSE. (The Notice of Meeting is published on page 451 of the Annual Report).

CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.5	Policy on matters relating to the Board of Directors	Complied
9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall:	The Board Governance Charter and the Policy for the Selection, Appointment, Nomination, Re-election, and Continuation of the Board of Directors outlines the required criteria pertaining to the composition and functioning of the Board of Directors. The Chief Executive Officer is a Key Responsible Person in accordance with the Finance Business Act Direction No. 5 of 2021. Additionally, the performance of the Board and Key Responsible Persons (KRPs) will be evaluated annually to ensure fit and propriety requirements in compliance with the provisions of the Finance Business Act Direction no. 6 of 2021 issued by CBSL.
	(a) recognise the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO.	The role of the Chairman & the CEO are segregated and performed separately.
	(b) where a Listed Entity decides to combine the role of the Chairperson and CEO, set out the rational for combining such positions; and, require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest. set out the measures implemented to safeguard the interests of the SID.	Although the roles of the Chairman and CEO are separated and not applicable in this context, during the first nine (9) months of the financial year, in compliance with the Finance Business Act Direction No. 5 of 2021 necessitated the appointment of a Senior Independent Director (SID). This was due to previous Chairman M. P. Amirthanayam, serving as a Non Executive Non Independent Director. Mr. Y. Kanagasabai was appointed as Senior Independent Director, with his responsibilities outlined in the Senior Independent Director's Terms of Reference. On 31 December 2024, Prof. Ajantha Samarakoon, was appointed as Chairman to the Board. He is a Non-Executive independent Director. As a result, the requirement for a SID is no longer required.
	(c) require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.	During the reporting financial year, all board appointments were recommended by the Nomination & Governance Committee, which assessed the skills, experience and competences of prospective Board Members. These recommendations are subject to approval of the Board and the Central Bank of Sri Lanka.
	(d) stipulate the maximum number of Directors with the rationale for the same	Nomination & Governance Committee seeks the effectiveness of the Board members and determine the composition and number of Board seats based on subject and industry knowledge, need basis and regulatory threshold. In terms of the Articles of Association of the Company a maximum of 13 Directors could be appointed to the Board. By the end of the reporting financial year the Board consisted with 10 Non Executive Directors. Refer Page 158.
	(e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.	The Company adheres to the Finance Business Act Direction No. 5 of 2021 on Corporate Governance concerning board attendance. Refer Board Meeting attendance on page 240 to 258.

Rule No.	Applicable Requirement	Extent of Compliance
	(f) provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules.	The Board of Directors discloses any share dealings or financial facilities they or their related parties obtained from the Listed Entity or it's subsidiaries in each month during board meetings. Additionally, they provide annual disclosures in compliance with the Companies Act, the Finance Business Act No. 42 of 2011 and Listing Rules issued by the CSE ensuring transparency on a regular basis. Refer Directors Disclosures on page 102.
	(g) specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position.	The Company adheres to the regulatory directions of the Finance Business Act Direction No. 5 of 2021 on Corporate Governance concerning meeting attendance, voting and participation at Board/ Sub Committee Meetings. Refer Board Meeting/Board Sub Committee meeting attendance on pages 240 to 257 of the Annual Report.
	(h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.	The Board of Directors are required to make the necessary disclosures as per the procedures detailed in the Company's "Share Trading Policy" and "Board's Code of Conduct and Ethics," whenever trading in securities of the List Entity and its related listed companies.
	i) specify the maximum number of directorships in Listed Entities that may be held by Directors.	The Company adheres to the Finance Business Act Direction No. 5 of 2021 on Corporate Governance concerning the maximum number of directorships a director may hold. Refer page 176 and 177 (other directorships of the BODs)
	(j) Recognise the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum	The Board of Directors are permitted to participate remotely via video conference, and such participation is duly recorded in the attendance and the minute books.
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirement with reasons for such non-compliance and the proposed remedial action for such non-compliance and proposed remedial action	Complied. The Board Charter is published on the Company's website "http://www.plc.lk".
9.6	Chairperson and CEO	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	Complied. The Chairman serves as a Non-Executive Independent Director, and the roles of Chairman and CEO are separated, each held by different individuals.
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules). Such Market Announcement shall include the following: (a) The reasons for non-compliance (b) The rationale for combining the positions of the Chairperson and CEO	No such instance has arisen during the year.

CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.6.3	The Requirement for a Senior Independent Director	This requirement was in effect during the first nine (09) months of the financial year in compliance with the Finance Business Act Direction No. 5 of 2021, and following the appointment of the new Chairman this requirement no longer exists.
	(a) A Listed Entity shall appoint an Independent Director as the SID in the following instances: i. The Chairperson and CEO are the same person ii. The Chairperson and CEO are Close Family Members or Related Parties Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement. (b) The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members. (c) The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate. (d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3. (b) and (c) above. (e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.	Refer comments of Rule 9.6.3 hereof.
9.6.4	Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity.	This requirement no longer exists.
9.7	Fitness of Directors and CEOs The Listed Entity shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and Proper persons as required in terms of these Rules: In evaluating Fitness and Propriety of the persons referred in these Rules, Listed Entities shall utilise the 'Fit and Proper Assessment Criteria set out in Rule 9.7.3 Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholder meeting or appointments are made	Complied. The Company has obtained signed declarations from the Board of Directors and Chief Executive Officer confirming their adherence to the criteria for fit and propriety. Additionally, the CEO does not serve as a director on the Board. The Nomination and Governance Committee reviewed affidavits tendered by all directors to assess their fit and propriety to continue serving on the Board. In accordance with the Articles of Association of the Listed Entity 8 directors were appointed to the Board during the financial year since the last Annual General Meeting. The Affidavits of these 8 directors were assessed by the Nomination and Governance Committee subject to approval from the Board and the Central Bank of Sri Lanka for their re-election and re-appointment as Directors. The Board of Directors confirmed these re-elections and re-appointments at the Board Meeting held on 30 May 2025, subject to approval of the Central Bank of Sri Lanka.

Rule No.	Applicable Requirement	Extent of Compliance
9.7.3	Fit and Proper Assessment Criteria:	
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied.
9.7.5	Disclosures in the Annual Report of Listed Entities Listed Entities shall include the following disclosures/ reports in the Annual report (a) A statement that the Directors and CEO of the Listed Entity satisfy the fit and proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange (b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	Complied. Written declarations attesting to this conformity have been obtained from each director and from the CEO. The Board of Directors and the CEO of the Company have confirmed compliance with the fit and proper assessment criteria outlined in the Listing Rules of the Colombo Stock Exchange Complied.
9.8	Board Composition	During the financial year, ended 31 March 2025, complied.
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board consists of 10 Directors, all of whom hold Non- Executive positions.
9.8.2	Minimum Number of Independent Directors:	Refer Nomination and Governance Committee Report on pages 248 and 249 of the Annual Report.
9.8.3	Criteria for determining independence:	Complied
9.8.5.	The Board of Directors of Listed Entities shall require: (a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. (b) Make an annual determination as to the "independence" or "non- independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report. (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	All Directors have duly submitted their Declarations in terms with Appendix 9 A of the CSE Rules to ensure their independence and to confirm their compliance with Rule 9 of the CSE, subject to comments made under 9.8.3. above.

CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.9	Alternate Directors	There are no alternative directors
9.10	Disclosures relating to Directors	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Complied The Board Governance Charter specifies a limit of 20 Directorships as the maximum number allowable for any Board member in line with the Finance Business Act Direction No. 5 of 2021.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. A brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	Complied. When a new director is appointed the Corporate Disclosure policy outlines the procedure to be followed.
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied
9.10.4	Details relating to Directors in the Annual Report:	Complied Refer Pages 158 to 163, 388, 176 to 177, 240 to 258
9.11	NOMINATIONS AND GOVERNANCE COMMITTEE	
9.11.1	Listed Entities shall have a Nomination & Governance Committee that conforms to the requirements set out in the Rule 9.11 of these rules	Complied
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors to the Board through the Nominations and Governance Committee	The Board approved Procedure for Selection, Appointment, Nomination, Re-election, Evaluation and Continuation of Directors are in place. The Board Nomination and Governance Committee adheres to this procedure whenever the need arises.
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	The Terms of Reference (TOR) outlines the scope, roles, responsibilities, and other pertinent details of the Committee. The TOR of the Committee is regularly updated to be aligned with the stipulated corporate governance requirements issued by the CBSL and CSE time to time.
9.11.4	Composition	During the financial year ended 31 March 2025, the Committee comprises three Board members with the majority of Independent Non-Executive Directors. The Chairperson of the committee is an Independent Director. Refer Nomination and Governance Committee Report on pages 248 and 249 of the Annual Report.
9.11.5	Functions	Committee report on the pages 175, 179, 232 to 238, 275 to 276.
9.11.6	Disclosures in Annual Report	Committee report on the pages 239 to 258.
9.12	REMUNERATION COMMITTEE	Complied.
9.12.1	For the purposes of Rule 9.12, the term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	The company has a Board approved Remuneration policy for Board of Directors which defines the applicable terms.

Rule No.	Applicable Requirement	Extent of Compliance
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	The Company has implemented a Board HR & Remuneration Committee,that is actively in operation.
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own Remuneration.	The Company does not have any Executive Directors on its board.
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	The Board Remuneration policy outlines the guiding principles for payments. Directors receive a sitting allowance for their participation in Board and subcommittee meetings, with the fee structure established based on the prevailing market rates.
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Terms of Reference (TOR) outlines the scope, roles, responsibilities, and other pertinent details of the Committee.
9.12.6	Composition (1) The members of the Remuneration Committee shall; (b) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) Not comprise of Executive Directors of the Listed Entity. (2) In a situation where both the parent company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary. An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	During the financial year ended 31 March 2025, the Committee consists of three members, the majority of whom were Independent Non-Executive Directors. Committee composition and details are given in the HR and Remuneration Committee Report on the pages 243 to 245 The Board HR and Remuneration Committee comprises of Non-Executive Directors only. Not applicable as the Company maintenance its own independent HR & Remuneration Committee. During the financial year ended 31 March 2025, the Chairperson of the committee was an Independent Director in line with the Rule 9 of the CSE. However, as per the Finance Business Act Direction No. 5 of 2021, the independence status of the Chairman changed. In response the Board took immediate action to address and remediate the situation. Refer Committee Report on pages 248 and 249.
9.12.7	Functions (1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	In accordance with the Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the CEO and senior management are recommended by the HR & Remuneration Committee. The Terms of Reference of the Committee, permits it to engage external consultant and seek expert advice in order to determine or evaluate prevailing market rates applicable to Directors and CEO remuneration levels, as deem necessary.
9.12.8	Disclosure in Annual Report	The Committee Report on the Note 15 and 55 on pages 243 to 245.

CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.13	AUDIT COMMITTEE	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	The Board Audit Committee and the Board Integrated Risk Management Committee are each independently Constituted.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	The Board Audit Committee has appropriately documented Terms of Reference (TOR), which are reviewed annually by the BAC and approved by the Board.
9.13.3.	Composition	The Board Audit Committee consists of three Non-Executive Directors. Refer Nomination and Governance Committee Report on pages 248 to 249 of the Annual Report.
9.13.4	Functions (1) The functions of the Audit Committee shall include the following: (i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	This process is outlined in Section 9.1 – Financial Reporting of the Board Audit Committee's Terms of Reference. In line with this section, the Internal Audit function conducts a review of the quarterly and annual financial statements and presents its findings to the Board Audit Committee (BAC). The objective of this review is to ensure the Entity's compliance with applicable financial reporting requirements and disclosure obligations under relevant regulations, including the Companies Act, Securities and Exchange Commission (SEC) guidelines, and other applicable financial reporting standards. Following the BAC's evaluation and recommendation, the quarterly and annual financial statements are submitted to the Board of Directors for final approval.
	(ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to: (a) changes in or implementation of major accounting policy changes; (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; (c) compliance with accounting standards and other legal requirements; (d) any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity; (e) any letter of resignation from the external auditors of the Listed Entity; and, (f) whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment	Addressed in Section 9.1 of the Board Audit Committee's Terms of Reference, which pertains to "Financial Reporting". However, National Audit Act No. 19 of 2018 requires the Auditor General to carry out the audit himself or by any person authorised by the Auditor General. Addressed in Section 9.1 of the Board Audit Committee's Terms of Reference, which pertains to "Financial Reporting". However, National Audit Act No. 19 of 2018 requires the Auditor General to carry out the audit himself or by any person authorised by the Auditor General.
	(iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	

Rule No.	Applicable Requirement	Extent of Compliance
	(iv) Obtain and review assurance received from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems.	National Audit Act No. 19 of 2018 requires the Auditor General to carry out the audit himself or by any person Authorized by the Auditor General. BAC does not possess authority over the appointment or removal of the external Auditor. The Committee assisted the Board of Directors in Discharging its responsibility for the preparation of the \ quarterly and annual Financial Statements to reflect a rue and fair view of the affairs of the Company.
	(v) Review the internal controls in place to prevent the leakage of material information to unauthorised persons. (vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. (vii) Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans. (viii) Review the risk policies adopted by the Entity on an annual basis. (ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.	The Internal Audit function is tasked with conducting audits to verify the sufficiency and efficiency of the Entity's risk Management and internal control frameworks, aligning With the endorsed Audit Plan. Significant lapses identified during audits are regularly reported to the Board Audit Committee, which oversees the implementation of recommendations through action points.
	(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.	The Committee met with the external auditors twice During the financial year. Initially, the Committee Convened with the external auditors to discuss the audit plan, scope, And proposed methodology for conducting the annual audit. Subsequently, a Second meeting was held with the external Auditors to review the audit results. The Committee held two confidential meetings with the external auditors without any other directors / senior Management/ employees being present to facilitate open Discussion on material issues, problems, or reservations. This allowed the external auditors to address their concerns And opinions directly with the Audit Committee. The Board Audit Committee (BAC) is tasked with reviewing Internal Audit Programs to assess the scope and effectiveness of Upcoming reviews. The BAC also evaluates internal audit coverage by reviewing the Internal Audit Plan and monitoring the progress of implementation through Audit Plan updates furnished by the Internal Audit department. Furthermore, the BAC ensures oversight of the outcomes of these reviews by consistently reviewing the audit Observations submitted by the internal audit.

CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
	(xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.	The Committee undertook a review of the non-audit services offered by the Auditors, aiming to ensure that these services do not fall within the restricted categories and that their provision does not compromise the independence and objectivity of the External Auditors, who are appointed to Assist the Auditor General. Additionally, the Committee reviewed the Policy for Engagement of External Auditors to Provide Non-Audit Services to ensure that it is appropriately updated to reflect recent regulatory and operational changes. Plan updates furnished by the Internal Audit department. Furthermore, the BAC ensures oversight of the outcomes of these reviews by consistently reviewing the audit Observations submitted by the internal audit.
	(xii) if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.	In terms of Section 55 of the National Audit Act No. 19 of 2018, the Company falls under the definition of "Auditee Entity" of the Auditor General and shall carry out the audits by the Auditor General. Therefore, the Committee has no role to play in the appointment of external auditors.
	(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.	In terms of Section 55 of the National Audit Act No. 19 of 2018, the Company falls under the definition of "Auditee Entity" of the Auditor General and shall carry Out the audits by the Auditor General. Therefore, the Committee has no role to play in the appointment of External auditors.
	(2) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above.	Complied
9.13.5	Disclosures in Annual Report	

Rule No.	Applicable Requirement	Extent of Compliance
	(1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.	Complied Disclosed in the Audit Committee Report given in pages 240 to 258.
	(2) The Audit Committee Report shall contain the following disclosures:	
	(a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company);	
	(b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable).	
	(c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.	
	(d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	
	(e) Whether the listed entity has a formal Audit Charter	
	(f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;	
	(g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity;	
	(h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and	
	(I) A statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non-audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external Auditor and affiliated parties.	

CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Extent of Compliance
9.14	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE	
9.14.1	Listed Entities shall have a related party Transaction Review Committee that conforms to the requirements set out in Rule 9.14 of these Rule	The Company has established a RPTRC in line with the CBSL and CSE requirements
9.14.2	Composition	The Committee comprises of three members with the majority being Independent Non-Executive Directors. The Chairperson is an Independent Director. The Committee composition details are given in the RPTRC Report on pages 246 and 247 of the Annual Report.
9.14.3	Functions	Committee report in the Pages 246 and 247
9.14.4	General Requirements	
	1) The Related party Transaction Review committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors	The Committee met 4 times during the year. Minutes of the Committee meetings are periodically submitted to the Board for review and information.
	2) The members of the Related Party Transaction Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person	In line with the TOR of the Committee, the Committee is permitted to obtain Professional advice as and when it deems necessary at the expense of the Company
	3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction	The Company policy states that all RPT transactions must obtains prior recommendation from the RPT Committee
	4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not : (a) Be present while the matter is being considered at the meeting ; and, (b) Vote on the matter	Complied
9.14.5	Review of Related Party Transactions by the related Party Transactions Review Committee	These have been identified in the scope of the Committee and is assessed prior to entering into any RPT transaction
9.14.6	Shareholder Approval	No such situation arose during the reporting financial year.
9.14.7	Disclosures	No such disclosures were made during the year
9.14.8	Disclosures in the Annual report	Refer in the Note 55 of Pages 388 to 393
9.14.9	Acquisition and Disposal of Assets from/ to Related Party	Complied.
9.14.10	Excepted Related Party Transactions	Complied

Rule No.	Applicable Requirement	Extent of Compliance
9.16	Additional Disclosures	
	(1) Have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested;	Annual Report of the Board of Directors Pages 232 to 238
	(2) Have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so;	Annual Report of the Board of Directors Pages 232 to 238
	(3) Made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	Annual Report of the board of Directors on the affairs of the company – refer Pages 232 to 238. Declarations have been obtained by the Board of Directors under Board Code of Conduct and ethics in compliance with laws and regulations
	4) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Directors' Statement on Internal Control over Financial Reporting given in pages 278 and 279.
9.17	Enforcement Procedure for Non-Compliance with Corporate Governance Requirements.	Refer Annual Report of the Board of Directors Pages 232 to 238. Declarations have been obtained by the Board of Directors under Board Code of Conduct and ethics in compliance with laws and regulations. Directors' Statement on Internal Control over Financial. Not applicable, Company has complied with all corporate Governance requirements during the year under review

CORPORATE GOVERNANCE

1.11 Appendix II: Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.

Requirements of the Code have been discussed in the Corporate Governance Report. We have provided here the relevant references to the report.

Code Ref.	Requirement	Complied	Reference within the Report	Page
A.	Directors			
A.1.	An effective Board should direct, lead and control the Company	✓		
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	✓	Meetings and Attendance	240
A.1.2	Roles and Responsibilities of the Board	✓	Governance Framework	173
A.1.3	Act in accordance with laws of the Country Seek Independent professional advice	✓	Corporate Governance	173
A.1.4	Access to advise and services of the Company Secretary	✓	Company Secretary	163
A.1.5	Independent judgment	✓	Board Composition	175
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	✓	Meetings and Attendance	240
A.1.7	Calls for resolutions by at least 1/3rd of Directors	✓	Did not arise during the year	
A.1.8	Board induction and Training	✓	Corporate Governance	173
A.2	Chairman and CEO	✓	Clear Roles and Responsibilities	278
A.3	Chairman's role in preserving good corporate governance	✓	Clear Roles and Responsibilities	278
A.4	Availability of financial acumen	✓	Board Composition/ Board Profile	158
A.5	Board Balance	✓	Board Composition	175
A.5.1	The Board should include sufficient number of NEDs	✓	Board Composition	175
A.5.2	If the Board includes only 3 NEDs, they should be independent	✓	During the financial year ended 31st March 2025.	158
A.5.3	Independence of Directors	✓	Director Independence during the financial year ended 31st March 2025.	292
A.5.4	Annual declaration of independence by Directors	✓	Director Independence	235
A.5.5	Annual determination of independence of NEDs	✓	Director Independence	235
A.5.6	Alternate Directors	N/A		N/A
A.5.7	Senior Independent Directors	N/A	The chairman is an Independent director.	N/A
A.5.8	SID Annual meeting with NEDs	N/A	Not applicable.	N/A
A.5.9	Meeting of Non Executive Directors	✓	Two meetings were held for the financial year ended 31st March 2025.	240-258
A.5.10	Recording of dissent in minutes	✓	Concerns of Directors has been duly recorded in the Board minutes	173
A.6	Supply of Information	✓	Supply of Information	173
A.7	Appointments to the Board	✓	Board Refreshment	177

Code Ref.	Requirement	Complied	Reference within the Report	Page
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference	✓	Nomination Committee Report	248-249
A.7.2	Annual assessment of Board composition	✓	Board Refreshment/ Board Appraisal	232-238
A.7.3	Succession plan for CEO/KMPs	✓	The Company is in the Process of formulating a succession plan for the CEO. Succession plan is in place for KMP's	243-245
A.7.4	Disclosures on appointment of new directors	✓	Annual Report of the Board of Directors on the Affairs of the Company	232-238
A.7.5	Composition of Nomination Committee	✓	Refer Nomination & Governance Committee Report	248-249
A.8	Directors to submit themselves for re-election/ re-appointment	✓	Annual Report of the Board of Directors on the Affairs of the Company	232-238
A.9	Appraisal of Board and sub-Committee Performances	✓	Board and Sub-committee Appraisal	232-238
A.10	Annual Report to disclose specified information regarding Directors	✓	Board Profiles	158-165
			Meetings and Attendance	240-258
			Directorships in Other Companies	176-177
			Membership in Sub-committees	240-258
A.11	Appraisal of the CEO	✓	Annual Report of the Board of Directors on the Affairs of the Company	232-238
B.	Directors Remuneration			
B.1	Establish process for developing policy on executive and director remuneration.	✓	Remuneration Policy There were no Executive Directors on the Board of the Company during the year 2024/25 and therefore, the necessity to apply this rule did not arise.	243-245
B.2	Level and Make Up of Remuneration	✓	Responsible and Fair Remuneration	311-388
B.3	Disclosures related to remuneration in Annual Report.	✓		
	Remuneration Policy statement	✓	HR and Remuneration Committee	243-245
	Aggregate Board remuneration paid	✓	Responsible and Fair Remuneration	243-245
C.	Relations with Shareholders			
C.1.	Constructive use of the AGM and Other General Meetings	✓	Constructive use of the Annual General Meeting (AGM)	232-238
C.2.	Communication with shareholders	✓	Board of Directors Communication Policy report	239
C.3	Disclosure of major and material transactions	✓	During the year, there were no major or material transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the net asset base of Company.	388
D.	Accountability and Audit			
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects	✓	Independent Auditors Report	281-284

CORPORATE GOVERNANCE

Code Ref.	Requirement	Complied	Reference within the Report	Page
D1.1	Balanced Annual Report	✓	Independent Auditors Report	281-284
D.1.2	Balanced and understandable communication	✓	Relations with Shareholders	90-103
D.1.3	CEO/CFO declaration	✓	Chief Executive Officer's and Actg. Chief Financial Officer's Responsibility Statement	280
D.1.4	Directors Report declarations	✓	Annual Report of the Board of Directors on the Affairs of the Group	232-238
D.1.5	Financial reporting -statement on board responsibilities,	✓	Directors' Responsibility for Financial Reporting	275
	Statement on internal control	✓	Directors' Statement on Internal Control	278
D.1.6	Management Discussion and Analysis	✓	Capital reports	76-156
D.1.7	Net Assets < 50%	✓	In the unlikely event of the net assets of the Group falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.	384
D.1.8	Related Party Transactions	✓	Directors' Interest in Contracts with the Group	388
D.2.	Risk Management and Internal control Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	✓	Risk Management and Internal control	260
			Report of the Audit Committee	240-242
			Directors' Statement of Internal Control	278
			Risk Review	260
D.3.	Audit Committee	✓	Audit Committee Report	240-242
D.4	Risk Management Committee	✓	Board Risk Management Committee Report	250-253
D.5	Related Party Transactions Review Committee	✓	Related Party Transactions Review Committee report	246-247
D.6	Code of Business Conduct and Ethics	✓	Code of Conduct and Ethics	232-238
D.7	Corporate Governance Disclosures	✓	Corporate Governance Report	173-230
E/F.	Institutional and other investors			
	Institutional and other investors,	✓	Relations with Shareholders	90-103
G.	Internet of Things and Cyber security	✓	Information Technology and Cyber Security	256-272
H.	Principles of Sustainability Reporting	✓	Delivering stakeholder value	90-156
I.	Maintenance of Policies	✓	Corporate Governance Report	173-230

The Finance Business Act directions No.05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka for licensed Finance Companies.

Section	Corporate Governance Principle	Status of Compliance
1.	Board's overall Responsibilities	
	The Board shall assume overall responsibility and accountability for the operations of the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements. The Board shall carry out the functions listed in Direction 1.2 to 1.7 below, but not limited to, in effectively discharging its responsibilities.	The Board takes an active role in defining the Company's strategic objectives, ensuring alignment with its Mission and Vision. These objectives are articulated in the corporate Vision and Mission statements, while the Code of Business Conduct and Ethics communicates the embedded corporate values to employees at every level. In terms of the Code of Business Conduct, values such as transparency, quality and integrity have been absorbed by the Company in its operational and administrative environment and preserves such integrity in accordance with policies approved by the Board. Although the Board has entrusted the execution of established goals and objectives to the Company's Management, it maintains vigilant oversight and continual evaluation of the Company's performance in comparison to set targets. This proactive approach enables the Board to promptly identify and address any setbacks.
1.2	Business Strategy and Governance Framework	
1.2.a	Approving and overseeing the implementation of the FC's overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment.	Complied. The Board endorsed the five-year business strategy (5 year strategic Plan 2025-30 was approved at the Board meeting held on 27th March 2025. It consistently conducts reviews of both the strategy itself and its execution. Additionally, the Board approves and conducts monthly monitoring of the performance against the Annual budget, which is derived from the aforementioned business strategy.
1.2.b	Approving and implementing the Company's governance framework in light of the Company's size, complexity, business strategy, and regulatory requirements.	Complied. The company's governance framework is based on regulatory, statutory and structural directions. The company has created a framework that incorporates the regulations and directions imposed based on Finance Business Act No. 42 of 2011, CSE, Companies Act and Leasing Act No. 56 of 2000.
1.2.c	Assessing the effectiveness of its governance framework periodically.	Complied. The Policies, proceedings, TOR's of the subcommittees and the management committees are reviewed annually or as and when necessary by the respective Subcommittee or the Management committee and any proposed changes presented for final approval of the board.
1.2.d	Appointing the Chairman and the Chief Executive Officer and define the roles and responsibilities.	The Board has appointed both the Chairman and the Chief Executive Officer separately ensuring the balance of power and authority. Their roles and the responsibilities are clearly defined in the Corporate Governance Charter of the Company.
1.3	Corporate Culture and Values	
1.3.a	Ensuring that there is a sound corporate culture within the Company, which reinforces ethical, prudent, and professional behaviour.	Complied. The Code of Conduct has been approved by the Board of Directors and is available to all employees, including the Board of Directors.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
1.3.b	Playing a lead role in establishing the Company's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	Complied. The Code of Conduct has been approved by the Board of Directors and is available to all employees, including the Board of Directors. This Code focuses on several key areas, including fair treatment, asset safeguarding and appropriate utilization, accurate record-keeping and reporting, addressing concerns about accounting and financial reporting, reporting instances of illegal or unethical behaviour, preventing discrimination and harassment, ensuring health and safety, and enforcing disciplinary measures, among others. Directors are obligated to endorse a Declaration of Consent, affirming their commitment to operating within the realms of Good Governance and adhering to socially and environmentally responsible business ethics.
1.3.c	Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.	Sustainable development goals are included in the board approval strategic plan 2021- 2026. The Company has found new sustainable finance unit.
1.3.d	Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers, and other creditors, in the view of projecting a balanced view of the Company's performance, position and prospects within the public and regulators.	The Board of Directors is dedicated to maintaining effective communication channels with shareholders and other stakeholders, and it values the inputs and insights of all such parties, including lenders, creditors, shareholders, borrowers, and other interested parties. The corporate Communication policy has been recently revised and improved in accordance with Rule 9 on corporate governance issued by the Colombo Stock Exchange.
1.4	Risk Appetite, Risk Management, and Internal Controls	
1.4.a	Establishing and reviewing the Risk Appetite Statement (RAS) in line with Company's business strategy and governance framework.	The Board approved Risk Appetite Statement (RAS) is in place which is in line with Company's business strategy and governance framework.
1.4.b	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	Risk indicators and monitoring pertaining to Credit Risk, Market Risk, Operational Risks, and other residual risks are discussed and appropriate mitigating actions are recommended at the BIRMC meeting.
1.4.c	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically.	The Board has the overall responsibility for ensuring that the Company maintains an adequate level of internal control and for reviewing its effectiveness. The Board Audit Committee and BIRMC on behalf of the Board undertakes the detailed monitoring and reviewing of the internal controls and reports to the Board on its findings regularly. The Management Information Systems (MIS) are reviewed by the Board for accuracy and integrity of the same through review of MIS Procedure Manual Outline/ Guideline of the Company.
1.4.d	Approving and overseeing Business Continuity and Disaster Recovery Plan for the Company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	Board approved comprehensive Business Continuity and Disaster Recovery Plan (BCP) is in place. BCP is being reviewed by the BIRMC and the current status is updated at meetings.
1.5	Board Commitment and Competency	
1.5.a	All members of the Board shall devote sufficient time to dealing with the matters relating to the affairs of the Company.	Complied. The Board of Directors' positions on issues are determined, and a record of such deliberations is kept in the minutes. Furthermore, the Board has complete control over the Company's affairs and is aware of its obligations to all shareholders and other stakeholders.

Section	Corporate Governance Principle	Status of Compliance
1.5.b	All members of the Board shall possess the necessary Qualifications, adequate skills, knowledge, and experience.	Complied. The Board comprises solely of Non-Executive Directors who possess both academic and professional qualifications in diverse fields. Their mix of skills and business experience is a major contribution to the proper functioning of the Board and its committees. Four Directors are determined as independent in terms of the Direction.
1.5.c	The Board shall regularly review and agree on the training and development needs of all the members.	Complied. Market experts and professional services are occasionally enlisted to share new information. The Company Secretary communicates any relevant training programs to the Board for participation. Directors are encouraged to actively engage in programs, sessions, and seminars specifically designed to enhance their subject knowledge. This opportunity allows them to deepen their understanding and proficiency in their roles.
1.5.d	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Boards as a whole and that of its committees and maintain records of such assessments.	Complied. The Board has adopted a scheme of self-assessment to be undertaken by each Director annually, the procedure of which is set out in the Corporate Governance Charter of the Company. In accordance therewith, the Board carried out a comprehensive evaluation of its performance and its committees for the financial year ended 31, March 2025. Each member of the Board carried out a self- assessment of his effectiveness as well as the Board Committees. The full results of the Board evaluations were analysed by the Company Secretary and the findings were presented to the Board in May 2025.
1.5.e	The Board shall resolve to obtain external, independent, professional advice to the Board to discharge duties to the FC.	Complied. The Corporate Governance Charter provides for the Directors to seek the advice of the Company Secretary and other professional Independent advice on matters related to the exercise of their duties and responsibilities, at the expense of the Company. The Board collectively has sought the advice of external professionals to assist in carrying out their responsibilities during the financial year 2024/25.
1.6	Oversight of Senior management	
1.6.a	Identifying and designating senior management, who is in a position to significantly influence policy, direct activities, and exercise control over business operations and risk management.	In line with the Central Bank of Sri Lanka (CBSL) direction on Corporate Governance, the Board of Directors and all Heads of Departments have been identified as Key Responsible Persons (KRPs).
1.6.b	Defining the areas of authority and key responsibilities for the senior management.	Complied. The Board approved key functions/ responsibilities of the KRPs and Senior Management have been defined and approved by the Board and included in their respective job descriptions and KPIs. The respective delegated authority limits of the Chief Executive Officer/ Acting Chief Executive and the Corporate Management have also been defined by the Board.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
1.6.c	Ensuring the senior management possesses the necessary qualifications, skills, experience, and knowledge to achieve the FC's strategic objectives.	The job description (JD) approved by the Board of Directors includes the key responsibilities, skills, qualifications, and competencies required of the specific position. During the recruitment process, the Company's expected set of skills and competencies is determined. A candidate is evaluated and verified during the interview process in accordance with the recruitment policy. Their experience and qualifications are validated through an affidavit and Declaration submitted to the CBSL. During the on boarding process, physical documents/confirmations are also verified and obtained from candidates. KRPs and Senior management will go through the Nomination and Governance Committee approval for fit & proper assessment in line with Finance Business Act Direction No. 6 of 2021 issued by the CBSL.
1.6.d	Ensuring there is appropriate oversight of the affairs of the Company by senior management.	To safeguard better governance practices, the affairs of the Company are reviewed and monitored by the respective Management Committees, Board subcommittees and the Board of Directors. To ensure better management, development, and effective performance of the Company, KRPs make regular presentations to the Board on matters under their purview.
1.6.e	Ensuring the FC has an appropriate succession plan for senior management.	The Board approved succession plan is in place for all the KRPs. Further identification of a talent pool based on the existing succession Plan and the Company's future needs is in place. Identified 2nd and 3rd Tiers which are redesigned into the succession Plan on a need basis. The company is revisiting its existing talent pool strategy and has identified the next layers of management. It has initiated a program to groom these future leaders through targeted training and coaching.
1.6.f	Meeting regularly with the senior management to review policies, establish lines of communication and monitor Progress towards strategic objectives.	The Board maintains a sound relationship with the Corporate Management Team/Senior management led by the CEO, who in turn assists the Board to formulate policies, strategies, processes and practice in archiving cooperate objectives. The management is open and transparent with the board bringing all significant matters to its attention. Further, where relevant KRP's are invited to participate in board and board subcommittee meetings to review policies, establish lines of communication and monitor progress towards objectives. Furthermore, chairman/ Board members meet the KRP's at senior management meetings or strategy meetings.
1.7	Adherence to the Existing Legal Framework	
1.7.a	Ensuring that the FC does not act in a manner that is detrimental or prejudicial to the interests of, and obligations to, depositors, shareholders and other stakeholders.	The FC operates within an approved legal framework encompassing both internal and regulatory directions. This ensures that the FC Framework is directed in carrying out its operations in the best interest of the Shareholders, depositors and other stakeholders. The FC operates within an approved legal framework encompassing both internal and regulatory directions. This ensures that the FC Framework is directed it's carrying out its operations in the best interest of the shareholders, depositors and other stake holders

Section	Corporate Governance Principle	Status of Compliance
1.7.b	Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and Ethical standards.	The Board is well versed with the Group's values, business, operations, Financial affairs, governance framework and strategic position of the ethical standards of the Company. Regular updates on changes to relevant legislations, regulations and corporate governance as well as sector developments that could affect the Group and its operations covering a wide spectrum of topics including economic, social and environmental aspects are provided to the Board Committees at each meeting and as appropriate, to the full Board. A Summary of the contents of the regulatory requirements and relevant ratios are submitted to the Board on a regular basis for their awareness of the Company's standing with regard to adherence to the regulatory environment.
1.7.c	Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.	The Company has obtained a Directors and Officers' Liability insurance cover from a reputed insurance Company in Sri Lanka providing worldwide cover to indemnify all past, present and future liability towards the Directors and Officers of the Company.
2	GOVERNANCE FRAMEWORK	
2.1	Board shall develop and implement a governance framework in line with these directions and including but not limited to The following. A) role and responsibilities of the Board B) Matters assigned for the Board. C) Delegation of authority. D) Composition of the Board. E) The Board's Independence F) The nomination, election and appointment of directors and appointment of senior management. G) the management of conflicts of interests H) Access to information and obtaining independent advice. I) capacity building of Board members, J) The Board's performance evaluation. K) Role and responsibilities of the chairperson and the CEO. L) Role of the Company secretary, M) Board subcommittees and their role; and N) Limits on related party transactions.	A Board approved Governance Framework is in place. This is further elaborated and highlighted in the Corporate Governance Report (refer pages 173 to 230)
3	Compositions of the Board	
3.1	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the company	All members of the Board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields. The Board Nomination & Governance Committee recommends appointments to the Board based on need, expertise on subject matter, Skills and experience. The Committee ensures balance in composition in line with the entity's risk profile and size profile of each directors appear on pages 158 to 165
3.2	The number of directors on the Board shall not be less than 7 and not more than 13.	Complied As at 31st March 2025, the Board comprised of 10 directors which is within the statutory requirement.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
3.3	The total period of service of a director other than a director who holds the position of Chief Executive Officer/Executive Director shall not exceed nine years, subject to direction 3.4.	Complied.
3.4	Non-Executive directors, who directly or indirectly hold more than 10% of the voting rights or who are appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to Provisions contained in direction 4.2 and 4.3. Provided, however, the number of non-executive directors eligible to exceed 9 years is limited to one forth (¼) of the total numbers of the directors of the board	Complied None of the non-executive directors of the company have exceeded 9 years of service as at 31st March 2025.
3.5	Executive Directors	
3.5.a	Only an employee of a Company shall be nominated, elected, and appointed, as an Executive Director of the Company, provided that the number of Executive Directors shall not exceed one-third (1/3) of the total number of directors of The Board	The Company does not have any Executive Directors.
3.5.b	A shareholder, who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an Executive Director or as Senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may be reappointed as a non-executive director subject to provisions contained in directions 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may be reappointed as Non-executive directors subject to provisions contained in directions 4.2 and 4.3.	No such circumstance transpired.
3.5.c	In the event of the presence of the Executive Directors, CEO shall be one of the Executive Directors and may be designated as the Managing Director of the Company.	No such circumstance transpired.
3.5.d	All Executive Directors shall have a functional reporting line in the organization structure of the Company.	No such circumstance transpired.
3.5.e	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	No such circumstance transpired.
3.5.f	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	No such circumstance transpired.
3.6	Non-Executive Directors	
3.6.a	Non-Executive directors (NED) shall possess credible track records and have the necessary skills, competency, and experience to bring independent judgment on the issues of strategy, performance, resources, and standards of business conduct.	Complied. Non-Executive Directors of the Company possess vast experience and skills in the relevant fields.

Section	Corporate Governance Principle	Status of Compliance
3.6.b	A Non-Executive Director cannot be appointed or function as the CEO/Executive Director of the Company.	Complied. No Non-Executive Director has been appointed or functioned as MD/ CEO or Executive Director of the Company.
3.7	Independent Directors	
3.7.a	The number of Independent Directors of the Board shall be at least three or one-third of the total number of directors, whichever is higher.	The Board comprised of four Independent Non- Executive Directors as at 31st March 2025. Refer Nomination and Governance Committee Report on pages 248 to 249 of the Annual Report. The composition of the Board of Directors is published on page 248 to 249 of the Annual Report.
3.7.b	Independent Directors appointed shall be of the highest calibre, with professional qualifications, proven track records, and sufficient experience.	All Independent Non-Executive Directors of the Company are of the highest calibre with professional qualifications, proven track records, and sufficient experience in the given fields. A brief profile of their expertise and experience is given on pages 158 to 162.
3.7	A Non-Executive Director shall not be considered independent if such:	
3.7.c.i	Director has a direct or indirect shareholding exceeding 5% of the voting rights of the Company or exceeding 10% of the voting rights of any other Company.	Complied.
3.7.c ii	Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.	Complied.
3.7.c.iii	Director has been employed by the Company or its affiliates or is or has been a director of any of its affiliates during The one year, immediately preceding the appointment as director.	Complied.
3.7.c.iv	Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the Company or its affiliates during the one year preceding the appointment as director.	Complied.
3.7.c.v	Director has a relative, who is a director or senior management of the Company or has been a director or senior management of the Company during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the Company or exceeding 20% of the voting rights of another Company.	Complied.
3.7.c.vi	Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC;	Complied.
3.7.c.vii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the stated capital in a Company or business organization, in which any of the other directors of the FC is employed or a director;	Complied
3.7.c.viii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the voting rights in a Company, which has a transaction with the Company as defined in direction 12.1(c), or in which any of the other directors of the Company has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC.	Complied.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
3.7.d	The nomination committee and Board should determine whether there is any circumstance or relationship, which is not listed in direction 3.7, which might impact a director's independence or the perception of the independence.	Complied.
3.7.e	An Independent Director shall immediately disclose to the Board any change in circumstances that may affect the status as an Independent Director. In such a case, the Board shall review such director's designation as an Independent Director and notify the Director/DSNBFI in writing of its decision to affirm or change the designation.	Complied. Declarations have been obtained from the Directors regarding the status of their independence / non-independence against the specified criteria, and copies of the same are under the custody of the Company Secretary for review.
3.8	Alternate Directors	There were no Alternate Director appointments.
3.9	Cooling off Periods	No such situation occurred during the report period
3.10	Common Directorships	Complied.
3.10	Director or senior management of a Company shall not be nominated, elected, or appointed as a director of another Company except where such Company is a parent Company, subsidiary Company, or an associate Company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f).	Complied.
3.11	The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a Finance Company shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/ bodies, including subsidiaries and associates of the FC.	As per declarations given by the directors for the year 2024/25, none of the directors holds office as a director of more than 20 Companies.
4	ASSESSMENT OF FIT AND PROPER CRITERIA	
4.1	No person shall be nominated, elected, or appointed as a director of the Company or continue as a director of such Company unless that person is a fit and proper person to hold office as a director of such Company in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	Compiled. The Board Corporate Governance Charter and the policy for Selection, Appointment, Nomination, re-election and continuation of the Board of Directors outline the procedure for selection and appointment of Board Directors of the Company upon the nominees being found to be 'fit and proper' for appointment as Directors of the Company, approval of the Director of Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka is obtained for the same. There were six (8) new appointments made during the year.
4.2	A person over the age of 70 years shall not serve as a director of an FC.	None of the Directors of the Company are above the age of 70 years.
4.3	Notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2025, is permitted to continue in office as a director, exceeding 70 years of age up to a maximum of 75 years of age subject to the following;	No such situation occurred during the year 2024/25
4.3.a	Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	Not Applicable
4.3.b	Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a).	Not Applicable

Section	Corporate Governance Principle	Status of Compliance
4.3.c	The maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors.	
4.3.d	The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	
5	APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT	
5.1	The appointments, resignations, or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction	Complied. The Company conforms to the provisions of Finance Business in direction No. 5 of 2021 on Assessment of Fitness and Propriety Responsible Persons for appointments, resignations, or removals.
6	THE CHAIR AND THE CHIEF EXECUTIVE OFFICER	Complied.
6.1	There shall be a clear division of responsibilities between the Chairperson and CEO and the responsibilities of each person shall be set out in writing.	Complied. The roles of the Chairman and the CEO are separated and not performed by the same individual.
6.2	The Chairperson shall be an Independent Director, subject to 6.3 below.	Complied.
6.3	In the case where the Chairperson is not independent, the Board shall appoint one of the Independent Directors as a Senior Director, with suitably documented Terms of Reference to ensure a greater independent element. The Senior Director will Serve as the intermediary for other directors and shareholders. Non-Executive Directors including Senior Directors shall assess the Chairperson's Performance at least annually.	The Board has appointed Mr. Y. Kanagasabai as the Senior Independent Director up to 31.12.2024. However, effective from 31.12.2024, an Independent Non Executive Director was appointed as the Chairman.
6.4	Responsibilities of the Chairperson	
6.4.a	Provide leadership to the Board	Complied. The Corporate Governance Charter of the Company sets out the responsibilities of the Chairman which includes leading the Board and ensuring its effective functioning
6.4.b	Maintain and ensure a balance of power between the Executive and Non-Executive Directors;	
6.4.c	Ensure the Board works effectively and discharges its responsibilities	Complied
6.4.d	Ensure the Board works effectively and discharges its responsibilities	Complied
6.4.e	Ensure all key issues are discussed by the Board in a timely manner	Complied.
6.4.f	Implement decisions/directions of the regulator.	Complied.
6.4.g	Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the Company Secretary.	Complied. Company Secretary prepares the agenda in consultation with the Chairman, as this function has been delegated to the Company Secretary by the Chairman.
6.4.h	Not engage in activities involving direct supervision of senior management or any other day-to-day operational activities.	Complied.
6.4.i	Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	The Board approved communication policy is in place for communication with all stakeholders including depositors, creditors, shareholders, and borrowers.
6.4.j	Annual assessment of the performance and the contribution during the past 12 months of the Board and the CEO.	Chairman evaluates the performance of its board members and CEO.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
6.5	Responsibilities of the CEO/GM The CEO shall function as the apex executive in charge of the day-to-day management of the FC's operations and business. The responsibilities of the CEO shall include	Complied
6.5.a	Implementing business and risk strategies in order to achieve the FCs strategic objectives;	The CEO, the apex Executive of the Company, is delegated by the Board with the authority of detailed planning and implementation of the strategic objectives and policies of the Company and day-to-day operations of the Company in accordance with appropriate risk parameters. The role of the CEO/GM is detailed in the Corporate Governance Charter of the Company.
6.5.b	Establishing a management structure that promotes accountability, and transparency throughout the FC's operations, and preserves the effectiveness and independence of control functions;	
6.5.c	Promoting, together with the Board, a sound corporate culture within the FC which reinforces ethical, prudent, and professional behaviour.	
6.5.d	Ensuring the implementation of a proper compliance culture and being accountable for accurate submission of information to the regulator.	Complied
6.5.e	Strengthening the regulatory and supervisory compliance framework.	Complied
6.5.f	Addressing the supervisory concerns and non- compliance with regulatory requirements or internal policies in a timely and appropriate manner.	Complied
6.5.g	CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another Company, subject to Direction 3.10.	Complied
7	MEETINGS OF THE BOARD	
7.1	The Board shall meet at least twelve times a financial year at Approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.	Complied. Board meetings are usually held at monthly intervals unless the business exigencies demand the convening of meetings at shorter intervals. The Board met 12 times during the financial year ended 2024/25 and obtaining the board's consent via circulation was kept to a minimum.
7.2	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the board are to be represented in the agenda for scheduled Board Meetings.	Complied All Directors are provided an equal opportunity to include proposals for promotion of business and management of risk in the agenda for regular board meetings.
7.3	A notice of at least 3 days shall be given for a scheduled Board Meeting. For all other Board meetings, reasonable notice shall be given.	Complied
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views And suggestions.	Complied. The views of the Board of Directors on issues under consideration are ascertained and a record of such deliberations are reflected in the minutes.

Section	Corporate Governance Principle	Status of Compliance
7.5	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present unless at least one-fourth of the number of directors that constitute the quorum at such meeting are independent directors.	Complied. Board meetings are usually held at monthly intervals unless the business exigencies demand the convening of meetings at shorter intervals. The Board met 12 times during the financial year ended 2024/25. and obtaining the board's consent via circulation was kept to a minimum.
7.6	The Chairperson shall hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary, and at least twice a year.	Complied. The Company does not have Executive Directors.
7.7	A director shall abstain from voting on any Board resolution in relation to a matter in which he/she or any of his relatives or a concern, in which he has a substantial interest, is interested, and he/she shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied. Directors' interests (if any) are disclosed to the Board and any Director who has a particular interest in matters set before the Board abstains from participating and voting. Further, there is a Board approved policy on Conflict of Interest in place for directors.
7.8	A director, who has not attended at least two-thirds of the meetings in the period of 12 months, immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance.	No such incident occurred during the reporting year.
7.9	Scheduled Board Meetings and Ad Hoc Board Meetings	
	For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where the director cannot attend on short notice, participation through electronic means is acceptable.	Complied. Please refer 'Directors' Attendance and table given on page 240 to 258 of the Annual Report. Further, participation in person or through electronic media is clearly recorded in the minutes.
8	COMPANY SECRETARY	
8.1.a	The Board shall appoint a Company Secretary considered to be senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings and to carry out other functions specified in the statutes and other regulations.	Complied. The Company Secretary advises the Board and ensures that matters concerning the Companies Act, Finance Business Act No.42 of 2011 and Listing Rules issued by the CSE regarding the board procedures are followed.
8.1.b	The Board shall appoint its Company Secretary, subject to the transitional provision stated in 19.2 below, a person who possesses such qualifications as may be prescribed for a secretary of a Company under section 222 of the Companies Act, No. 07 of 2007, on being appointed the Company Secretary, such person shall become an employee of the Company and shall not become an employee of any other institution.	Company complied with the requirements.
8.2	All directors shall have access to the advice and services of the Company Secretary with a view to ensuring the Board procedures laws, directions, rules, and regulations are followed.	As provided by the Corporate Governance Charter of the Company, all Directors have access to the Company Secretary.
8.3	The Company Secretary shall be responsible for preparing the agenda in the event the Chairperson has delegated carrying out such function.	Company Secretary is responsible for the preparation of the agenda, in consultation with the Chairman.
8.4	The Company Secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	The Company Secretary maintains the minutes of Board meetings with sufficient details and the same is available for inspection by any Director in accordance with the procedure laid down in the Corporate Governance Charter of the Company. Minutes of the Board meetings with all submissions to the Board are maintained for a minimum period of 10 years.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
8.5	The Company Secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	Complied.
8.6	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following: (a) A summary of data and information used by the Board in its deliberations. (b) the matters considered by the Board; (c) Fact-finding discussions and the issues of contention or dissent including contribution of each individual director. (d) The explanations and confirmations of relevant parties which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations; directions. (e) the Board's knowledge and understanding of the risks to which the Company is exposed and an overview of the risk management measures adopted; (f) The decisions and Board resolutions.	The Company Secretary records the proceedings of the meetings and the decisions taken there in sufficient detail so as to satisfy all the requirements specified in this rule.
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Minutes are available for the inspection of the Directors. A Board approved procedure is laid down in the Corporate Governance Charter for inspection of the minutes.
9	DELEGATION OF FUNCTIONS BY THE BOARD	
9.1	The Board shall approve a DA and give clear directions to the senior management, as to the matters that shall be Approved by the Board before decisions are made by senior management, on behalf of the FC.	In terms of Article 29 (2) of the Articles of Association of the Company, the Board is empowered to delegate to a committee of Directors or to any person it deems fit, any of the powers vested in the Board which are permissible for delegation in terms of the applicable law. Accordingly, the Board has delegated authority to the Board Subcommittees and the Management Committees with clearly defined mandates and authorities, while preserving its accountability. The DA limits are disseminated among the hierarchy levels in Management. The Policies & Procedures applicable to DA limits are available in the Corporate Intranet.
9.2	In the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such	Five Regulatory mandated Board sub-committees are in operation. In addition, two voluntary Board subcommittees are in place for better governance and practices. Please refer pages 240 to 258
9.3	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	Complied Senior management level sub-committees were formed, and their recommendations were sent to the board sub-committees.
9.4	The Board shall not delegate any matters to a Board Sub-committee, Executive Directors, or Senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied. The Board's capacity to perform its duties has not been impacted by its delegation of authority.
9.5	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the Company.	The delegation of authority framework is reviewed periodically by the Board to ensure that the limits remain appropriate, considering the size of the entity and its specific operational context.

Section	Corporate Governance Principle	Status of Compliance
10	BOARD SUB-COMMITTEES	
10.1	Board Sub-Committees FCs with asset base of more than Rs. 20 bn Shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination Committee, Human Resource and Remuneration Committee and Related Party Transactions Review Committee	In line with the requirements of the Corporate Governance Direction of CBSL and the amended corporate governance requirement of CSE the Board subcommittee policy is in place to establishing Board Committees, its functions and reporting. The Company has five mandatory Board appointed Committees directly reporting to the Board Board Audit Committee (BAC), ⊙ Board Integrated Risk Management Committee (BIRMC), ⊙ HR & Remuneration Committee (BHRRC) ⊙ Related Party Transactions Review Committee (RPTRC). ⊙ Nomination and Governance Committee These mandatory sub-committees are set up in compliance with the applicable rules and regulations. Further the Company has formed the following Board Subcommittees on a voluntary basis for better operational/ monitoring efficiency ⊙ Board Investment Committee ⊙ Board Credit Committee Each committee has a secretary that arranges its meetings, maintains minutes, records and carries out other secretarial functions under the supervision of the Chairmen of the respective committees.
10.1.a	Meetings shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	There were 07 BAC meetings and 06 BIRMC meetings held during the year 2024/25, which comply with the requirements. Please refer 'Directors' Attendance and Committee Memberships' table given on page 240 of the Annual Report
10.1.b	Each Board sub-committee shall have a written term of reference specifying clearly its authority and duties.	Written Term of References clearly specifying the authority and duties are in place for each Sub-Committee.
10.1.c	The Board shall present a report on the performance of duties and functions of each Board Sub- Committee, at the Annual General Meeting of the Company.	Performance, duties, and functions of all subcommittees are disclosed on pages 240 to 258 of the Annual Report.
10.1.d	Each sub-committee shall appoint a Secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records, and carry out such other such secretarial functions under the supervision of the Chairperson of the committee.	The Company Secretary is the Secretary to the Board Nomination and Governance Committee, Board Human Resources and Remuneration Committee, and Board Related Party Transaction Review Committee. Further, Head of Internal Audit and Head of Risk are the secretaries to the Board Audit Committee and Board Integrated Risk Management Committee respectively. Further Company Secretary act as the Secretary to Board Credit Committee and the Board Investment Committee Subcommittees are disclosed on page no 240 of the Annual Report.
10.1.e	Each Board sub-committee shall consist of at least three Board members and shall only consist of members of the Board, who have the skills, knowledge, and experience relevant to the responsibilities of the committees.	Complied Members of all Board subcommittees consist of Board members and the performance, duties, and functions of all subcommittees are disclosed on pages 240 to 258 of the Annual Report.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.1.f	The Board may consider the occasional rotation of members and of the Chairperson of Board sub- committees to Avoid undue concentration of power and promote new perspectives.	The Subcommittees are regularly reconstituted and the membership is rotated in order to avoid undue concentration of authority on any Board Member and also to bring in new perspective and practices to the committee matters. The Board sub-committees were reconstituted on 11.02.2025 and for better governance Board Credit Committee and Board Investment Committee were implemented with effective 01.04.2025.
10.2	Board Audit Committee (BAC) The following shall apply in relation to the Board Audit Committee.	
10.2.a	The Chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	Mr. Pravir D. Samarasinghe is the Director/Chief Executive Officer of Overseas Realty (Ceylon) PLC, with 35 years of professional and commercial experience, including 21 years in senior leadership roles. He also serves on the Boards of Directors of several publicly listed and unlisted companies. Mr. Samarasinghe has previously served as a Board Member of the Ceylon Chamber of Commerce and the Sri Lanka Accounting and Auditing Standards Monitoring Board. He is a Fellow Member of both the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants (UK), and holds a Master's Degree in Business Administration.
10.2.b	The Board members appointed to the BAC shall be Non-Executive Directors and the majority shall be Independent Directors with the necessary qualifications and experience relevant to the scope of the BAC.	Up to February 2025, all three members of the Board Audit Committee were Independent Non-Executive Directors. Following the reconstitution of the Committee in February 2025, the composition was revised to include two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The independent status of the chairman was changed in accordance with the Direction No. 5 of 2021
10.2.c	The secretary to the Board Audit Committee shall preferably be the Chief Internal Auditor (CIA)	Head of Internal Audit functions as the Secretary of the Board Audit Committee.
10.2.d	External Audit Function	
	i. The BAC shall make recommendations on matters connection with the appointment of the External Auditor for audit services to be provided in compliance with the relevant statutes, the service period, the audit fee, and any resignation or dismissal of the auditor.	The Auditor General has informed the Company that, according to the National Audit Act No. 19 of 2018, the Auditor General shall carry out the audit by himself or any person authorised by the Auditor General. Further, the Company has been informed that, Messrs. Ernst & Young, Chartered Accountants has been appointed by the Auditor General to assist to perform the audit of the Company and the audit fee for the year ended 31 March 2025 has been determined. Therefore, the Committee has no role in the External Auditor's engagement. The Board Audit Committee discusses the application of relevant accounting principles and standards at its meetings.
	ii. Engagement of an audit partner shall not exceed five years, and the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, FC shall not use the service of the same external audit firm for not more than ten years consecutively.	The Company's Auditor is the Auditor General appointed under the Constitution hence the requirement does not arise.

Section	Corporate Governance Principle	Status of Compliance
	iii. The audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.	The Company's Auditor is the Auditor General appointed under the Constitution hence the requirement does not arise.
	iv. The Committee shall review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	The Company's Auditor is the Auditor General appointed under the Constitution hence the requirement does not arise.
	v. Audit partner shall not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of The Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the External auditor's independence or objectivity.	This is not applicable since the Company's Auditor is the Auditor General. However, the committee has formulated a policy to ensure that non-audit services provided by an audit firm (Appointed by the Auditor General to assist him in the audit of the Company) do not impair that firm's independence or objectivity.
	vi. The BAC shall, before the Audit commences, discuss and finalize with the External Auditors the nature and scope of the audit, including (a) an assessment of the Company's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (b) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (c) the co- ordination between auditors where more than one auditor is involved.	The scope and the extent of audit is determined by the Auditor General. However, the Committee met with the External Auditors for this purpose.
	vii. The BAC shall review the financial information of the Company's, in order to monitor the integrity of the Financial Statements of the Company in its Annual Report, Accounts and Periodical Reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the Company's Annual Report and Accounts and Periodical Reports before submission to the Board, the committee shall focus particularly on: (a) major judgmental areas; (b) any changes in accounting policies and practices; (c) significant adjustments arising from the audit; (d) the going concern assumption; and (e) the compliance with relevant accounting standards And other legal requirements.	The Board Audit Committee reviews the Company's financial information to monitor the integrity of its Financial Statements and other financial disclosures. The Committee has reviewed the Company's Annual and Quarterly Financial Statements prepared for disclosure, before submission thereof to the Board for approval.
	viii. The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	Audit Committee met with the External Auditors and provided them opportunity to discuss material issues, problems or reservations arising from audits without the presence of any other directors/senior management/ employees.
	ix. The BAC shall review the External Auditor's Management Letter and the Management's response thereto within 3 months of submission of such, and report to the Board.	During the year, the Board Audit Committee reviewed the External Auditor's Management Letter and the Management's responses thereto.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.2.e	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls	The Board has the overall responsibility for ensuring that the Company maintains an adequate level of internal control and for reviewing its effectiveness. The Board Audit Committee and BIRMC on behalf of the Board undertakes the detailed monitoring and reviewing of the internal controls and reports to the Board. The Management Information Systems (MIS) are reviewed by the Board for accuracy and integrity of the same through review of MIS Procedure Manual Outline/ Guideline of the Company.
10.2.f	The BAC shall ensure that the Senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non- compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to the Internal Audit function of the Company.	BAC monitors this through regular reporting from the Internal Audit Department.
10.2.g	Internal Audit function	
	i. The Committee shall establish an Independent Internal Audit function, either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the Company's internal control, risk management, governance systems and processes	The Entity maintains an in-house Internal Audit Department ere is an in house Internal Audit Department.
	ii. The Internal Audit Function shall have a clear mandate, be accountable to the BAC, and be independent of The audited activities. It shall have sufficient expertise and authority within the Company to carry out their assignments effectively and objectively.	A board-approved Internal Audit Charter clearly defines the purpose, authority, and responsibility of the Internal Audit Department. This mandate also establishes the department's independence, ensuring its objectivity in performing audits. The Board Audit Committee has reviewed and approved the Annual Internal Audit Plan. Internal Audit Reports, along with management's comments, are discussed in detail during meetings, and appropriate actions are taken to address any identified issues and ensure corrective measures are implemented.
	iii. The BAC shall take the following steps with regard to the Internal Audit Function of the Company:	
	(i) Review the adequacy of the scope, functions and skills and resource s of the Internal Audit Department, and satisfy itself that the department has the necessary authority to carry out its work;	The Board Audit Committee has discussed the adequacy of the Internal Audit Department's scope, functions, and resources.
	(ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit;	The Board Audit Committee has reviewed and approved the Annual Internal Audit Program. The Internal Audit Reports, with the management comments, have been discussed at length, and action has been taken to rectify them.
	(iii) Assess the performance of the head and senior staff members of the Internal Audit Department;	The Board Audit Committee (BAC) has conducted the performance appraisal of the Head of Internal Audit for FY 2024/25. This evaluation assesses the Head of Internal Audit's effectiveness in achieving the objectives outlined in the Internal Audit Charter, the successful execution of the Annual Internal Audit Plan, and the overall contribution to the Entity's governance and risk management framework.

Section	Corporate Governance Principle	Status of Compliance
	(iv) Ensure that the Internal Audit Function is independent and activities are performed with impartiality, proficiency, and due professional care;	According to the Organization Chart of People's Leasing & Finance PLC, the Head of Internal Audit reports directly to the Board Audit Committee (BAC). The audit work has been carried out with impartiality, proficiency, and due care, ensuring the integrity and effectiveness of the internal audit process.
	(v) Ensure the Internal Audit Function carries out a periodic review of the Compliance Function and regulatory reporting to regulatory bodies.	BAC reviews the compliance reviews conducted by Internal Audit Function.
	(vi) Examine the major findings of internal investigations and management's responses thereto	There is regular reporting to the BAC on the status update of investigations.
10.2.h	Committee shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	BAC reviews on a quarterly basis the progress of implementation of recommendations of CBSL on-site review report.
10.2.i	Meetings of the Committee	
	The committee shall meet as specified in direction 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Every BAC meeting is duly recorded and minutes are submitted to the Board for its information.
	ii. Other Board members, senior management, or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview.	Other Board members, CEO, COO, CFO, Compliance Officer, and any Senior management or employee may attend meetings upon the committee's invitation.
	iii. BAC shall meet at least twice a year with the external auditors without any other directors / senior management / employees being present.	Two meetings were held with the External Auditors without any other directors / senior management being present.
10.3	Board Integrated Risk Management Committee (BIRMC)	
	The following shall apply in relation to the BIRMC	
10.3.a	The Committee shall be chaired by an Independent Director. The Board members appointed to BIRMC shall be Non-Executive Directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with Senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	The Committee was chaired by an Independent Non Executive Director. The Committee consists of three (03) Non Executive Directors including the Chairman with sufficient knowledge and experience in banking, finance, risk management issues and practices. The CEO/GM, CRO and relevant senior management personnel attended the meeting by invitation. Head of Internal Audit, key risk owners of subsidiaries and the Compliance Officer also attended the meetings by invitation. The Committee closely work with senior management personnel and makes the decisions on behalf of the Board within the Board approved TOR of the Committee. Refer the "Board Integrated Risk Management Committee Report" on pages 250 to 253 for further information and functions of the Committee.
10.3.b	The secretary to the committee may preferably be the CRO.	Head of Risk functions as the Secretary to the BIRMC.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.3.c	The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, compliance and technology to the Company at least once on two monthly basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.	The Board Integrated Risk Management Committee assesses all risks, i.e., credit, market, liquidity, operational and strategic risks through appropriate risk indicators established for the Company in every two months. Risk assessment is also carried out on a Company basis and the group basis wherever possible. The Board Integrated Risk Management Committee reviews the Risk dash-board reports/Risk Indicator Reports of the Company and its all subsidiaries and takes prompt corrective action(s) to mitigate the negative effects of specific risks, in case such risks are exceeding the established risk tolerance levels. Refer BIRMC report on page 250 to 253.
10.3.d	Developing the Company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic Business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision-making and establishing the means to raise risk issues and strategic concerns throughout the FC.;	The Company's risk appetite is developed through a Risk Tolerance Limit Statement, which articulates the individual and aggregate level and types of risk that the Company will accept or avoid, in order to achieve its strategic business objectives. The Risk Appetite and tolerance limits are monitored via the Risk Dashboard and includes quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation, compliance risks as well as money laundering risk are also discussed at the meetings. A dedicated compliance officer is in at senior management level to provide assurance to the Board through BIRMC on statutory, regulatory and other compliance related matters. The Group compliance risk matters are also discussed at the meetings.
10.3.e	The BIRMC shall review the Company's risk policies including RAS, at least annually.	All risk policies including the RAS are reviewed by the BIRMC annually.
10.3.f	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Assets and Liabilities Committee (ALCO) of the Company reviews and monitors the liquidity risk and the market risk based on the risk tolerance levels (risk limits) established by Board Integrated Risk Management Committee. The Management Credit Committee (MCC) has been formed with the purpose of reviewing and recommending/ approving credit facilities, procedures related to credit administration and credit processes. The IT Steering Committee (ITSC) has been formed to provide support, advice and guide to ensure delivery of IT project outputs, review information security programmes, and other IT related policies and procedures. The Information Security Committee (ISC) is a newly formed management level Committee to address issue on technology adoption, information security, cyber security, outsourcing and concentration. The Committee reviewed the adequacy and effectiveness of the functions carried out by the ALCO, MCC, ISC and ITSC by reviewing the annual self- assessments performed against their TORs.
10.3.g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	BCP has been reviewed by the BIRMC and the position is updated at meetings.
10.3.h	BIRMC shall annually assess the performance of the Compliance officer and the CRO.	BIRMC assessed the performance of the Head of Compliance and Head of Risk.
10.3.i	Compliance function	

Section	Corporate Governance Principle	Status of Compliance
10.3.i.i	BIRMC shall establish an independent compliance function to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business' operations.	The BIRMC has established an independent Compliance Function.
10.3.i.ii	For a Company with an asset base of more than Rs. 20 bn, a dedicated Compliance Officer considered to be Senior management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual Hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	An experienced Compliance Officer has been appointed.
10.3.i.iii	For FCs with an asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	Not applicable.
10.3.i.iv	The responsibilities of a compliance officer would broadly encompass the following:	
	i) Develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements;	Board approved policies and procedures are in place.
	ii) Ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture;	Board approved Compliance policy is in place and available on the intranet which is accessible by all employees of the Company.
	(iii) Ensures that reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;	Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards.
	(iv) Understand and apply all new legal and regulatory developments relevant to the business of FC;	The Company implements all new legal and regulatory developments that are applicable to its business.
	v) Secure early involvement in the design and structuring of new products and systems, to ensure that they conform to regulatory requirements, internal compliance, and ethical standards	Board approved new product policy is available to streamline the process of designing or redesigning a product in the Company.
	vi) Highlight serious or persistent compliance problems and where appropriate, work with the management to ensure that they are rectified within an acceptable time- frame, and	Compliance Audits are carried out periodically and action is taken to rectify if deviations are noted.
	vii) Maintain regular contact and a good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with the highest integrity	With the regulators, a positive working relationship is upheld. There is maintenance of timely reporting and communications.
10.3.j	Risk management function	
10.3.j.i	BIRMC shall establish an independent risk management function responsible for managing risk- taking activities across the FC.	The Company has established an Independent Risk Management function.
10.3.j.ii	For FCs with an asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO, considered to be senior management, shall carry out the risk management function and report to the BIRMC periodically.	A separate department for Risk Management Function is established, which is headed by the CRO at Senior management level and reported to the BIRMC.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.3.j.iii	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfil broader responsibilities to various stakeholders.	The Company has established Risk Management policies including RAS and is in line with the strategic objectives of the Company.
10.3.j.iv	The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers: various potential risks and frauds possible sources of such risks and frauds; Mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing. effective measures to control and mitigate risks at prudent levels; and Relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	Risk and Control Department functions in an integrated manner in the Company as required by the direction. A stress testing policy is established and testing results are presented at the BIRMC meetings every two months. The Risk Register that contains various potential risks is maintained has identified various potential risks which are and discussed at the Committee level. In addition, operational risk assessments are carried out to identify the potential risks in the Company.
10.3.j.v	The chief risk officer shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc., and make recommendations on risk management.	Chief Risk Officer is a part of the strategic planning which includes capital and liquidity planning and new product development.
10.3.j.vi	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	The updated Risk Register is submitted to the BIRMC on a quarterly basis.
10.3.j.vii	The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions	The risk assessment report is submitted to the upcoming Board meeting seeking the Board's view concurrence and or specific directions.
10.4	Nomination Committee The following shall apply in relation to the Nomination Committee:	Complied
10.4.a	The committee shall be constituted of Non-Executive Directors and preferably the majority may be Independent Directors. An Independent Director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	Complied The committee is comprised of three Non-Executive Directors. Refer Nomination and Governance Committee Report on pages 248 to 249 of the Annual Report.
10.4.b	Secretary to the nomination committee may preferably be the Company Secretary.	Complied Secretary to the committee is the Company Secretary.
10.4.c	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management is to be appointed with the recommendation of CEO, excluding CIA, CRO and Compliance officer.	Complied A Board approved and amended policy for the Selection, Appointment, Nomination Re - election and Continuation of directors is in place. Selection and appointment of KRPs are carried out with the recommendation of the Board Nomination Committee and in accordance with the Recruitment policy.
10.4.d	The committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the FBA (Assessment of Fitness and Propriety of Key Responsible Persons).	Complied The Committee ensures that this has complied with the terms of FBA (Assessment of Fitness and Propriety of Key Responsible Persons)
10.4.e	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfil their responsibilities on the Board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities	Complied.

Section	Corporate Governance Principle	Status of Compliance
10.4.f	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole.	Complied.
10.4.g	The committee shall set the criteria, such as qualifications, experience, and key attributes required for eligibility, to be considered for the appointment to the posts of CEO and senior management.	The role of the CEO/GM is detailed in the Corporate Governance Charter of the Company. Nomination & Selection policy in place to determine the criteria to be considered for the appointment of Senior management.
10.4.h	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the Company Secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	Complied The Company conforms to the stated section. Directors profiles in the pages 158 to 163
10.4.i	The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	The Company conforms to the stated section.
10.4.j	The committee shall consider and recommend from time to time, the requirements of additional/ new expertise and the succession arrangements for retiring directors and senior management.	Complied The Committee support the Board by identifying and recommending the best candidates with the essential proficiencies, expertise, and familiarity. The Company conforms to the stated section. Required to fulfil the Company's strategic requirements, while also ensuring that the Board reflects the desired diversity This committee is further responsible for the selection, nomination, appointment, election, and retirement of KRPs.
10.4.k	A member of the Nomination Committee shall not participate in decision-making relating to their own appointment/re-appointment and the Chairperson of the Board should not chair the Committee when it is dealing with the appointment of the successor.	Complied
10.5	Human Resources and Remuneration Committee The following shall apply in relation to the Human Resources and Remuneration Committee:	
10;5.a	The committee shall be chaired by a Non-Executive Director and the majority of the members shall consist of Non-Executive Directors.	Complied The Committee currently consists of three non- executive board members, the majority of whom are independent directors (Committee report appears in to the pages 243 to 245)
10.5.b	The secretary to the Human Resource and Remuneration Committee may preferably be the Company Secretary.	Complied The Company Secretary functions as the secretary to the committee.
10.5.c	The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to Executive Directors and senior management of the FC and fees and allowances structure for Non-Executive Directors.	Complied The Remuneration and Benefits Policy of the Company, the salaries, allowances, and other financial benefits related to the Executive Directors and senior management are decided by the BHRRC.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
10.5.d	There shall be a formal and transparent procedure in developing the remuneration policy.	The Remuneration and Benefits Policy has been formulated and developed to achieve fair and equitable benefits with transparent guidelines which integrate with the market-related modern remuneration practices. Further, the Remuneration and Benefits Policy is reviewed annually by considering the material changes which are to be included in the policy.
10.5.e	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances, and other financial incentives for all employees of the FC. The policy shall be subject to periodic review by the Board, including when material changes are made.	The remuneration policy is reviewed annually. The reviewed policy is recommended by the BHRRC and approved by the main Board.
10.5.f	The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests, and cost Structure of the FC. It shall also incorporate measures To prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not Incentivise employees to take an excessive risk or to act in self- interest.	Complied The remuneration structure is in line with the business strategy, objectives, values, long-term interests, and cost structure of the Company. It also includes measures to prevent conflicts of interest.
10.5.g	The committee shall review the performance of the senior management (excluding Chief Internal Auditor, Compliance Officer, and Chief Risk Officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits, and other payments of performance-based incentives.	Complied. The performance of the senior management excluding the Head of Audit, Head of Risk and Head of Compliance has been reviewed by the BHRRC. Financial benefits have been decided based on their performances.
10.5.h	The committee shall ensure that the senior management shall abstain from attending committee meetings when matters relating to them are being discussed.	Complied The committee adheres to the stated section.
11	INTERNAL CONTROLS	
11.1	FCs shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines, and adequate operating procedures in order to mitigate operational risks.	The Board Audit Committee assists the Board in assessing the adequacy and the integrity of the Internal Controls System and the Management Information System and the financial reporting processes of the Company. Internal Audit Department helps the process by carrying out audits to assess the internal controls over financial reporting and management information systems. Board reviews the adequacy and integrity of the MIS through the critical management information reports submitted by the Internal Audit Department of the Company. Further, the External Auditors were engaged in providing assurance on the Directors Statement on Internal Controls over Financial Reporting Included in the Annual Report', and their opinion is submitted to the Board.
11.2	A proper internal control system shall: promote effective and efficient operations; provide reliable financial information; safeguard assets; Minimize the operating risk of losses from irregularities,Freud and errors ensure effective risk management systems; and Ensure compliance with relevant laws, regulations, directions, and internal policies.	Complied

Section	Corporate Governance Principle	Status of Compliance
11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	Complied
12	RELATED PARTY TRANSACTIONS	
12.1	Board shall establish a policy and procedures for related party transactions, which covers the following.	Complied
12.1.a	All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the Chairperson shall be an Independent Director and the members shall consist of Non-Executive Directors.	Complied The Board has established a Board Related Party Transactions Review Policy, in conformity with the Direction.
12.1.b	All related party transactions shall be prior reviewed and recommended by the RPTRC.	Complied A board approved Board Related Party Transactions Review Policy is in place in this regard. As per the policy any non compliances are referred to the Committee for remedial actions.
12.1.c	The business transactions with a related party that is covered in this Direction shall be the following: i. Granting accommodation; ii. Creating liabilities to the FC in the form of deposits, borrowings and any other payable; iii. Providing financial or non-financial services to the FC or Obtaining those services from the FC. iv. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to sharing proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	Complied

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
12.2	The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related Parties" for the purposes of this Direction. In this regard, There shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic Review as and when the need arises. a) Directors and senior management. b) Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC. c) Subsidiaries, associates, affiliates, holding Company, ultimate parent Company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa d) Directors and senior management of legal persons in Paragraph (b) or (c). e) Relatives of a natural person described in paragraph (a), (b) or (d). f) Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the Voting rights has a substantial interest.	Complied The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction Policy is in place which discusses categories of related parties, and assist the Company to avoid any conflicts of interest that may arise from any Transaction of the Company.
12.3	The Committee shall ensure that the FC does not engage in complied business transactions with a related party in a manner that would grant such party "more favourable treatment" than categories of person who shall be considered as "related this is accorded to other Similar constituents of the FC. For the purpose of this paragraph, "more favourable treatment "shall mean: a) Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FC's regulatory b) Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counter-party c) Providing preferential treatment, such as favourable terms, that extends beyond the terms granted in the normal course of business with unrelated parties; d) Providing or obtaining services to or from a related party without a proper evaluation procedure; e) Maintaining reporting lines and information flows between the FCs and any related party which may lead To share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate Duties and functions.	Complied No favourable treatments were given to related parties and all related parties were treated at alms length basis.

Section	Corporate Governance Principle	Status of Compliance
13	GROUP GOVERNANCE	
13.1	Responsibilities of the FC as a Holding Company.	The Company maintains an oversight over its six subsidiaries, which include a presence in Bangladesh, in accordance with the Subsidiary Policy of the People's Bank. It ensures that each subsidiary operates with independent adherence to legal, regulatory, and governance responsibilities Additionally, the Company ensures alignment with the distinct operating environments, within its varying legal, regulatory and Juris dictionary requirements that pertain to each subsidiary.
13.2	Responsibilities as a Subsidiary If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own Legal and governance responsibilities.	The Company is a subsidiary of People's Bank, The Company fulfils its own Legal and governing obligations.
14	CORPORATE CULTURE	
	A FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, the integrity of reporting, protection and proper use of Company assets and fair treatment of customers.	Complied The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction Policy is in place which discusses categories of related parties, and assist the Company to avoid any conflicts of interest that may arise from any Transaction of the Company.
14.2	The FC shall maintain records of breaches of the code of conduct and address such breaches in a manner that upholds high standards of integrity.	Complied The directors have provided declarations in accordance with the Board Code of Conduct and Ethics, affirming their commitment to compliance with all applicable laws and regulations and compliance with sustainable practice. The Company maintains records of breaches of the Code of Conduct. If any breach of the Code of Conduct is reported, the disciplinary procedure is implemented and subsequent actions are taken as per the gravity of such incidents.
14.3	A FC shall establish a Whistle Blowing policy that sets out avenues for legitimate concerns to be objectively Investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in A confident manner and without the risk of reprisal. The BAC Shall review the policy periodically.	Complied A Board approved Whistle Blowing Policy is in place. All employees are encouraged to raise any matter which they genuinely believe, constitutes a potential or existing wrongdoing such as a breach of the Code of Ethics of the Company. Further, BAC reviews the policy on an annual basis.
15	CONFLICTS OF INTEREST	
15.1.a	Relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has a substantial interest, is interested and such director shall not be counted in the quorum for the Relevant agenda item in the Board meeting.	Complied The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction Policy is in place which speaks on categories of related parties, and aids the Company to avoid any conflicts of interest that may arise from any Transaction of the Company.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
15.1.b	The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall; i. Identify circumstances that constitute or may give rise to conflicts of interests ii. Express the responsibility of directors and senior management to avoid, to the extent possible, activities That could create conflicts of interest. iii. Define the process for directors and senior management circumstances that may give conflicts of interest iv. Implement a rigorous review and approval process for directors and senior management to follow before they engage in certain activities that could create conflicts of Interest. to keep the Board informed on any change in v. Identify those responsible for maintaining updated records on conflicts of interest with related parties, and vi. Articulate how any non-compliance with the policy is to be addressed.	Complied On managing conflicts of interest, the Company's Code of Conduct and Ethics, RPT Manual and Share Trading Policy, are in place, and these Policies are reviewed on a regular basis.
16	Disclosure	
16.1	The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are Published in the newspapers in Sinhala, Tamil and English. The regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are the Board shall ensure that at least the following disclosures are made in the Annual Report of the FC; i. Financial Statements- In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, A statement to the effect that the annual audited financial statements have been prepared in line with requirements, inclusive of specific disclosures. A statement of responsibility of the Board in preparation and presentation of financial statements.	Complied Annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards Further, such statements are published in the newspapers in Sinhala, Tamil and English. Director's responsibilities statement given pages 275 to 277. This is being disclosed in the "Annual Report of the Board of Directors on the state of affairs of the Company" appearing on pages 228 to 234 of the Annual Report.

Section	Corporate Governance Principle	Status of Compliance
	ii. Chairperson, CEO and Board Related Disclosures Name, qualification and a brief profile. Whether executive, non-executive and/or independent director Details of the director who is serving as the senior director if any. The nature of expertise in relevant functional areas. Relatives and/or any business transaction relationships with other directors of the company Names of other companies in which the director/ CEO concerned serves as a director and whether in an executive or non-executive capacity. Number/percentage of board meetings of the FC attended during the year; and Names of board committees in which the director serves as the Chairperson or a member.	Complied Declarations were obtained from the Board of Directors of the Company and there were no business relationships with other Directors of the Company disclosed. Board of directors profiles were given in the pages 158 to 163 Meeting attendance refer to the page no 240 to 258.
	iii. Appraisal of Board Performance An overview of how the performance evaluations of the Board and its committees have been conducted	A process is in place for the annual self-assessments of Directors to be undertaken by each Director and the records of such assessments are maintained by the Company Secretary. The summary of the self- assessment is submitted to the Board enabling Directors to discuss relevant matters if any.
	iv. Remuneration A statement on the remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation) the aggregate values of remuneration paid by the FC to Its directors and senior management.	Complied Performance driven remuneration and increments to the remuneration package shall depend on achievement of agreed performance standards or financial benchmarks which have been set as per the Annual Strategic and the Budget all employee's annual promotions, increments, bonus are directly in relation with the employee's performance, contribution, commitment, professional conduct and behaviour. The remuneration structure of the staff, Senior management and Executive Directors shall be in line with the business strategy, objectives, values, long term interest, cost structure of the Company, incorporating prevention of conflict of interest in particular incentives embedded within the remuneration structures that does not Incentivise employees to take excessive risk or act in self-interest. Aggregate values of remuneration paid for appears in the page no 311.
	v. Related Party Transactions The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board Total net accommodation granted in respect of each Category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital. The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC.	RPT Declarations were obtained from the Board of Directors of the Company and there were no business relationships established with other Directors of the Company, between the Chairperson and the CEO and among members of the Board. Total of net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FCs core capital. Refer Note 55 of page 388.

CORPORATE GOVERNANCE

Section	Corporate Governance Principle	Status of Compliance
	vi. Board appointed Committees The details of the chairperson and members of the board Committees and attendance at such meetings.	Please refer Board Subcommittee Reports and the 'Directors' attendance and Committee Membership' tables are published on page no 240 to 255 of the Annual report.
	vii. Group Structure The group structure of the FC within which it operates. The group governance frame work	Complied The Company is a subsidiary of People's Bank. The Company fulfils its own legal and governing obligations.
	viii. Director's Report - A report, which shall contain the following declarations by the Board The FC has not engaged in any activity, which contravenes laws and regulations. The directors have declared all related party transactions with the FC and abstained from voting on matters in Which they were materially interested. The FC has made all endeavours to ensure the fair treatment for all stakeholders, in particular the depositors The business is a going concern with supporting assumptions; and The Board has conducted a review of internal controls covering material risks to the FC and have obtained Reasonable assurance of their effectiveness. The business is a going concern with supporting assumptions; and The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness.	Complied Given on pages 232 to 238 of the Annual Report.
	ix. Statement of Internal Control A report by the Board on the FC's internal control mechanism that confirms that the financial reporting System has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non- compliances. A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non- Compliance with the Act, and rules and directions.	Given on pages 278 to 279 of the Annual Report.
	x. Corporate Governance Report Shall disclose the manner and extent to which the Company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance direction.	Complied The Corporate Governance Report is set out on pages 173 to 231 of the Annual Report of the Company. The Company has obtained an independent assurance report from the external Auditors over compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

Section	Corporate Governance Principle	Status of Compliance
	xi. Code of Conduct FC's code of business conduct and ethics for directors, Senior management and employees. The Chairperson shall certify that the Company has no Violations of any of the provisions of this code.	Complied A Board approved Code of Conduct for directors and for all employees are In place. Please refer the Chairperson's message on pages 26 of the Annual Report to 29 that the company has no violations of any of the provisions of this code.
	xii. Management Report Industry structure and developments Opportunities and threats Risks and concerns Sustainable finance activities carried out by the Company Prospects for the future	Please refer 'Management Discussion and Analysis' on pages 76 to 155 And CEOs Review on pages 30 to 33.
	xiii. Communication with Shareholders The policy and methodology for communication with Shareholders. The contact person for such communication.	The Board approved Communication Policy is in place which covers all Stakeholders including Depositors, Creditors, Shareholders, and Borrowers. The Board of Directors, officers, and employees comply with the policy in order to ensure effective communication for the best interests of the stakeholders. The Company Secretary shall communicate with the shareholders through the Annual report, Quarterly Reports, and by notices issued to the shareholders Please refer the report on page No. 422 of the Annual Report of the Company.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Annual Report of the Board of Directors on the Affairs of the Company is presented as required by Section 168 of the Companies Act No. 07 of 2007. It also provides information required by the Finance Business Act No. 42 of 2011 and the Listing Rules of the Colombo Stock Exchange and the Directions issued thereunder, the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

1. GENERAL

The Board of Directors of People's Leasing & Finance PLC has pleasure in presenting the Integrated Annual Report to the shareholders, together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2025 and the Auditors' Report on these Financial Statements conforming to all statutory requirements.

Further, this report adheres to the Guiding Principles and Content elements outlined in the <IR> Framework of IFRS Foundation, as well as the GRI Standards established by the Global Reporting Initiative, and SASB. This reflects our dedication to transparent and objective reporting, aimed at providing valuable insights to our shareholders and other crucial stakeholders. This report was approved by the Board of Directors on 30 May 2025.

Our Board of Directors, through diligent strategic planning, has set forth key imperatives and diligently executed strategies to manage risks and capitalize on opportunities. Furthermore, the Board has thoroughly scrutinized the Company's business plan and is confident in our ability to sustain operations well into the future, with ample resources at our disposal.

2. NATURE OF THE BUSINESS

(Section 168 (1) (a)) – Companies Act No. 07 of 2007

The nature of the business of the Company and its subsidiaries together with any change thereof during the accounting period.

2.1 Vision, Mission and Corporate Conduct

The Company's Vision and Mission are provided on page 14 of this Annual Report. In achieving the Vision and Mission, all Directors and employees conduct their activities to the highest level of ethical standards and integrity, as set out in the Company's Code of Business Conduct and Ethics.

2.2 Principal Business Activities

The Company's principal business activities comprise providing finance leases, term loans, Islamic finance, margin trading, factoring, gold loans and the issuance of debt instruments and mobilisation of public deposits. The Company had six subsidiaries as at 31 March 2025 and the nature of business activities of these subsidiaries are described in "About Us" Section on pages 14 to 15 and in Accounting Policies on page- 292. The Company and its subsidiaries have not engaged in any activities which contravene any laws or regulations during the year under review.

2.3 Changes to the Group Structure

There has been no change to the Group structure during the financial year under consideration.

2.4 Branch Network

The total branch network of the Company as at 31 March 2025 comprised 110 fully-fledged branches

2.5 Review of Operations

An overall assessment of the Company's financial position and performance during the year 2024/25 with comments on financial results and special events that took place, is contained in the Chairman's Message on pages 26 to 29, the Chief Executive Officer's Message on pages 30 to 33, and the Management Discussion and Analysis on pages 76 to 155 of this Annual Report. These reports form an integral part of the Annual Report of the Board of Directors on the Affairs of the Company. Segment- wise contribution to Group revenue, results, assets and liabilities is disclosed in Note 53 to the Financial Statements on pages 386 of this Annual Report.

2.6 Future Outlook

The Company's outlook based on the challenges, opportunities, and developments in the global market as well as in the Sri Lankan market is set out in the 'Strategy of Resource Allocation' section on pages 62 to 73 and in each Capital Report of this Annual Report.

3. FINANCIAL STATEMENTS

(Section 168 (1) (b) and (2))

Completed and signed Financial Statements of the Company and the Group for the accounting period.

The Financial Statements of the Company and the Group, duly certified by the Senior Manager -Finance and the Chief Executive Officer with the approval of the Chairman and a Director, have been prepared in accordance with the Sri Lanka Accounting Standards laid down by CA Sri Lanka and in compliance with the requirements of Companies Act No. 07 of 2007, appear on pages 274 to 419 of this Annual Report.

3.1 Directors' Responsibility for Financial Reporting

In terms of Section 150(1), 151,152 and 153(1) and (2) of the Companies Act No.07 of 2007, the Board of Directors of the Company and Group are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the financial position and performance of the Group and the Company.

In this regard, the Board of Directors wishes to confirm that the Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows have been prepared in conformity with the requirements of SLFRSs and LKASs as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011 and Directions issued thereunder and the Code of Best practices on Corporate Governance issued by CA Sri Lanka.

The 'Statement of Directors' Responsibilities' is provided on page 275 and forms an integral part of this Report.

3.2 Financial Results and Appropriations

Interest Income

The total interest income of the Company and the Group was Rs. 26,088.02million (Rs. 28,853.31 million in 2023/24) and Rs. 29,525.69 million (Rs. 32,216.70 million in 2023/24) respectively for the year ended 31 March 2025. A more descriptive analysis of the interest income is given in Note 6.1 and 6.1.1 to the Financial Statements on page 301.

Performance and Appropriations

The Company and the Group recorded a net profit of Rs. 3,603.38 million and Rs. 4,090.25 million respectively for the financial year 2024/25 (Rs. 3,540.50 million and Rs. 4,197.93 million in 2023/24). This represents an increase by 1.78% of the Company and declined by 2.55% of the Group profit compared to the previous year.

Details of the Company's performance and appropriation of profit are tabulated as follows

Company	2024/25 Rs. Million	2023/24 Rs. Million
Profit before income tax	5,788.34	5,375.93
Income tax expense	2,184.96	1,835.43
Profit for the year	3,603.38	3,540.49
Profit brought forward from previous year	19,884.83	19,556.83
Profit available for appropriation	23,488.21	23,097.32
Appropriations		
Dividend paid	(3,016.13)	(2858.64)
Other comprehensive income	(133.43)	(76.72)
Transfers to reserves	(361.91)	(277.14)
Total appropriation	(3,511.47)	(3,212.50)
Unappropriated profit carried forward	19,976.74	19,884.82

Provision of Taxation

Profit earned during the period is subjected to income taxes at the rate of 30%. Financial services are subjected to an 18% VAT rate and a Social Security Contribution Levy (SSCL) rate of 2.5% for the current year.

Accordingly, the current year income tax expense of the Company is Rs. 2,184.96 million, and a comprehensive note on the income tax expense and the deferred tax asset or liability of the Company and the Group are disclosed in Notes 17 and 44 respectively in the Financial Statements.

Property, Plant and Equipment, Right of use Assets and Intangible Assets

The total capital expenditure incurred on property, plant and equipment (including capital work in progress) of the Company and the Group in the year ended 31 March 2025 amounted to Rs. 585.98 million and Rs. 783.46 million respectively (Rs. 168.94 million and Rs. 206.48 million in 2023/24).

The total additions to right of use assets of the Company and the Group in the year ended 31 March 2025 amounted to Rs. 996.22 million to Rs. 584.35 million respectively (Rs. 283.70 million and Rs. 293.96 million in 2023/24).

In the year ended 31 March 2025, the Company and the Group invested Rs. 4.38 million and Rs. 15.77 million respectively to acquire intangible assets. (In 2023/24, the Company invested Rs. 30.25 million and the Group invested Rs. 67.92 million to acquire intangible assets)

The Directors confirm that there were no other significant changes in the Company's or its subsidiaries' fixed assets and market value of land which substantially differ from the book values thereof as disclosed in Note 32.4 on page 358.

The details of property, plant and equipment, right of use assets and intangible assets are presented in Notes 32, 33 and 34 to the Financial Statements on pages 354 to 361.

Freehold Land and Building

Extents, locations, valuations and the number of buildings of the entity's land holding are detailed in Note 32.4 on page 358 of this Annual Report and the net book values of freehold land and buildings owned by the Company and the Group as at 31 March 2025 as included in the Financial Statement was Rs. 1,040.88 million and Rs. 3,372.74 million respectively.

Valuation of the Land and Building

The Company engages independent professional valuers for revaluation of its freehold land and buildings as specified by the Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by CBSL.

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in the Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by CBSL. The assessment of immovable properties is carrying out by independent professional valuers as required by the said direction issued by CBSL.

The assessed fair value of the immovable properties does not consider for measurement of regulatory provisions for bad and doubtful debts as per Direction No 03 of 2006 and subsequent amendments thereto issued by CBSL.

Qualifications of Valuer

The valuation process of land and buildings of the Company was carried out by Messrs. K. J. D Tissera (FRICS (Eng.) FIV (Sri Lanka), who is a Chartered Valuation Surveyor, U. K. and the valuation of investment property was carried out by Messrs. S.A.M.A Property Valuer (MRICS. U.K), Chartered Surveyor/Panel Valuer/ Incorporate Valuer

Investments

Details of investments held by the Company are disclosed in Notes 22, 23, 24, 27, 28 and 29 on pages 325 to 329 and 346 to 347 the Financial Statements

Equity

Stated Capital

The Stated Capital of the Company and the Group as at 31 March 2025 amounted to Rs. 19,230.48 million, compared to Rs 19,230.48 million as at 31 March 2024.

Reserves

The total reserves of the Company and the Group as at 31 March 2025 stood at Rs. 23,181.28 million and Rs. 28,390.04 million respectively. During the financial year

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

under review Rs. 180.11million was transferred from retained earnings to the statutory reserves. Information on the movement of reserves is given in the 'Statement of Changes in Equity' on pages 289 to 290 and in Notes 46 to 48 to the Financial Statements.

Debt Securities Issued

The details of debt securities issued are given in Note 37 and more comprehensive analysis of the Company's debentures is set out in Note 37.2 to the Financial Statements.

Capital Adequacy

Tier 1 capital ratio and total capital ratio of the Company computed as per the Finance Business Act Direction No. 03 of 2018 Capital Adequacy Requirement issued by the Central Bank of Sri Lanka stood at 22.94% and 22.68% respectively as at 31 March 2025. The information on minimum capital requirement is given on page 379 of this Annual Report.

4. EXTERNAL AUDITORS

(Section 168 (1) (c) (i) and (j))

The above sections define the Auditors' Report on Financial Statements of the Company and the Group with separate disclosure on amounts payable by the Company and its subsidiaries to the Auditors as audit fees and fees for other services rendered during the accounting period and Auditors' relationship or any interest with the Company and its subsidiaries.

4.1 Auditors and Their Independence

In accordance with the National Audit Act No.19 of 2018, People's Leasing & Finance PLC falls under the definition of 'Auditee Entity' and the Auditor General or any person authorised by the Auditor General shall carry out the audit of the Company and their responsibilities in relation to the Financial Statements set out in the 'Independent Auditors' Report' given on pages 281 to 284.

4.2 Auditors' Report

The Report of the Auditor on the Financial Statements of the Company and the Group is given on pages 281 to 284.

4.3 Auditors' Remuneration

Auditors were paid the following sums by the Company and the Group for audit and related services as well as for non-audit services including tax related services:

Company	Company		Group	
	2024/25 Rs. Million	2023/24 Rs. Million	2024/25 Rs. Million	2023/24 Rs. Million
Audit and related services	7.58	7.03	15.66	14.96
Non-audit Services	3.76	1.35	3.76	1.47

4.4 Appointment of Auditors

According to Section 55 of the National Audit Act No.19 of 2018, People's Leasing & Finance PLC falls under the definition of 'Auditee Entity' and the Auditor General or any person authorised by the Auditor General shall carry out the audit of the Company for the ensuing financial year.

5. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

An alternative format has been used in presenting accounting policies to minimise the disclosure overload and clutter in the Financial Statements. These Financial Statements comply with the requirements of the Sri Lanka Accounting Standards – LKAS 1 on 'Presentation of Financial Statements' and with Section 168 (1) (d) of the Companies Act No. 07 of 2007.

The significant accounting policies adopted in the preparation of the Financial Statements are given on pages 292 to 300. The significant changes to accounting policies adopted if any, in the preparation of the Financial Statements are given in Note 3.4 on page 296.

6. BOARD OF DIRECTORS

(Section 168 (1) (e),(f), (h))

The above sections define particulars of the entries in the Interests Register of the Company and its subsidiaries during the accounting period with remuneration and other benefits paid to the Directors of the Company and its subsidiaries during the accounting period and information on the directorate of the Company and its subsidiaries during and at the end of the accounting period.

6.1 Profiles

Names of the members of the Board of Directors together with their profiles including skills and experience are set out on pages 158 to 163 of this Annual Report.

6.2 Appraisal of Board Performance

The method used to appraise the performance of the Board of Directors is presented in the 'Corporate Governance' section on pages 173 to 231.

6.3 Other Directorships/Significant Positions of Directors

Information of the other directorships/ significant positions of the present Directors of the Company are given on pages 158 to 163.

6.4 Resignations and Appointments

During the period from December 2024 to March 2025, several members of the Board of Directors tendered their resignations. Mr. Michael Pradeep Amirthanayagam resigned as Chairman with effect from 31 December 2024. Prior to that, Mr. Himashe Isuru Balapatabendi stepped down on 11 December 2024, followed by Mr. Atapattu Mudiyanselage Priyanka Madduma Bandara Atapattu on 27 December 2024. In the following year, Mr. Chanura Jayanta Wijetillake resigned on 23 January 2025, and Mr. Yudhishtran Kanagasabai on 31 January 2025. On 10 February 2025, three directors Mr. Mohammed Azzam Ali Ahamat, Mr. Upul Lakshman Asoka Wickramasinghe Bandara, and Mr. Heenkenda Mudiyanselage Udeni Kusumsiri Samararatne tendered their resignations. Subsequently, Mr. Tishan Manjula Wellalage resigned on 11 March 2025. The Company acknowledges with appreciation the valuable contributions

made by each of these individuals during their tenure on the Board.

To fill the vacancies arising from the aforementioned resignations, the following appointments to the Board of Directors were made in accordance with Article 27(2) of the Articles of Association of the Company. Prof. Samarakoon Mudiyansela Ajantha Kumara Samarakoon (Prof. Ajantha Samarakoon) was appointed on 31 December 2024. Mr. Kurugamage Jude Dulinda Gregory Perera (Mr. Dulinda Perera) joined the Board on 23 January 2025, followed by the appointment of Ms. Polwattha Gallage Udeni Gallage (Ms. Udeni Gallage) on 31 January 2025. On 10 February 2025, three new directors Mr. Pugoda Gallage Anura Chandana Perera (Mr. Anura Perera), Mr. Sathananthan Sudarshan, and Mr. Robert Bradley Rajapoopalan Emerson (Mr. Bradley Emerson) were appointed to the Board. Subsequently, Ms. Kospelawattage Shameela Ransrini Senaratne Loku Kaluge (Ms. Shameela Loku Kaluge) was appointed on 17 February 2025, and Mr. Moraendage Jayantha Thilakarathne (Mr. Jayantha Thilakarathne) joined the Board on 11 March 2025.

Furthermore, on 6th August 2024, Mr. Sanjeewa Bandaranayake was appointed as the Chief Executive Officer of the Company. Following this change Mr. Rajapaksa Pathiranage Udesh Priyadarshana Gunawardena ceased to be the Acting Chief Executive Officer/ General Manager effective from the same day. Mr. Gunawardena resumed his role as the Chief Operating Officer (COO) on the same day.

6.5 Independence of Directors

In accordance with the Finance Companies (Corporate Governance) Direction No. 5 of 2021, Rule 9.8.5 of the Colombo Stock Exchange (CSE) Listing Rules and Section A 5.4 of Code of Best Practice on Corporate Governance Pro. S.M.A.K Samarakoon, Mr. Pravir Samarasinghe*,Mr. S Sudarshan and Ms. P.G.U. Gallage who are Independent Non-Executive Directors of the Company, have submitted signed and dated declarations as per the specimen given in appendix 9A of continuing listing requirement of CSE.

6.6 Directors Fit and Proper

In compliance with the Finance Companies (Corporate Governance) Direction No. 5 of 2021 and Rule 9.7.5 of the Colombo Stock Exchange (CSE) Listing Rules, both the Board of Directors and the Acting CEO/GM have successfully met the fit and proper assessment criteria outlined in Direction No. 5 of 2021 and CSE rule No. 9.7.5. as at 31st March 2025. Additionally, as per the regulations of the Colombo Stock Exchange, each member of the Board has submitted a signed declaration confirming continuous satisfaction to the fit and proper assessment criteria throughout the financial year ending as at 31 March 2025

6.7 Directors' and Officers' Liability Insurance

The Company has obtained a Directors' and Officers' Liability insurance cover from a reputed insurance Company in Sri Lanka providing worldwide cover to indemnify all past, present and future liability towards the Directors and Officers of the Company.

6.8 Directors' Remuneration

Directors' fees and emoluments paid by the Company and the Group for the year ended 31 March 2025 was Rs. 27.67 million and Rs. 50.82 million respectively. Comparative figures are given in Note 15 to the Financial Statements.

6.9 Interests Register/Directors' Interest in Transactions

In compliance with the Companies Act No. 07 of 2007, the Company maintains an Interests Register, which is available for inspection. The Directors of the Company have made general declarations of their interests in transactions of the Company as per Section 192 (2) of the Companies Act No. 07 of 2007. Details of the transactions disclosed therein are given on pages 388 to 394 under Related Party Transactions. Furthermore, the Chairman, the Board of Directors and the Chief Executive Officer of the Company have made general declarations that there are no financial, business, family or other material/relevant relationship(s) between themselves as required to be disclosed by the Finance Companies (Corporate Governance) Direction No. 05 of 2021.

The Directors at all times have declared all related party transactions with the Company and abstained from voting on matters in which they were materially interested.

6.10 Directors' Interest in Shares

The Directors have disclosed to the Board of their shareholding in the Company and any acquisitions or disposals thereof in compliance with Section 200 of the Companies Act No. 07 of 2007. The Directors' individual shareholdings along with the Chief Executive Officer's individual shareholding in the Company are given in the section titled 'Value to Investors' on pages 90 to 103 of this Annual Report.

6.11 Meetings

The details of Board meetings and Board subcommittee meetings are presented in the Corporate Governance Report on page 240 to 258 of this Annual Report.

7. SHARE INFORMATION

Significant shareholder information along with substantial shareholder details and other share-related information is presented in detail under the title 'Value to Investors' on pages 90 to 103 of this Annual Report.

7.1 Equitable Treatment to Shareholders

The Company has at all times ensured that all shareholders are treated equitably.

7.2 Dividends on Ordinary Shares

The Company declared first interim dividend for the financial year 2024/25 of Rs. 0.70 per ordinary share in the form of a cash dividend on 20 June 2024. The directors also approved a second interim dividend of Rs. 0.70 per ordinary share for the financial year ending 31 March 2025 in the form of a cash dividend on 13 February 2025.

The Board of Directors ensured that the Company would meet the requirement of the solvency test in terms of Section 56(3) of the Companies Act No. 07 of 2007 and the listing Rules of the CSE, immediately after said interim dividends required by Section 56(2), the Board of Directors has obtained a certificate from the Auditor on the Statement of Solvency in respect

** The independent status of the director was changed in accordance with the Finance Business Act Direction No. 5 of 2021.*

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

of dividend payment conforming to the above statutory provision.

8. DONATIONS

(Section 168 (1) (g))

Total amount of donations made by the Company during the accounting period.

During the financial year 2024/25, the Company made donations (including CSR) amounting to Rs. 1.08 million (Rs.2.68 million in 2023/24). The Company's Sustainable Finance Department handles the Corporate Social Responsibility (CSR) initiatives and activities. The CSR initiatives of the Company are presented in the sections titled 'Social and Relationship Capital' and 'Natural Capital' on pages 132 to 145 and pages 146 to 155 respectively.

9. CORPORATE GOVERNANCE

(Code of Best Practice D.6, D 6.1, D.2, D 1.4)

The Board of Directors is committed to developing the corporate Governance principles of the Company and has adopted various policies to ensure that the highest principles of ethics and governance are maintained across the Organisation. In terms of the Finance Business Act Direction No. 05 of 2021 a policy on Communication with all stakeholders was formulated during the year governing the different participants in the Company – such as the depositors, shareholders, borrowers/ creditors and other stakeholders.

The Corporate Governance Charter was reviewed to ensure that the Company is in compliance with the recommendations of the Finance Companies (Corporate Governance) Directions No. 05 of 2021 , the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practices on Corporate Governance issued by CA Sri Lanka

A Comprehensive Anti-Money Laundering Policy/Whistle Blower Policy/Anti-corruption and anti-bribery policy etc are in place to ensure best practices are embraced by the Company in conducting its operations. The Company at all times endeavours to ensure fair treatment to all stakeholders, in particular the depositors. Further, the Board adopted frameworks with the involvement of internal management committees for risk management and the process to identify, assess, monitor, and manage risks with clear delegation of responsibilities to ensure their effectiveness in supporting the achievement of the strategic, operational, and financial objectives of the Company.

CHAIRMAN'S AFFIRMATION ON THE CODE OF BUSINESS CONDUCT AND ETHICS

The Chairman affirms that People's Leasing & Finance PLC has introduced a Code of Business Conduct and Ethics where the Company-wide procedure is set for disseminating, monitoring and compliance with the Code of Business Conduct.

The Directors declare that:

1. The Company has not engaged in any activity which contravenes laws and regulations.
2. The Company has made all endeavours to ensure the equitable treatment of shareholders.
3. The business is a going concern.
4. Effectiveness of and successful adherence to internal controls and risk management is practiced by the Company. The measures taken in this regard are set out in the Corporate Governance Report on pages 173 to 231 of this Annual Report.
5. To the best of their knowledge, there has not been any violation of the Code of Business Conduct and Ethics of the Company.
6. Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.
7. Property, plant and equipment are reflected at fair value, where it is different from fair value and adequate disclosures are made.

In addition to that in a declaration on the Board code of Conduct will be signed by the directors annually in connection with the requirement of Sustainability Standards Implementation & Management System (S-SIMS)

The Directors declare that:

1. To prioritize the Company's interests, disclose conflicts promptly, and ensure actions benefit all stakeholders
2. Commit to active participation in board activities, contributing my expertise to advance organizational goals, and acting with integrity and diligence to avoid liabilities
3. To uphold the confidentiality of privileged information and board discussions
4. To manage the resources responsibly and ensure legal and ethical use and to safeguard the organization's financial health and reputation
5. To support Environmental, Social and Governance sustainability encouraging innovation across operations.
6. To uphold honesty, integrity, and professionalism and adhere to the highest ethical standards and to promote a culture of transparency, fairness, and respect within the organization
7. Not to engage in insider dealings, defined as the use of privileged information for personal gain or to benefit others at the expense of the Company
8. To adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards governing the company
9. To foster a corporate culture of ethics and professionalism."
10. To hold them self-accountable for upholding principles and to address breaches promptly and transparently.

KRPs Declaration on Compliance with Code of Business Conduct and Ethics

To the best of their knowledge, there has not been any violation of the Code of Business Conduct and Ethics of the Company.

9.2 Compliance with Laws and Regulations

To the best knowledge and belief of the Directors, the Company and the Group have not engaged in any activity contravening any laws and regulations. During the year 2024/25, the Company has implemented new controls to reinforce the control environment, and confirmed their effectiveness through verification by external auditors.

9.3 Statutory Payments

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments due to the Government, other

regulatory institutions and in relation to the employees have been made in time.

9.4 Environmental Protection

The Directors confirm that to the best of their knowledge the Company and the Group have not engaged in any activity which is detrimental to the environment.

9.5 ESG Reporting

Environmental, social and governance considerations can affect a Company's ability to execute its business strategy and create value. The Company's Annual Report should contain sufficient information on ESG risks and opportunities that are recognised, managed, measured and reported as set out on pages 358 to 370.

10. ACKNOWLEDGEMENT

(Section 168 (1) (k))

Acknowledgement of the contents of this report/signatures on behalf of the Board by two Directors and the Secretary of the Company.

The Board of Directors has acknowledged the content of this Annual Report as disclosed on page 13.

11. STAKEHOLDER MANAGEMENT AND INTEGRATED REPORTING

Excellent job in portraying the holistic approach of the Company towards its stakeholders and value creation process. The comprehensive management of valued stakeholders, encompassing customers, employees, investors, suppliers, and the community, underscores the Company's commitment to sustainable growth. Moreover, the conscientious consideration of economic, environmental, and social impacts demonstrates the Company's dedication to responsible business practices.

This meticulous approach to capital management is evident in the detailed reporting provided in the Annual Report. The Management Discussion and Analysis section, spanning pages 76 to 155, encapsulates the Company's strategies, performance, and future outlook, thereby providing stakeholders with valuable insights into the Company's operations and its broader impact.

By integrating these aspects into its reporting process, the Company not only enhances transparency but also reinforces its role as a conscientious corporate citizen. This commitment to stakeholder engagement and sustainable practices serves as a commendable example within the industry, setting a high standard for responsible business conduct.

12. OUTSTANDING LITIGATION

In the opinion of the Directors formed in consultation with the Company's lawyers, litigation currently pending against the Company will not have any material impact on the reported financial results or future operations of the Company. Details of litigation pending against the Company are given in Note 50.1.1 to the Financial Statements on page 383.

13. HUMAN RESOURCES

The Company has adopted an absolutely non-discriminatory Employment Policy which respects individuals and provides career opportunities irrespective of gender, race or religion. As at 31 March 2025, a total of 2,679 persons were in employment (2,052 persons as at 31 March 2024) with the Company.

14. INTERNET OF THINGS AND CYBERSECURITY

(Code of Best Practice D.6, D 6.1, D.2, D 1.4)

The Board confirms that the Company has appointed an Information Security Officer (ISO) with sufficient expertise and authority and allocated regular and adequate time on the Board meeting agenda for discussions on cyber-risk management. Related information is set out in the Corporate Governance Report on page 173.

15. EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are disclosed in Note 57 to the Financial Statements on page 419.

16. COMPLIANCE WITH REQUIREMENTS ON THE CONTENT OF THE ANNUAL REPORT IN RULE 7.6 OF THE LISTING RULES

Rule Ref.	Information Required to be Disclosed	Status of Compliance	Page Reference
7.6 (i)	Names of person who were Directors of the Company during the financial year	✓	
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year	✓	
7.6 (iii)	Information on 20 largest shareholders at the end of the year	✓	
7.6 (iv)	The public holding percentage	✓	
7.6 (v)	Directors' and Chief Executive Officer's holding in shares	✓	
7.6 (vi)	Information pertaining to material foreseeable risk factors	✓	
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	During the year under review, there were no material issues pertaining to employees and industrial relations.	
7.6 (viii)	Information on buildings/land holdings and investment properties as at the end of the year	✓	
7.6 (ix)	Number of shares representing the stated capital as at the end of the year	✓	

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Rule Ref.	Information Required to be Disclosed	Status of Compliance	Page Reference
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and related information	✓	
7.6 (xi)	Ratios and market price information on equity,debt,change in credit rating	✓	
7.6 (xii)	Significant changes in the Company's or subsidiaries' fixed assets.	✓	
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	We did not raise funds through a public issue, Right issue or a private placement during the year	
7.6 (xiv)	Information in respect of employee share ownership or stock option schemes	The Company does not have any employee share ownership or stock opinion scheme at present.	
7.6 (xv)	Disclosure pertaining to corporate governance practices in terms of Rules Section 9 of the Listing Rules	✓	
7.6 (xvi)	Related Party Transaction exceeding 10% of the equity or 5% of the total assets of the entity	✓	

17. RELATED PARTY TRANSACTIONS

(CSE Listing Rules Section 9)

The Directors declare that the rules pertaining to Related Party Transactions in Section 9 of CSE Listing Rules have been complied with.

18. GOING CONCERN

(Code of Best Practice D 1.4)

The Group's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business in the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

In determining the basis of preparing the Financial Statements for the year ended 31 March 2025, the Management has assessed the existing and anticipated effects of economic, regulatory, and political volatility on the Group Companies and the appropriateness of the use of the going concern basis based on available information.

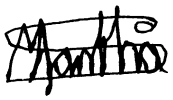
The Group evaluated the resilience of its businesses considering a wide range of factors under multiple stress-tested scenarios, relating to expected income, cost management, profitability, liquidity, and the ability to defer non-essential capital expenditure, unused credit lines and the ability to continue providing services to ensure businesses continues with the least possible impact.

Having presented the outlook for each industry of the Group to the Holding Company's Board and post evaluation of the above by the Management, and following due consideration the range and likelihood of outcomes, the Management is satisfied that the Company has adequate resources to continue in operational existence in the foreseeable future and continue to adopt the going concern basis in preparing and presenting these Financial Statements.

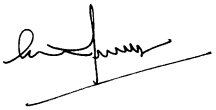
19. ANNUAL GENERAL MEETING

The 29th Annual General Meeting will be held at the People's Bank Staff Training College Auditorium 11th Floor, People's Leasing building, No. 7, Havelock Road, Colombo 5.on 30th June 2025 at 3.00 p.m. Notice of the meeting relating to the 29th Annual General Meeting is provided on page 455 of this Annual Report.

By order of the Board of Directors



Ajantha Samarakoon
Chairman



Clive Fonseka
Director



Nirosha Kannangara
Company Secretary

30 May 2025
Colombo

BOARD OF DIRECTORS COMMUNICATION POLICY REPORT

The Board of Directors reaffirms its unwavering commitment to fostering transparent and effective communication channels with all stakeholders, including shareholders, lenders, creditors, borrowers, and other interested parties. Acknowledging the significance of shareholder engagement, the Board values the insights and inputs of stakeholders and endeavours to provide timely updates on the Company's performance, strategic direction, and governance practices.

The Board has recently updated the corporate communication policy to ensure compliance with relevant regulations. This revised policy now reflects the provisions outlined in the Finance Business Act Direction no.5 of 2021, which was officially adopted by the Board of Directors on 26th April 2022 and additionally, with the amended CSE Rule No. 9 for Corporate Governance, revised and endorsed by the Board on 26th March 2024.

The revised policy emphasizes the following key principles:

Shareholder Engagement: The Board provides various avenues for shareholders to interact with the Company, including Annual General Meetings, Extraordinary General Meetings, Circulars, and disclosures made via the stock exchange. Shareholders are encouraged to utilize these mechanisms and are invited to provide feedback and suggestions for continuous improvement.

External Communication: To enhance communication with potential shareholders and investors, the Company employs a diverse range of communication tools, such as Road Shows, Internet platforms, Media engagements, Investor Presentations, Wire services, Publications, Brochures, Leaflets, and advertising. Additionally, the corporate website is regularly updated and easily accessible to stakeholders.

Ethics and Integrity: The Board upholds ethical standards and professional behaviour through established policies, including the Code of Conduct. Furthermore, the Whistleblowing Policy is in place to address conflicts of interest and unethical business practices.

Stakeholder Feedback Mechanism: The Board Secretary is designated to receive and review communications intended for the Board and its Sub-Committees or individual Board members or Management. Communications concerning legal, ethical, or compliance matters, or any other issue deemed significant to the Company, are promptly escalated to the Chairman and the Board. Personal communications unrelated to Board functions, junk mail, solicitations, or opinion polls are disregarded unless deemed material upon further clarification.

Accessibility: Stakeholders have the opportunity to communicate with the Board as a whole, Independent Directors, individual Board members, or specific Board Committees. Additionally, the Company has appointed a dedicated Customer Complaint Officer.

Continuous Improvement: The Board remains committed to enhancing its communication practices and welcomes feedback from shareholders and stakeholders. As part of its commitment to adaptability, the Board will regularly evaluate and adjust the communication policy to align with evolving stakeholder expectations and industry best practices.

This report reaffirms the Company's dedication to transparency, accountability, and stakeholder engagement, essential elements in fostering trust and sustainability in our operations.



Chaminda Dharmarathna
Chief Manager- Branding & Communication

30 May 2025
Colombo

BOARD AUDIT COMMITTEE REPORT



THE BOARD AUDIT COMMITTEE SERVES AS THE CORNERSTONE OF CORPORATE ACCOUNTABILITY, ENSURING TRANSPARENCY IN FINANCIAL REPORTING, INTEGRITY IN INTERNAL CONTROLS, AND CONFIDENCE IN THE GOVERNANCE PROCESS

Pravir Samarasinghe
Chairman - Board Audit Committee

The Committee assessed the Company's compliance with financial reporting requirements, information requirements under the Companies Act, Finance Business Act and other relevant financial reporting related regulations (such as SLASs/IFRS) and requirements.

Board Audit Committee ("Audit Committee" or "the Committee") of the Company presents its report for the year ended 31.03.2025.

COMPOSITION

Until February 11, 2025, the Board Audit Committee comprised three Non-Executive Directors. Following its reconstitution on February 11, 2025, the Committee now consists of one Independent Non-Executive Directors and one Non-Independent Non-Executive Director. This composition aligns with the requirements specified by the regulators. The Board is satisfied that the current members of the Committee are competent in financial matters and have recent and relevant experience.

Name of the Committee Member	Membership Status
Mr. Pravir Samarasinghe – Chairman of the Committee	*Independent Non- Executive Director
Mr. S. Sudarshan	Independent Non- Executive Director
Mr. Clive Fonseka	Non-Independent Non- Executive Director

The profiles of the members are given on pages 158 to 163 of the Annual Report.

Mr. Aminda Rajapaksa, Head of Internal Audit and the Secretary to the Board Audit Committee.

MEETINGS

The Committee held seven (7) meetings during the financial year ended 31st March, 2025. Proceedings of these meetings, with adequate details of matters discussed are regularly reported to the Board. Representatives of the Company's External Auditors; Auditor General and Ernst & Young participated in two (02) meetings during the year. The Chief Executive Officer, Chief Operating Officer and other members of the senior management of the Company attended the meetings by invitation from time to time on a needs basis.

Attendance at the meetings during the year under review was satisfactory.

Committee Member	Directorship Status	Membership Status	Attendance
Mr. Pravir Samarasinghe	Independent Non-Executive Director	Chairman (Appointed w.e.f 11.02.2025)	1/1
		Member	6/6
Mr. S. Sudarshan	Independent Non-Executive Director	Member (Appointed w.e.f 11.02.2025)	1/1
Mr. Clive Fonseka	Non-Independent Non- Executive Director	Member (Appointed w.e.f 11.02.2025)	1/1
Mr. Yudhishtran Kanagasabai	Independent Non-Executive Director	Chairman (Ceased w.e.f. 11.02.2025)	6/6
Mr. U. L. Asoka W. Bandara	Independent Non-Executive Director	Member (Ceased w.e.f. 10.02.2025)	6/6

** The Independence status of the director was changed in accordance with the Finance Business Act Direction No. 5 of 2021*

Mr. Asoka Bandara, a member of the Board Audit Committee, tendered his resignation from the Board of Directors of People's Leasing & Finance PLC, effective from10th February 2025.

Subsequently, at the Board Meeting held on 11th February 2025, the Board Audit Committee was reconstituted as follows:

Mr. Pravir Samarasinghe was appointed as the Chairman of the Board Audit Committee.

Mr. Yudhishtran Kanagasabai ceased to be a member of the Committee with effect from 11th February 2025.

Mr. S. Sudarshan and Mr. Clive Fonseka were appointed as members of the Committee, effective the same date.

ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL YEAR 2024/25

Terms of Reference of the Committee

The Board Audit Committee is appointed by the Board of Directors of People's Leasing & Finance PLC to assist and provide the board oversight of the integrity of financial reporting, adequacy of the system of internal control, assessment of the Company's compliance with legal and regulatory requirements.

The composition, scope, responsibilities, and authority of the Committee are defined in its Terms of Reference, which was reviewed annually to address any developments in the Committee's functions and concerns. The Terms of Reference were last reviewed during the BAC meeting held in September 2024 and were subsequently approved by the Board in the same month.

The Committee has the explicit authority to investigate into any matter, unrestricted access to records, data, and reports and to the management and the staff, to obtain information considered necessary for the discharge of duties. The Committee is also authorized to obtain external professional advice at the Company's expense.

Financial Reporting

The Committee assisted the Board of Directors in discharging its responsibility for the preparation of the quarterly and annual Financial Statements to reflect a true and fair view of the affairs of the Company in conformity with the Sri Lanka Accounting Standards, the Sri Lanka Financial Reporting Standards, and Finance Business Act No. 42 of 2011 the Companies Act No. 7 of 2007, Sri Lanka Accounting & Auditing Standards Monitoring Board Act No.15 of 1995, rules and regulations of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka and Directions of Central Bank of Sri Lanka.

The committee received interim and annual financial statements duly signed and authorized by the Senior Manager Finance and CEO/MD. These statements assure compliance with the Sri Lanka Accounting Standard, provisions of the Companies Act No. 7 of 2007, and provide the required information as per Rule 7.4 of the Colombo Stock Exchange.

The Committee reviewed and discussed the Company's interim and annual financial statements, assessed the acceptability of Accounting principles, significant estimates and judgments, and the impact of dividend declarations to the prudential ratios, in discharging their oversight responsibilities. The Committee reviewed the Impairment Policy Manual including the assessment of adequacy of provision for Expected Credit Loss (ECL) recognized in the financial statements.

External Audit

National Audit Act No. 19 of 2018, requires the Auditor General to carry out the audit by himself or any person authorized by the Auditor General. Accordingly, the Auditor General informed the Company of the appointment of Messrs. Ernst & Young to assist the Auditor General in performing the external audit for the FY 2024/25. Since the Auditor General is the External Auditor of the Company, as appointed under the Constitution, the Committee has no role to play in the appointment of the External Auditor.

The Committee met with the external auditors twice during the financial year. Initially, the Committee convened with the external auditors to discuss the audit plan, scope, and proposed methodology for conducting the annual audit. Subsequently, a second meeting was held with the external auditors to review the audit results.

The Committee held two confidential meetings with the external auditors without any other directors / senior management/employees being present to facilitate open discussion on material issues, problems, or reservations. This allowed the external auditors to address their concerns and opinions directly with the Audit Committee. Accordingly, the Committee was informed that the management has provided all necessary information and explanations as requested by the auditors, ensuring unrestricted coverage of their scope of work. The outcomes of these discussions were communicated directly to the Board by the Committee.

The Committee undertook a review of the non-audit services offered by the Auditors, aiming to ensure that these services do not fall within the restricted categories and that their provision does not compromise the independence and objectivity of the External Auditors, who are appointed to assist the Auditor General. The Committee regularly reviews the Policy for Engagement of External Auditors to Provide Non-Audit Services to ensure it is appropriately updated to reflect recent developments and regulatory changes.

The Committee reviewed the External Auditor's Management Letters along with the corresponding responses provided by Management. The Committee also took necessary steps to ensure that the recommendations outlined in the Management Letters were effectively implemented by Management.

Internal Audit

A dedicated Internal Audit Department performs the internal audit function and reports to the Audit Committee. The Committee ensured that the internal audit function was independent of the activities it audited and that the department had the necessary authority and expertise to perform its work independently. The rights, duties, responsibilities, and authority of the Head of Internal Audit and the Internal Audit Department are delineated in the Internal Audit Charter. This charter undergoes annual review by the Board Audit Committee and is approved by the Board.

The Committee takes a proactive stance by reviewing the annual internal audit plan prior to the start of the financial year. This review includes assessing the resources allocated to the department to ensure the department can provide uninterrupted assurance service. Additionally, the Committee consistently monitors the

BOARD AUDIT COMMITTEE REPORT

progress made in achieving the Audit Plan objectives.

The Internal Audit Manual is reviewed annually to incorporate developments in operational functions and procedures. Accordingly, the Committee reviewed and approved the revised manual in August 2024, and it received Board approval in September 2024

The Company's Internal Audit Department regularly conducts on-site and off-site inspections of business units and branches. Information system audit examines and evaluates the company's information technology infrastructure, information security strategies and practices, governance, policies, procedures, and operational processes against recognized standards, best practices, or well-established policies.

The department reports its significant findings, recommended remedial actions to the Committee for deliberation. The Committee, in turn, evaluates these recommendations and actively follows up on their implementation. The performance evaluation of the Head of Internal Audit is carried out by the Committee annually.

Furthermore, the Internal Audit Department is intensifying its focus on leveraging data analytics tools to systematically identify exceptions, thereby fostering an agile approach to auditing and enhancing the efficiency and effectiveness of the audit process.

REGULATORY COMPLIANCE

The Committee assessed the Company's compliance with financial reporting requirements, information requirements under the Companies Act, CBSL directions, Finance Business Act, and other relevant financial reporting-related regulations (such as LKAS/ SLFRS), as well as requirements. The Committee scrutinized the reports submitted by the Compliance Officer and the Internal Audit to monitor compliance with such legal and regulatory requirements.

The Committee also monitored the progress of implementing the recommendations outlined in the Central Bank of Sri Lanka's Statutory Examination Reports, along with management's corresponding responses and the associated time-bound action plan.

INTERNAL CONTROLS

The Committee, assisted by the Internal Audit Division, assesses the adequacy and effectiveness of the Company's internal controls. The Internal Audit Department conducts assessments to ensure the efficiency and effectiveness of both the internal controls and the Management Information Systems, and verifies that the design of internal controls are effective, functioning properly, and that the respective process owners adhere to established procedures.

The Committee also reviewed the observations and recommendations of the External Auditors and the management's responses to them. Additionally, the Committee evaluates the effectiveness of the Company's Risk management function with the assistance of the Internal Audit Division.

The report on the "Internal Control System over Financial Reporting" was reviewed and approved by the Committee for inclusion in the Annual Report.

WHISTLEBLOWING

The Company's Whistleblower Protection policy is intended to provide a channel for corporate fraud risk management. The Whistleblower Protection policy, which guarantees the maintenance of strict confidentiality of the whistleblowers, was reviewed by the Committee and has been published in the Company intranet. The Employee Awareness Program has been developed and is available in the Company's Learning Management System (LMS) to enhance employees' understanding of the Whistleblower Protection Policy.

Any employee who observes or notices improper or illegal activity or unethical practices in the Company or receives credible information is encouraged to report such incidents directly to the Chairman of the BAC.

The Whistleblowing Policy was reviewed by the Board Audit Committee (BAC) during 2024 with a view to further strengthening its provisions. All necessary procedures have been established to conduct independent investigations into incidents reported through whistleblowing channels or identified via other means. The BAC reviews quarterly updates on complaints received through the Company's whistleblower communication channels. In the absence of any such reports, a "nil" update is also submitted to the Committee on a quarterly basis.

EVALUATION OF THE COMMITTEE

The Board Audit Committee carried out its responsibilities in accordance with the authority vested in it by its Terms of Reference. The Committee conducted a self-appraisal of its performance and concluded that it had satisfactorily discharged its duties during the financial year.



Pravir Samarasinghe
Chairman - Board Audit Committee

30 May 2025
Colombo

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

GRI 2-19, 2-20



THE HUMAN RESOURCES AND REMUNERATION COMMITTEE (BHRRC) OVERSEES MANAGING A COMPANY'S PEOPLE STRATEGY, WHICH INCLUDES REMUNERATION, PERFORMANCE MANAGEMENT, RECRUITMENT, AND SUCCESSION PLANNING. THIS INCLUDES DEVELOPING AND RECOMMENDING HR POLICIES, ASSESSING EXECUTIVE AND KEY PERSONNEL PERFORMANCE, AND PROVIDING ADVICE ON WAGE ADJUSTMENTS AND ORGANIZATIONAL CHANGES.

Pravir Samarasinghe
Chairman - Human Resources and Remuneration Committee

The Board Human Resources & Remuneration Committee (BHRRC) is pleased to present its report for the financial year ended 31 March 2025

The BHRRC was formed as a sub - Committee of the Board to ensure fair human resource policies and procedures within the Group, alongside a strong compensation structure intended to attract, retain, and inspire top-tier Key Responsible Personnel (KRPs)/Employees who play a vital role in achieving the Company's strategic objectives. This involves crafting performance-based incentives for the CEO, KRPs, and Senior Management, along with devising performance metrics that are both pertinent and challenging, geared towards advancing stakeholder interests.

COMPOSITION OF THE COMMITTEE:

People's Leasing's BHRRC consists of three members, the majority of whom are Independent Non-Executive Directors. The BHRRC is chaired by an Independent Non-Executive Director . Each member brings valuable expertise and experience in Corporate Governance, leadership, and industry knowledge to the Committee's deliberations. The profiles of the members are given on pages 158 to 163 of the Annual Report.

MEETINGS

The BHRRC met Ten (10) times during the year under review, with all meeting proceedings reported to the Board of Directors.

When necessary, the Chief Executive Officer and the Chief Manager - Group Human Resources attended BHRRC meetings by invitation.

The Company Secretary of Peoples Leasing functions as the Secretary to the BHRRC.

TERMS OF REFERENCE

The Board approved Terms of Reference ('TOR') sets out the duties and responsibilities of the BHRRC. The TOR is reviewed annually by the Board and appropriate changes are made as needed to reflect compliance requirements and best practices. In the current year, the BHRRC's TOR was revised in line with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance. The updated TOR incorporated in the Company's HR Policy Manual. Additionally, the Board further reviewed the BHRRC's TOR to facilitate the early adoption of section 9 of Corporate Governance requirements of the Listing Rules of the Colombo Stock Exchange.

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates: 16 May 2024	10 June 2024	11 July 2024	19 July 2024	03 Sep 2024	19 Feb 2025	27 Feb 2025	03 March 2025	11 March 2025	25 March 2025	Meetings
1	Mr. P. Samarasinghe -Chairman with effect from 11th February 2025 (upon reconstitution of sub-Committee)		✓								✓	✓	✓	✓	✓	5/5
2	Mr. S. Sudarshan-Member with effect from 11th February 2025		✓	✓							✓	✓	✓	✓	✓	5/5
3	Mr. Bradley Emerson-Member with effect from 11th February 2025		✓		✓						✓	✓	✓	✓	✓	5/5
4	Mr. Y.Kanagasabai-Ceased to be the Chairman with effect from 31st January 2025		✓	✓		✓	✓	✓	✓	✓						5/5
5	Mr. Clive Fonseka-Ceased to be a member with effect from 10th February 2025 (upon reconstitution of sub-Committee)		✓		✓	Ex	💻	✓	💻	💻						4/5

✓ *Present* | 💻 *via Teams* | Ex *Excused*

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

As set out in its TOR, BHRRC assists the Board of Directors in fulfilling its oversight responsibility by;

- Reviewing and approving the principles, parameters and governance of the Company's remuneration framework
- Reviewing and approving the remuneration of Directors, and Key Responsible Persons' (KRPs) including setting the overall Remuneration Policy
- Determining and periodically reviewing the payments/allowances made to Non-Executive Directors in line with and within the parameters of the regulatory authority
- Providing assurance to the Board that the Company's remuneration practices comply with the regulatory and other legislative requirements
- Providing assurance to the Board that the Company's remuneration framework is in line with People's Leasing's risk appetite, business strategy, culture and values, and long-term interests of the Company and its stakeholders, and is free from any form of bias.

REMUNERATION POLICY

The BHRRC undertakes the formulation of the Company's reward strategy to ensure that employees receive compensation commensurate with their performance, skills, experience, and level of responsibility, thereby enabling the Company to retain talent essential for achieving its strategic goals.

The People's Leasing Remuneration Policy, reinforces the desired corporate culture and fosters behaviours consistent with the Company's values, while also incentivising employees to consistently deliver high performance in support of our strategic priorities.

The Company's Remuneration policy is periodically reviewed and updates recommended by the BHRRC in line with market variations, statutory revisions and general living standards.

The Company has in place, a performance-driven bonus policy that takes into account employee contributions and achievements when determining compensation levels across all staff categories

The BHRRC is authorized to engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO

AUTHORITY

The recommendations of the BHRRC are brought to the notice of the Board to make a final decision. The Committee is authorised to obtain professional advice as and when required at the expense of the Company and this is coordinated by the Company Secretary.

ACTIVITIES 2024/25

During the year, the BHRRC reviewed the Organizational Structure and the structure of the Corporate Management, culminating in the recommendation of revisions to certain job descriptions to ensure alignment with current standards. As part of this same effort, the structure within the Legal and Digital Marketing Departments were further reviewed and updated to reflect the evolving needs of the organisation.

In order to disseminate the updates effectively, the BHRRC instructed all new policies to be made available via the Company's Intranet and composed HR-led road shows across all branches, facilitating direct staff engagement.

Upon receiving communication from the Director General of the Department of Public Enterprises, the HRRC recommended a revision in Director Sitting fees/allowances for Board Members in line with market practices.

In line with the commitment to fair compensation, the Profit Bonus Policy was amended to introduce minimum performance bonus criteria.

The BHRRC recommended to the Board an Outbound Training (OBT) programme aimed at enhancing employee motivation and teamwork through immersive experiences outside their regular work environments.

Recognising the importance of market competitiveness, the BHRRC conducted a comprehensive salary survey with remuneration levels adjusted accordingly to align with current market levels.

A policy was developed to honour long-serving corporate Management employees upon retirement or resignation.

The mobile usage policy was revised during the financial year

In conducting recruitments throughout the year, stringent assessments were made, considering academic and professional qualifications as mandated by the Finance Business Act No. 42 of 2011 and Directive No. 6 of 2021 to ensure the fitness and propriety of Key Responsible Persons (KRPs).

SUCCESSION PLANNING AND RETENTION OF TALENT

The Company has outlines a comprehensive succession planning and talent retention strategy designed to foster employee development and ensure sustainability to enhance the employee engagement, build a robust leadership pipeline, and maintain a competitive edge.

A job rotation and transfer policy has been established to facilitate staff secondments between companies within the Group, offering employees opportunities and exposure to advance their career paths and achieve their goals.

Implementing a structured succession planning and talent retention strategy with clear development plans and target timelines will help the Company cultivate a strong leadership pipeline and retain top talents.

Draw out development plan for employees with target time lines for growth.

Plan	Steps	Timeline
Identification of Skill gaps of employees		0 – 6 Months
Skill Development and Training	Training Programs required fill the skill gaps	6 – 12 months
Leadership Development and Succession Planning	Leadership Development Programs required for future leaders to achieve expected corporate objectives	12 to 24 Months

DIRECTORS REMUNERATION

The aggregate remuneration paid to the Directors/CEO/Senior Management during the financial year under review is given on the Note 15 of page 311 of the Annual Report, which is in line with the Board Remuneration Policy adopted by the Board.

CONCLUSION

The BHRRC urges the Board of Directors to prioritise the attraction, retention, and development of skilled employees, while fostering a culture that champions diversity, equity, and inclusion, as it firmly believes that a robust human resources strategy is fundamental to the Company's long-term success.



Pravir Samarasinghe
Chairman of the Committee

30 May 2025
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

GRI 2-15



THE MAJOR RESPONSIBILITY OF THE BOARD RELATES PARTY TRANSACTION COMMITTEE IS TO ENSURE TRANSPARENCY AND FAIRNESS IN TRANSACTIONS INVOLVING THE COMPANY AND ITS RELATED PARTIES, SUCH AS DIRECTORS, SHAREHOLDERS, OR KEY MANAGEMENT STAFF. THIS COMMITTEE EXAMINES PROPOSED TRANSACTIONS, PROVIDES IMPARTIAL ASSESSMENTS, AND ASSURES REGULATORY COMPLIANCE, ULTIMATELY DEFENDING THE COMPANY'S AND SHAREHOLDERS' INTEREST.

Ms. Udeni Gallage
Chairperson of the Committee

The Board approved Related party transactions policy outlines the criteria for identifying 'related parties' in accordance with regulatory requirements which are CBSL Directions, Listing Rules and non- regulatory requirements LKAS 24 of Sri Lanka Accounting Standards. The policy ensures that the company eludes transactions with related parties that could provide them with preferential treatment.

The Related Party Transaction Review Committee, a sub-Committee of the Board, evaluates and recommends all proposed transactions between the Company and its related parties. This ensures transparency and upholds sound corporate governance principles within the Group.

The Committee is pleased to present its report for the year ended 31st March 2025.

COMPOSITION OF THE COMMITTEE

The Committee currently consists of three Non-Executive board members; the majority of whom including the Chairperson are Independent Directors (Profiles of the members are given on pages 158 to 163 of the Annual Report.)

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the Committee.

MEETINGS

The Committee met four (04) times during the year under review.

As an when necessary the Chief Executive Officer and Compliance Officer, as well as the Senior Manager Finance, are invited to attend the Committee meetings by invitation.

The Proceedings of the Committee meetings have been regularly reported to the Board of Directors.

TERMS OF REFERENCE

Terms of Reference ('TOR') sets out the functions of the Committee in line with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance, Rule 9 of the Listing Rules of the Colombo Stock Exchange, Share Trading Policy and the Related Party transaction Policy Manual.

RELATED PARTY TRANSACTIONS POLICY

The Company has a Board approved policy for Related party transactions, which outlines the criteria for identifying 'related parties'.

In accordance with the regulatory requirements which are CBSL Directions, Listing Rules and non- regulatory requirements LKAS 24 of Sri Lanka.

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates: 14 Jun 2024	05 Sep 2024	20 Mar 2025	31 Mar 2025	Meetings
1	Ms. Udeni Gallage-Chairperson with effect from 11th February 2025		✓	✓				✓	✓	2/2
2	Mr. S. Sudarshan-Member with effect from 11th February 2025		✓	✓				✓	✓	2/2
3	Mr. Dulinda Perera-Member with effect from 11th February 2025		✓		✓			✓	✓	2/2
4	Mr. Asoka Bandara-Chairman-ceased to be the Chairman with effect from 10th February 2025		✓	✓		✓	✓			2/2
5	Mr. C.J.Wijetillake-ceased to be a member with effect from 23rd January 2025		✓	✓		✓	✓			2/2
6	Mr. T.M. Wellalage- ceased to be a member with effect from 11th March 2025		✓		✓	✓	✓			2/2

✓ *Present* | *via Teams* | Ex *Excused*

Accounting Standards. The policy ensures that the company eludes transactions with related parties that could provide them with preferential treatment.

Additionally, the Related Party Transaction Policy requires self-declarations from each Director and Key Management Personnel (KMPs) to identify parties related to them annually.

Furthermore, the Company's Code of Business Conduct and Ethics mandates that Board members assess potential or actual conflicts of interest arising from personal relationships, external associations, and material matters which may have a bearing on his/her independent judgment. Directors who have such potential or actual conflict of interests are required to immediately disclose such conflict with the Board of Directors as soon as he/she becomes aware of it.

REVIEWING POLICIES AND PROCEDURES

The Related Party Transaction Review Committee regularly reviews the Policies and Procedures on RPT Transactions adopted by the company. Further it carries out overview functions over its subsidiaries.

During the year, the Share Trading Policy was carefully reviewed and revised to align with the evolving needs of the business.

The TOR is due for review in the year 2024 on adoption of section 9 of the Corporate Governance Rules of the Colombo Stock Exchange.

SCOPE OF THE COMMITTEE

The Committee reviews all proposed related party transactions in advance, in accordance with the Finance Business Direction No. 5 of 2021 issued by the Central Bank of Sri Lanka (CBSL) and Listing Rules issued by the Colombo Stock Exchange (CSE) and Accounting Standards.

It implements policies and procedures to review the Company's related party transactions, as well as overseeing existing policies and procedures.

Further, the Committee recommends to the full Board, where necessary, that the approval of the Company's shareholders be obtained by way of a Special Resolution prior to the concerned transaction being entered into, as specified in Sections 9.14.6 of the Listing Rules.

Furthermore, the Committee establishes guidelines to be followed by the employees of the Company in respect of ongoing related party transactions.

Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee solely for the purpose of providing information thereon to the Committee without influencing voting on the matter.

Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and sufficiently detailed manner.

Monitoring the Related Party Transactions, if any, to ensure that they are conducted in a manner that will prevent or mitigate the impact of any conflict of interest which may arise between the Company and its Related Parties.

Reviewing the TOR of the Committee periodically to ensure that it reflects the best practices of the industry at all time.

Performs other activities which the Committee deems appropriate and necessary for the performance of its duties and undertake other responsibilities which the Board may assign to the Committee from time to time.

RELATED PARTY TRANSACTIONS DURING 2024/25

The Committee reviewed Related Party Transactions of the Company during the period of 01 April 2024 to 31 March 2025 and has thus complied with the rules pertaining to Related Party Transactions as set out in Section 9.14.5 of the Listing Rules of the CSE. The Company has not entered into any transactions as contemplated in Sections 9.14.6, 9.14.7 and 9.14.9 of the Listing Rules of the CSE.

All transactions entered into by the Company which fall under section 9.14.8 of the Listing Rules have been disclosed in Note. 55 to the Financial Statements on pages 388.

AUTHORITY

The Committee's recommendations are presented to the Board for final decision making on relevant issues. The Committee is authorised by the Board to obtain professional advice as and when it deem necessary at the expense of the Company which is coordinated by the Company Secretary.

DECLARATION

The Board of Directors declares the following in terms of rule No 9.16 of the Listing Rules of Colombo Stock Exchange that

(i) They have declared all material interests in contracts involving in the Entity and that they have refrained from voting on matters in which they were materially interested;

(ii) They have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effect1veness and successful adherence therewith;

(iii) They have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;

(iv) They have made disclosures of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.



Udeni Gallage
Chairperson of the Committee

30 May 2025
Colombo

BOARD NOMINATION & GOVERNANCE COMMITTEE

GRI 2-10



THE NOMINATION AND GOVERNANCE COMMITTEE PLAYS AN IMPORTANT ROLE IN PROMOTING ROBUST CORPORATE GOVERNANCE AND EFFECTIVE BOARD LEADERSHIP. ITS KEY RESPONSIBILITIES INCLUDE SELECTING AND EVALUATING BOARD CANDIDATES, ADVISING ON BOARD STRUCTURE AND SUCCESSION PLANNING, AND MONITORING GOVERNANCE POLICIES AND PROCEDURES.

S. Sudarshan
Chairman - Board Nomination & Governance Committee

The Board Nomination and Governance Committee (BNGC) is pleased to present its report for the financial year ended 31st March 2025

The Nomination Committee was formed as a sub - Committee of the Board in line with Section 10.4 of the Finance Business Act Direction No.05 of 2021 and Rule 9.11 of the Corporate Governance Rules of the Colombo Stock Exchange. The main role of the Committee is to ensure that Directors/KRPs of the Company are fit and proper persons to hold office as per the criteria set out in the Directions issued by the Central Bank of Sri Lanka, the Listing Rules of the Colombo Stock Exchange and other relevant Statutes and provide for succession planning of Directors and KRP s of the company.

In line with the revisions to the Corporate Governance Rules of the Colombo Stock Exchange, the Committee name was changed to Nomination & Governance Committee (BNGC).

The BNGC operates within the terms of reference as approved by the Board which encompasses the CBSL regulations and CSE regulations given to BNGC.

COMPOSITION OF THE NOMINATION AND GOVERNANCE COMMITTEE:

The BNGC is composed of three Non-Executive Directors, two-thirds of whom are independent Directors. However, on 29th May 2025, one of the Independent Directors disclosed a change in his independence status in accordance with Section 3.7(vii) of the Finance Business Act Direction No. 5 of 2021. The Committee promptly took action to advise and guide the Board to address this issue by appointing a new independent Director with experience in finance and auditing to chair both the Board Audit Committee and the Board Human Resources and Remuneration Committee. This step was taken to ensure compliance with the minimum independent directors' requirements outlined in section 3.7(a) of the aforementioned direction and Rule 9 of the Listing Rules issued by the Colombo Stock Exchange.

Each member brings valuable expertise and experience in corporate governance, leadership, and industry knowledge to the Committee's deliberations. The profiles of the members are given on the pages 158 to 163 of the Annual Report.

MEETINGS

The BNGC met five (05) times during the year under review with all meeting proceedings reported to the Board of Directors.

When necessary, the Chief Executive Officer/ GM and Compliance Officer, as well as the AGM HR/ Senior Manager HR attended the Committee meetings by invitation.

The Company Secretary of Peoples Leasing functions as the Secretary at all BNGC meetings.

TERMS OF REFERENCE

The Board Approved Terms of Reference ('TOR') sets out the duties and responsibilities of the BNGC. The BNGC's TOR's has been formulated in line with

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates: 20 Jun 2024	04 Sep 2024	19 Feb 2025	27 Feb 2025	25 Mar 2025	Meetings
1	Mr. S. Sudarshan- Chairman with effect from 11th February 2025		✓	✓				✓	✓	✓	3/3
2	Mr. P.D. Samarasinghe-Member with effect from 11th February 2025		✓					✓	✓	✓	3/3
3	Mr. Bradley Emerson-Member with effect from 11th February 2025		✓		✓			✓	✓	✓	3/3
4	Mr. C.J.Wijetillake-Ceased to be the Chairman with effect from 23rd January 2025		✓	✓		✓	💻				2/2
5	Mr. Y.Kanagasabai-Ceased to be a member with effect from 31st January 2025		✓	✓		✓	💻				2/2
6	Mr. Isuru Balapatabendi-Ceased to be a member with effect from 11th December 2025		✓		✓	✓	💻				2/2

✓ *Present* | 💻 *via Teams* | Ex *Excused*

the Finance Business act Direction No. 5 of 2021 on Corporate Governance and aforementioned Direction No. 6 of 2021 on Fitness and Propriety. The TOR is reviewed annually by the Board and appropriate changes are made as and when needed to reflect compliance requirements and best practices.

The Board Governance Charter and the Policy on "Board of Directors Selection, Appointment, Nomination, Re-election, and Continuation" outline the procedures for nominating and appointing directors to the Board.

As set out in the TOR, the BNGC assists the Board of Directors in fulfilling its following oversight responsibilities.

- To determine the strategy and policy in relation to terms and conditions of engagement of the Directors and Senior Management. The Chairman of the BNGC discusses with other members of the committee and provides feedback to the Chairman of the Board, on board effectiveness and annual Board evaluations
- To identify and designate senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management; and
- To develop and maintain a formal, rigorous and transparent procedure for making recommendations on appointments and re-appointments to the board of the Company and reviewing the succession plans for the Directors and Key Responsible Persons (KRPs); and
- To establish a fit and proper person policy, taking into account the fit and proper criteria stated in regulations.
- To propose suitable guidelines for the identification, appointment and re-appointment of Directors to the Board.
- To monitor compliance with the Corporate Governance Statutory Guidelines.
- To establish the process for conducting the review of the GM/CEO performance annually.
- To oversee and review the Board's succession plan together with the Succession plan for key responsible persons.
- To ensure Board Diversity in the range of experience, skills, age and gender as an essential factor for effective Board performance.

AUTHORITY

The recommendations of the Committee are brought to the notice of the Board to make a final decision. The Committee is authorized to obtain professional advice as and when required at the expense of the Company and this is coordinated by the Company Secretary.

ACTIVITIES 2024/25

In accordance with Article 27(2) of the Company's Articles of Association, the BNGC conducted a fit and proper assessment of the directors appointed since the last Annual General Meeting, namely Prof. Ajantha Samarakoon, Mr. Dulinda Perera, Ms. Udeni Gallage, Mr. S. Sudarshan, Mr. Anura Perera, Mr. Bradley Emerson, Ms. Shameela Loku Kaluge, and Mr. Jayantha Thilakarathne, all of whom are now eligible for reappointment. Accordingly, the shareholders will be invited to re-elect them at the upcoming Annual General Meeting. The profiles of the said board members are given on the pages 158 to 163 under the Corporate Governance report of the Annual Report.

At the beginning of the financial year 2024/25, all Board Members were assessed for their Independence/ Non-Independence. The criteria on Independence was reviewed against the relevant Directions of the Finance Business Act and the Listing Rules of the Colombo Stock Exchange.

The Committee assessed the skills, experience, diversity, and independence of current Board members to identify any gaps that needed to be filled.

The Committee also assessed the nomination of new appointments Key Responsible Persons (KRP) against the criteria on fitness & propriety for KRP's as defined by the Finance Business Act Direction No. 6 of 2021. Necessary competency, capability and integrity of the members have also been evaluated and recommended by the Committee for such appointments.

The procedure for the Continuous Professional Development of the Board of Director was formalized and a policy with a designated budget allocated for such activities to empower Board Members with the requisite knowledge and skills necessary to effectively fulfil their roles and responsibilities in governing the Company.

The Committee proactively initiated the early adoption of the revised requirements outlined in Section 9 of the Listing Rules, with necessary amendments to Company policies identified, and respective policy owners engaged with a view to developing necessary inputs to revise, improve, or implement policies accordingly.

The organizational structure of People's Leasing was reviewed with a view to establishing succession plan for the Key Management Personal. All new promotions granted during the year were also reviewed in line with the new organizational structure

Facilitated Board Evaluation for the year 2024/25 as well as the assessment and review of the appointment of the Acting CEO/GM and the CEO.

The Committee also undertook to perform the formal annual evaluation of its effectiveness. The output of the evaluation were forwarded to the Board of Directors for formal approval and / or any corrective action on the shortcomings.

CONCLUSION

The Nomination & Governance Committee is dedicated to assisting the Board in identifying and recommending candidates who possess the necessary proficiencies, expertise, and familiarity essential for meeting the strategic needs of the Company. Additionally, the committee is committed to ensuring that both the Board and the Company reflect the desired diversity and opportunities for all stakeholders.

The Committee sincerely extend its gratitude to former Chairman Mr. C.J. Wijetillake, along with its members Mr. Y. Kanagasabai and Mr. Isuru Balapatabendi, for their expertise and dedicated efforts in advancing the Committee's goals during their tenure.



S. Sudarshan
Chairman of the Committee
30 May 2025
Colombo

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT



MANAGING CREDIT RISK REMAINED CENTRAL TO PLC'S RISK MANAGEMENT FRAMEWORK, HIGHLIGHTING THE PERSISTENT CHALLENGES AND EMERGING OPPORTUNITIES WITHIN SRI LANKA'S SHIFTING ECONOMIC LANDSCAPE. THE COMPANY PLACED EMPHASIS ON MAINTAINING SOUND CREDIT RISK PRACTICES TO ENSURE FINANCIAL STABILITY, WHILE SUPPORTING ITS CUSTOMERS AND CONTRIBUTING TO BROADER ECONOMIC RESILIENCE.

S. Sudarshan
Chairman - Board Integrated Risk Management Committee

The Board of Directors of People's Leasing & Finance PLC which is primarily responsible for the integrated risk management initiatives has delegated its authority to the Board Integrated Risk Management Committee ("BIRMC" or "Committee") to review and assess the adequacy and effectiveness of the risk profile of the Company and the Group, in terms of Section 10.3 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021.

TERMS OF REFERENCE (TOR)

During the period under review, the TOR of the Committee were revised, and in an effort to strengthen the decision-making process, the quorum for conducting Committee business was raised to three Members. In compliance with the aforementioned Direction, The TOR clearly set out authority/ delegations vested with the Committee, composition, responsibilities, meeting frequency and quorum, reporting and other procedures of the Committee.

COMPOSITION

The BIRMC comprised the following members whose profiles are given on pages 158 to 163

Name of the BIRMC Member	Directorship Status
Mr. S. Sudarshan w.e.f. 11.02.2025	Committee Chairman (Non-Executive, Independent Director)
Prof. Ajantha Samarakoon w.e.f. 11.02.2025	Committee Member (Non-Executive, Independent Chairman)
Mr. Anura Perera w.e.f. 11.02.2025	Committee Member (Non-Executive, Non-independent Director)
Mr. Pravir Samarasinghe up to 10.02.2025	Committee Chairman (Non-Executive, Independent Director)
Mr Azzam A. Ahamat up to 10.02.2025	Committee Member (Non-Executive, Non-Independent Director)
Mr. Yudhishtran Kanagasabai up to 31.01.2025	Committee Member (Non-Executive, Independent Director)
Secretary to the Committee Ms. Akila Samarasinghe (Acting Chief Risk Officer)	

Regular Attendees by Invitation

- Chief Executive Officer/ General Manager
- Chief Operating Officer
- Acting Chief Risk Officer
- AGMs Branch Network
- Compliance Officer

Key Management Personnel from PLC Subsidiaries

- Chief Executive Officer - People's Insurance PLC (PI)
- Chief Executive Officer - Head of People's Micro-commerce Limited
- Officer-in-charge of People's Leasing Fleet Management Limited
- Chief Executive Officer – Lankan Alliance Finance Limited
- Director - People's Leasing Property Development Limited
- Director - People's Leasing Havelock Properties Limited

MEETINGS

The Committee held six (06) meetings during the year under review, The attendance of the members of the Committee was as follows.

No.	Name of the Director	Executive	Non-Executive	Independent	Non independent	No. of Meetings (Attended/Eligible to attend)
1	Mr S. Sudarshan - Committee Chairman W.e.f. 11.02.2025		✓	✓		4/4
2	Mr. Pravir Samarasinghe-Committee Chairman Up to 10.02.2025		✓	✓		2/2
3	Prof Ajantha Samarakoon - Committee Member W.e.f. 11.02.2025		✓	✓		4/4
4	Mr. Anura Perera - Committee Member W.e.f. 11.02.2025		✓		✓	4/4
5	Mr Yudhishtran Kanagasabai Up to 31.01.2025		✓	✓		2/2
6	Mr Azzam A. Ahamat – Committee Member Up to 10.02.2025		✓		✓	1/2

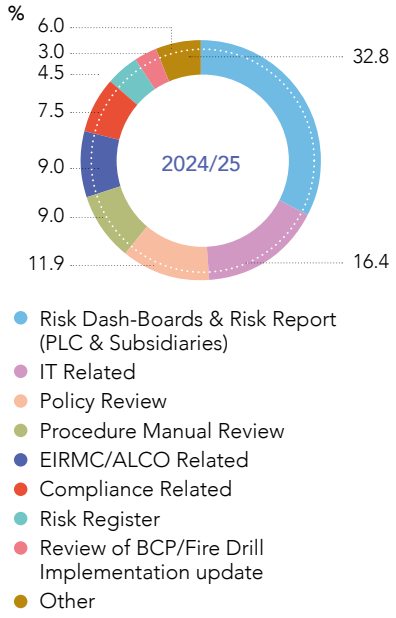
REPORTING TO THE BOARD

Immediately after the BIRMC meetings, Risk Assessment reports are submitted to the Board seeking their views, concurrence and/or specific directions. Minutes of the Committee which include the deliberations and conclusions reached were submitted to the subsequent BIRMC meeting for confirmation and adoption. All minutes of the meetings were formally approved by the Committee Chairman and the approved minutes were also submitted to the Board.

ACTIVITIES

The BIRMC effectively assisted the Board of Directors in performing its oversight function in relation to the internal/external risks faced by the Company in carrying out its business operations. All key risks tracked through Key Risk Indicators (KRIs) on a monthly basis are reviewed by the Committee at its meetings.

Key Areas of Discussion and Time Allocated



INTEGRATED RISK MANAGEMENT

- In compliance with the Finance Business Act Direction No.02 of 2024 and No. 04 of 2024, issued by the Central Bank of Sri Lanka, the Risk & Control Department formulated the Credit Risk Management Framework and Operational Risk Management Framework, respectively. The Committee reviewed and recommended both frameworks for Board approval.
- The Committee reviewed the Policies and amendments submitted, including the following;
  - Risk Tolerance Statement
  - Business Continuity Policy
  - Information Protection Procedure
  - Document Retention and Destruction Policy
  - Default Interest Policy
  - AML Policy
  - Outsourcing Policy
  - Write-off Policy
- The Committee reviewed the procedure manuals and amendments to the existing manuals submitted, including the following;
  - Transaction System Monitoring System Manual
  - Compliance Charter & Policy Manual
  - Amendments to the Tender-Auction Manual
  - Amendments to the FD & Savings Manual
- The Committee reviewed and recommended the TOR of Change Management Committee for Board approval. This Committee was formed to review system modification requests by the users, prioritize them upon evaluation and monitor the progress of system developments.
- The Committee reviewed the risk register quarterly, which was reported in line with the Corporate Governance Direction no. 5 of 2021.
- The Committee reviewed and deliberated on the Branch Risk Rating Assessments submitted to the Committee.
- Reviewed the quarterly risk reports (Risk Dash-board/Risk Indicator reports) of PLC and its subsidiary companies. All participants at meetings were actively encouraged to review all risks comprehensively and also to undertake analyses going beyond the requirement of regulations.
- The Committee reviewed the ALCO and EIRMC meeting minutes and discussed the concerned matters and proposed necessary action.

CREDIT RISK

Managing credit risk remained central to PLC's risk management framework, highlighting the persistent challenges and emerging opportunities within Sri Lanka's shifting economic landscape. The Company placed emphasis on maintaining sound credit risk practices to ensure financial stability, while supporting its customers and contributing to broader economic resilience.

- The Committee focused on asset quality indicators including infectious score and deliberated in detail on the necessary course of action to improve the asset quality of the Company.
- Reviewed the portfolio quality through non-performing loan analysis and compared with the industry ratios.
- The Committee reviewed impairment model back testing procedure and recommended adopting upon Board approval.
- Reviewed the credit concentration risk sector-wise, product-wise and asset-wise and compliance with regulatory requirements such as single borrower limits.
- The Committee reviewed stress tests to assess the impact of the increase in the level of loss ratio with the increase of objective evidence on the profitability and capital adequacy.
- Reviewed the deliberations that were carried out by the EIRMC in respect of managing the credit risk including detailed credit risk analyses and post loan review findings.

LIQUIDITY AND MARKET RISK

- Reviewed the minutes of ALCO meetings submitted to the Committee to assess the effectiveness of liquidity and market risk management.
- Reviewed the adequacy of maintained liquid assets, the maturity mismatch, sensitivity analysis, and interest rate re-pricing gaps.
- Reviewed liquidity stress test results and adequacy of contingent funding lines.

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

OPERATIONAL RISK

- Reviewed the Risk register, which includes operational risk events together with the operational risk matrix.
- Reviewed key operational risk indicators established with respect to human resources and frauds and deliberated on risk mitigation strategies.
- Reviewed the status of unsatisfactory rated audits determined based on the strength of the internal control system.
- Reviewed the adequacy of operational risk management based on the Branch Level Operational Risk Assessment results and deliberations carried out by the EIRMC on operational risk-related areas.

Business Continuity

- Reviewed the progress of the BCP drill and Fire drill execution at the Branch level.

INFORMATION AND CYBER SECURITY RISK

- The Committee reviewed the ICT Risk Assessment based on numerous asset categories related to ICT operations and the Risk Assessment on Change Management submitted by the Information Security Officer (ISO) quarterly. The Committee reviewed the following risk assessments submitted by the ISO during the period under review.
  - Risk Assessment of eDoc
  - Risk Assessment of Gold Card
  - Risk Assessment of Tab Usage of Marketing Staff
- Reviewed the minutes of the IT Steering Committee and Information Security Committee and deliberated on the action items, especially on the development of the core IT system.
- The Committee reviewed the revised ICT disaster recovery plan and recommended for Board approval.
- The Committee reviewed the IT staff competency requirements set out by the CBSL direction on Technology Risk Management and Resilience.

REGULATORY AND COMPLIANCE RISK

- Reviewed the Company's compliance with the regulatory requirements and monitored against the risk tolerance levels, where applicable.
- Reviewed the compliance reports submitted by the Compliance Officer to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies in all areas of Company operations.
- Reviewed the new directions, circulars and guidelines issued by the Central Bank of Sri Lanka and deliberated the action items thereon.
- Reviewed the Annual Compliance Plan and recommended for the Board approval.
- Reviewed quarterly group compliance reports, which included a summary of the compliance status of all PLC subsidiaries.
- Reviewed the status of branch compliance reviews and degree of compliance and the Committee provided directions thereon.
- Reviewed the comprehensive AML reports quarterly and the Company level Money Laundering and Terrorist Financing risk assessment.

STRATEGIC RISK

- Reviewed the effectiveness of strategies implemented in response to the changes in the business environment.
- Reviewed strategic risk indicators against set risk tolerance levels and industry ratios.

ASSESSING THE RISK PROFILE OF SUBSIDIARY COMPANIES

During the year under review, the following subsidiary companies submitted Risk Dashboard/ key risk indicator reports to the BIRMC enabling the Committee to review the risk profile of each subsidiary company and the overall risk profile of People's Leasing Group. Highlights of subsidiary company reviews are given below.

PEOPLE'S INSURANCE PLC (PI)

- The Committee reviewed the underwriting quality, investment concentrations, motor claim ratios together with KRIs of default risk, operational risk, strategic risk, compliance risk on a quarterly basis.
- The Committee reviewed the PI's Compliance with the Risk-Based Capital Model regulated by the Insurance Regulatory Commission of Sri Lanka (formerly known as the Insurance Board of Sri Lanka)
- The Committee reviewed the industry analysis and deliberated on the future strategies of the Company.
- The Committee reviewed the progress of the action items agreed at the meetings.

PEOPLE'S MICRO-COMMERCE LIMITED (PML)

- PML involves in the business of providing microfinance facilities to ensure financial inclusivity of the under privileged, rural and urban population and operates with a different risk profile.
- The Committee reviewed the asset quality and credit concentration sector-wise and product-wise.
- The Committee reviewed the Company's risk profile quarterly against set risk tolerance limits.
- The Committee deliberated and reviewed the future strategies of the Company.

PEOPLE'S LEASING FLEET MANAGEMENT LIMITED (PLFML)

- PLFML operations were mainly confined to valuation services.
- BIRMC quarterly reviewed the Risk Dash-board reports submitted by PLFML.
- The Committee deliberated on the resource utilisation of the Company given the stressed operating environment and reviewed the future strategies of the Company.

ALLIANCE FINANCE LIMITED (AFL) - (PLC'S BANGLADESH SUBSIDIARY)

- BIRMC quarterly reviewed the Risk Dash-board reports submitted by AFL.
- CEO of AFL participated in BIRMC meetings through video conferencing to explain the operations of the Company and risk mitigating strategies.
- The Committee reviewed the future strategies of the Company.

PROPERTY DEVELOPMENT SUBSIDIARIES

- The Committee reviewed the Risk Indicator reports submitted by People's Leasing Property Development Limited and People's Leasing Havelock Properties Limited.
- The Committee reviewed the operations of these companies, including occupancy details.

The Risk and Control Department coordinated with the aforementioned subsidiaries of People's Leasing and briefed the Committee on the relevant information through various risk indicators and additional information.

OTHERS

- Worked with the Senior Management closely and made decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.
- Supervised the procedures of Integrated Risk Management responsibilities pertaining to risk management strategies, policies and processes.
- Recommended corrective action to mitigate the effects of specific risks at levels beyond the risk tolerance levels approved by the Board and on the basis of Company's policies, regulatory and supervisory requirements.

During the year under review, the BIRMC extended its support in line with the risk appetite and tolerance framework and also by reviewing and recommending policies, manuals and products to the Board, and in the execution of overall business strategy emphasising the upside and downside risks which can have an impact on the Company and the Group.

The BIRMC also takes this opportunity to thank Mr. Pravir Samarasinghe, Mr. Yudhishran Kanagasabai and Mr. Azzam A. Ahamat the previous members of the BIRMC during the financial year for their contribution.



S. Sudarshan
Chairman - Board Integrated Risk Management Committee

30 May 2025
Colombo

BOARD CREDIT COMMITTEE



ITS PRIMARY ROLE IS TO ASSIST THE BOARD OF DIRECTORS IN FULFILLING ITS CORPORATE RESPONSIBILITIES BY PROVIDING OVERSIGHT ON THE COMPANY'S CREDIT ACTIVITIES, PARTICULARLY IN IDENTIFYING, ASSESSING, MEASURING, MONITORING AND MANAGING THE COMPANY'S CREDIT RISK AND TAKE INTO ACCOUNT THE BOARD APPROVED CREDIT STANDARDS, POLICIES, PROCEDURES.

Clive Fonseka
Chairman - Board Credit Committee

The Board Credit Committee (BCC) is pleased to present its report for the financial year ended 31st March 2025.

The BCC is a voluntary body established by Board of People's Leasing & Finance PLC (People's Leasing) to oversee its Credit and Credit functions and provide assistance to the Board in reviewing and supervising the Company's lending processes.

COMPOSITION OF THE COMMITTEE

The BCC consists of three Non- Executive Directors. The BCC is chaired by a Non-Executive Non-Independent Director. Each member brings valuable expertise and experience in credit risk management to support the Committee's deliberations. (Profiles of the members are given on pages 158 to163 of the Annual Report).

MEETINGS

The BCC held four meetings during the year under review, with all meeting proceedings reported to the Board of Directors.

The Chief Executive Officer of the Company is a permanent invitee of the committee and attends all BCC meetings. When necessary, members of Senior Management attended BCC meetings by invitation.

The Company Secretary of Peoples Leasing functions as the Secretary at all BCC meetings.

TERMS OF REFERENCE

The Board Approved Terms of Reference ('TOR') sets out the duties and responsibilities of the BCC. TOR's are reviewed annually by the Board and appropriate changes made as needed to reflect compliance requirements and best practices.

As set out in its TOR, the BCC assists the Board of Directors in fulfilling its oversight responsibility by;

- Considering and recommending to the Board of Directors on the overall Credit Strategy and Credit Policy of the Company
- Considering and recommending to the Board of Directors on Manuals and lending guidelines related to Credit including any changes required from time to time
- Reviewing and recommending the appropriate portfolio mix/ diversification by considering Market Conditions/ Economic Climate of the Country, Risk Appetite, Regulatory Requirements and Risk Return Tradeoff.
- Sanctioning of Credit Proposals – The BCC shall consider and approve/ decline credit proposals within its delegated credit approving authority limits
- Reviewing and making suitable recommendations to the Board on the Credit Proposals that are beyond its delegated credit approving authority limits
- Reviewing the Credit Portfolio, Portfolio Performance and delinquency on regular basis with a

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates: 20 Jun 2024	29 Aug 2024	26 Mar 2025	31 Mar 2025	Meetings
1	Mr. Clive Fonseka-Chairman with effect from 11th February 2025		✓		✓			✓	via Teams	2/2
2	Mr. S. Sudarshan-Member with effect from 11th February 2025		✓	✓				✓	via Teams	2/2
3	Mr. Dulinda Perera-Member with effect from 11th February 2025		✓		✓			✓	via Teams	2/2
4	Mr. Azzam Ahamat-Ceased to be the Chairman with effect from 10th February 2025		✓		✓	✓	via Teams			2/2
5	Mr. C.J. Wijetillake-Ceased to be a member with effect from 23rd January 2025		✓	✓		via Teams	via Teams			2/2
6	Mr. U.L.A.W. Bandara-Ceased to be a member with effect from 10th February 2025		✓	✓		✓	via Teams			2/2

✓ *Present* | via Teams | Ex *Excused*

view to consider all issues that may materially impact on the credit quality of the company and to ensure the adequacy of loan loss provisions.

- Evaluating the effectiveness of the follow-up and/or corrective action implemented by the Management to address the deterioration in the asset quality and recommended the required changes, if any.
- Considering and approving exposure limit/loan to value ratio for each type of collateral based on the current economic climate of the Country and risk appetite of the Company and conducting periodic reviews of the same
- Reviewing and approving the Credit scoring Model to evaluate the Credit Risk or the Probability of Default of the Borrowers and reviewing the same at least once in every year
- Product development – Review and recommend credit related product development proposals submitted by the Management considering Marketability, Margins, Collateral, Recovery or Collection process, Control requirements, Regulatory requirements and overall risk relating to the product.
- Credit Administration – Periodically review Credit administration process and make sure that the process is effective to deliver a smooth and fast service to clients while ensuring the process has adequate control mechanisms to mitigate operational risks
- Promote Credit Culture within the Company by adhering to the regulations relating to credit, best practices in credit while maintaining high level of ethical standards.

AUTHORITY

The recommendations of the BCC are brought to the notice of the Board for final decision. The BCC is authorised to obtain professional advice as and when required at the expense of the Company.

ACTIVITIES 2024/25

During the year under review, the BCC consistently reviewed extension of significant credit facilities as well as evaluated major settlement proposals.

The delegated Credit authority limits were reviewed in line with the organisational structure.

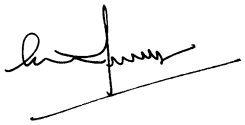
The BCC also proposed amendments to the policy governing the valuation and inspection of immovable property and additionally has advised the management to uphold a robust and diversified loan portfolio, with vigilant oversight on credit risk.

The Credit Policy was reviewed and recommended to the Board for adoption.

The BCC recommended the implementation of the new Credit Management System allowed for electronic approval of facilities.

CONCLUSION

The BCC acknowledges the importance of fostering a robust credit culture and remains committed to upholding the Company's credit management policies and practices in accordance with the highest standards of integrity. Furthermore, the Committee is confident that its recommendations are well-aligned with the credit and lending objectives of both the Board and the management team



Clive Fonseka
Chairman - Board Credit Committee

30 May 2025
Colombo

BOARD INVESTMENT COMMITTEE



THE BOARD INVESTMENT COMMITTEE'S MAJOR RESPONSIBILITY IS TO OVERSEE AND ADVISE THE BOARD ON INVESTMENT STRATEGIES, ENSURING THAT THE ORGANIZATION'S FINANCIAL OBJECTIVES ARE REALIZED WHILE MINIMIZING RISK. THEY OVERSEE CREATING INVESTMENT POLICY, MONITORING PORTFOLIO PERFORMANCE, AND SUGGESTING CHANGES TO THE BOARD.

Anura Perera
Chairman - Board Investment Committee

The Board Investment Committee (BIC) is pleased to present its report for the financial year ended 31st March 2025.

The Board Investment Committee (BIC), is a voluntary board subcommittee of People's Leasing & Finance PLC (People's Leasing) Board to oversee the Company's investment activities and strategic direction.

COMPOSITION OF THE COMMITTEE

The BIC consists of three Non-Executive Directors, of which one -thirds of Independent Directors. The BIC is chaired by non-Independent Non-Executive Director Each member brings valuable expertise and experience in portfolio management to support the Committee's deliberations. (Profiles of the members are given on the pages 158 to 163 of the Annual Report.

MEETINGS

The BIC met four (04) times during the year under review, with all meeting proceedings reported to the Board of Directors.

When necessary, the Chief Executive Officer and the members of Corporate Management attended Committee meetings by invitation.

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the BIC

TERMS OF REFERENCE

The Board Approved Terms of Reference ('TOR') sets out the duties and responsibilities of the BIC. TOR's are reviewed annually by the Board and appropriate changes made as needed to reflect compliance requirements and best practices.

As set out in its TOR, the BIC assists the Board of Directors in fulfilling its oversight responsibility;

- To establish PLC's investment strategy to be in line with the Company's Vision and Mission and review annually.
- To assess if such investments are in line with the Company's Investment Policy Statement.
- To evaluate high profile investment opportunities or investments that have a substantial impact to the business structure of the Company, including acquisitions/divestments/spinoffs/ mergers, investments in subsidiaries/ associates/special purpose vehicles or related parties, equity investments (except for trading purposes), debentures, government securities (except for investments aimed at fulfilling statutory requirements.
- To evaluate the Company's investment portfolio risks and returns
- To review the progress of due diligences and progress of potential investments such as acquisitions/ divestments/spin-offs/mergers, etc.
- Any other matters relating to investments referred to the Committee by the Board.

AUTHORITY

The recommendations of the BIC are brought to the notice of the Board to make a final decision. The BIC is authorised to obtain professional advice

No.	Name of the Director	Executive	Non Executive	Independent	Non Independent	Meeting Dates: 09 Apr 2024	14 Mar 2025	17 Mar 2025	24 Mar 2025	Meetings
1	Mr. Anura Perera-Chairman with effect from 11th February 2025		✓		✓		✓	✓	💻	3/3
2	Mr. S. Sudarshan-Member with effect from 11th February 2025		✓	✓			✓	✓	✓	3/3
3	Mr. Clive Fonseka-Member with effective from 11th February 2025		✓		✓		💻	💻	💻	3/3
4	Mr. C.J.Wijetillake-Ceased to be a member with effect from 23rd January 2025		✓	✓		Ex				0/1
5	Mr. Azzam A. Ahamat-Ceased to be a member with effect from 10th February 2025		✓		✓	✓				1/1

✓ *Present* | 💻 *via Teams* | Ex *Excused*

as and when required at the expense of the Company.

ACTIVITIES 2024/25

During the year under review, the BIC reviewed the revised dividend policy aligning with the present regulatory requirements on distribution

The Committee continued to work closely with management to ensure that the Company's investment decisions are informed by comprehensive research and analysis, and that the Company's asset and liability portfolios are positioned to capture opportunities while managing risk effectively.

CONCLUSION

The Board Investment Committee wishes to express its appreciation to the investment team and all employees involved in the investment process for their dedication and diligence in managing the Company's investment portfolio. The Committee remains committed to its oversight responsibilities and will continue to monitor and evaluate investment activities to ensure the optimal best possible outcomes for the company and its stakeholders.



Anura Perera
Chairman - Board Investment Committee

30 May 2025
Colombo

COMPLIANCE RISK MANAGEMENT STATEMENT

STRENGTHENING THE COMPLIANCE CULTURE

During the financial year 2024/25, People's Leasing & Finance PLC (People's Leasing) made significant progress in reinforcing its compliance framework, embedding regulatory discipline and ethical conduct across all operations. These efforts helped safeguard the Company from legal, financial, and reputational risks while enabling sustainable growth and stakeholder trust.

PEOPLE'S LEASING'S COMPLIANCE FRAMEWORK

PLC operates under a structured Compliance Risk Management Framework designed to ensure full adherence to applicable laws, regulations, and internal governance standards.

Key elements of the framework include:

- **Independent Compliance Division:**
  The Compliance Division functions independently and reports directly to the Board Integrated Risk Management Committee (BIRMC), ensuring strategic oversight and accountability.
- **Established policies and procedures:**
  The Company maintains a comprehensive set of policies, including:
  - Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Policy
  - Compliance Charter and Policy Manual
  - Outsourcing Policy
  - Related Party Transaction (RPT) Policy and Manual
  - Share trading Policy
  - Information Security and Data Privacy Policy
- **Technology and systems for compliance monitoring:**
  Technology remains central to People's Leasing's compliance strategy. Recent enhancements include:
  - Enhanced AML surveillance with risk scoring
  - Integration with the GOAML system for efficient reporting
  - Advanced customer screening using World-Check One and internal filters
  - Centralised compliance incident tracking system
  - Automated regulatory reporting processes for improved accuracy
- **Compliance risk assessments and third-party oversight:**
  Targeted compliance risk assessments were conducted across key business lines to proactively identify risks, covering:
  - Customer onboarding and due diligence
  - Transaction monitoring and reporting
  - Outsourced services oversight
  - Product-specific regulatory adherence
  - Vendor and partner due diligence was further strengthened to ensure compliance alignment.
- **Employee awareness and training:**
  A compliance-first culture was promoted through structured training and communication:
  - Continuous training on AML/CFT, sanctions, and data protection
  - Special sessions for high-risk operational areas
  - Compliance Bulletins on regulatory updates and guidance
  - Participation in industry events such as the FHA Compliance Quiz
- **Escalation and incident reporting mechanism:**
  A structured and confidential escalation process remained in place, allowing employees to report concerns or suspected misconduct through multiple secure channels, including a dedicated hotline. This mechanism supports transparency, timely resolution, and accountability.

HIGHLIGHTS OF FY 2024/25

- **Policy revisions:**
  Regular updates to align policies with regulatory changes and best practices.
- **Targeted compliance risk assessments:**
  Broadened across business units to proactively manage vulnerabilities.
- **Third-Party risk management:**
  Strengthened due diligence of vendors and partners.
- **Data privacy and protection:**
  Improved protocols and training on customer data security.
- **Regulatory communication:**Active engagement through forums, workshops, and direct communications.
- **Internal compliance initiatives:**
  Organisation-wide campaigns to encourage ethical conduct and open reporting.

- **System enhancements:**
  Major technology upgrades in transaction monitoring, customer screening, reporting, and incident tracking.

- **Zero regulatory breaches:**
  No material breaches or penalties recorded; all submissions were timely and compliant.

LOOKING AHEAD – 2025/26 PRIORITIES

People's Leasing is committed to continuous enhancement of its compliance framework. Key priorities include:

- Expanding automation and real-time monitoring capabilities
- Strengthening reporting on ESG (Environmental, Social, and Governance) metrics
- Preparing for new data protection legislation and privacy obligations
- Enhancing employee engagement and training on emerging risks
- Sustaining a strong culture of ethics, integrity, and accountability

RISK MANAGEMENT REVIEW

PEOPLE'S LEASING'S APPROACH TO MANAGING RISKS

As with any growing business, People's Leasing is committed to ensuring that its core activities are executed in a manner that not only protects the Company's financial stability but also consistently aligns with and exceeds the expectations of all stakeholders. Towards this end, the Company has adopted the Integrated Risk Management (IRM) framework to ensure that risks are effectively managed to minimise the likelihood of unexpected losses or disruptions that could undermine the financial health, reputation, or regulatory standing of the Company. The IRM framework also supports the identification and evaluation of emerging risks and opportunities, enabling People's Leasing to stay agile and responsive in a dynamic business environment.

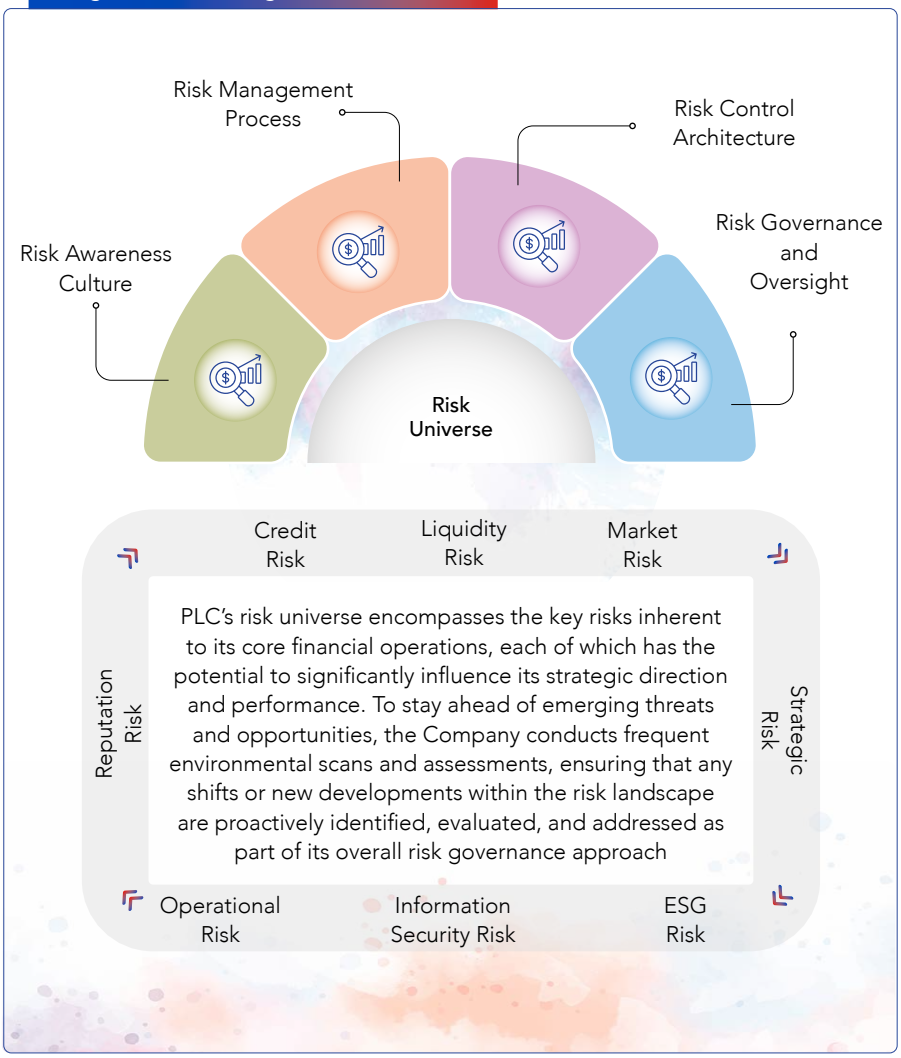
RISK GOVERNANCE AND OVERSIGHT

Effective risk governance is vital for People's Leasing as it empowers the Company to navigate the complex and highly regulated environment that financial institutions in Sri Lanka operate in. Strong risk governance provides a structured framework to identify, assess, and manage a wide range of risks that could threaten People's Leasing's stability, profitability, and reputation, while enabling the management to capitalise on potential opportunities to position the Company for long-term, sustainable growth in a competitive market.

Board of Directors

The People's Leasing Board, as the highest governing body of the Company, sets the overall tone and direction for risk management, including establishing an appropriate organisation-wide risk control framework comprising the risk appetite, tolerance thresholds, risk management policies and standard operating procedures. The Board also provides strategic oversight by regularly reviewing key risks, monitoring the adequacy of internal controls, and assessing whether risk mitigation measures align with the Company's short-, medium-, and long-term goals.

Integrated Risk Management Framework



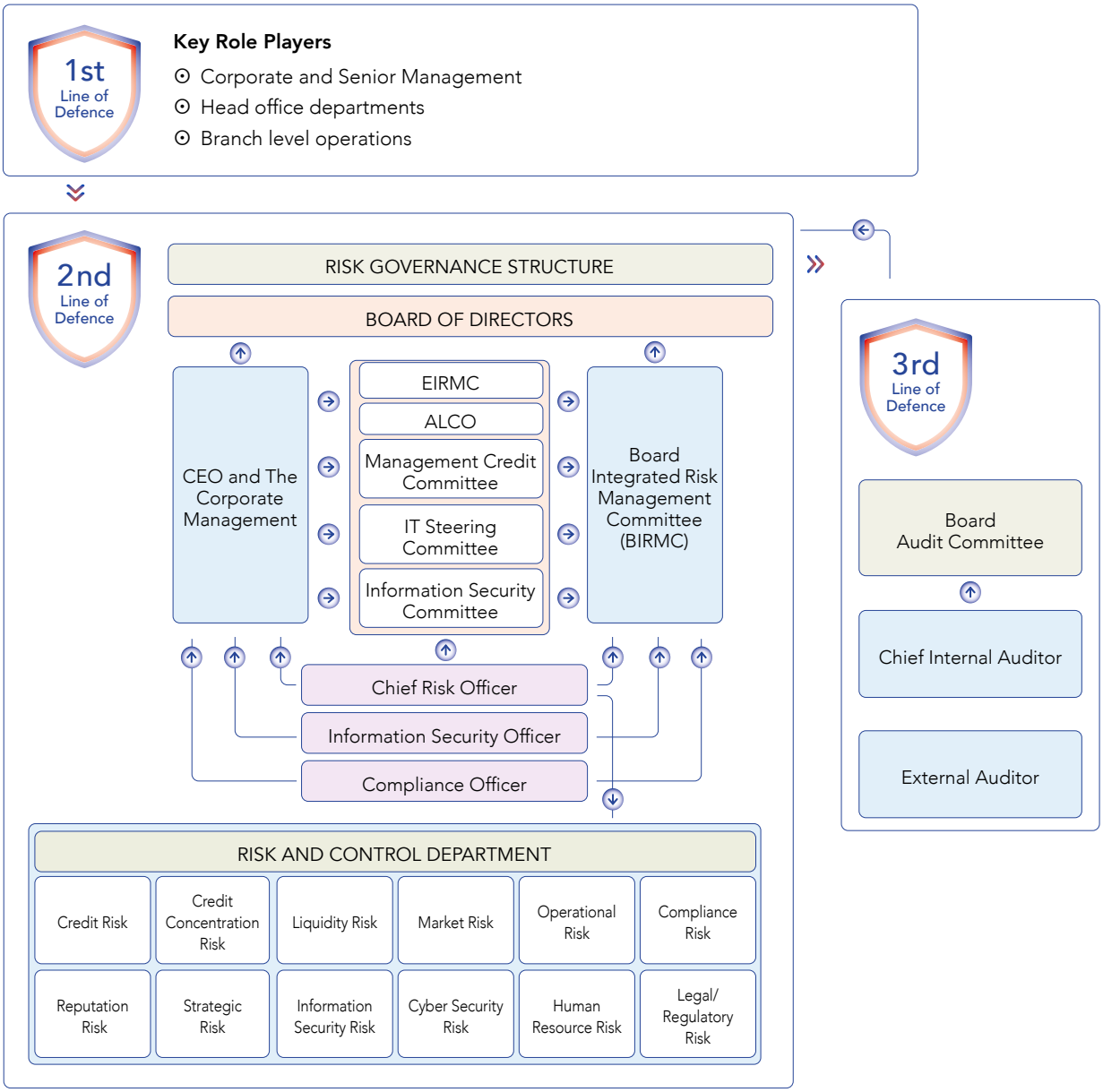
Risk Committees

Supporting the Board in fulfilling its risk management responsibilities are several key Board Committees, including the Board Integrated Risk Management Committee (BIRMC), Board Audit Committee (BAC), Board Credit Committee (BCC), and Board Investment Committee (BIC). Each of these Committees plays a crucial role in monitoring risk to ensure adherence to risk tolerance limits within their respective areas, especially in light of shifts in the external environment, and provide recommendations to the Board for any necessary adjustments. They are also responsible for developing and implementing risk control frameworks, enhancing risk monitoring and reporting systems, and fostering a strong, organisation-wide risk awareness culture. These Committees in turn offer oversight and guidance to Corporate Management to ensure the effective execution of the IRM Framework across operations.

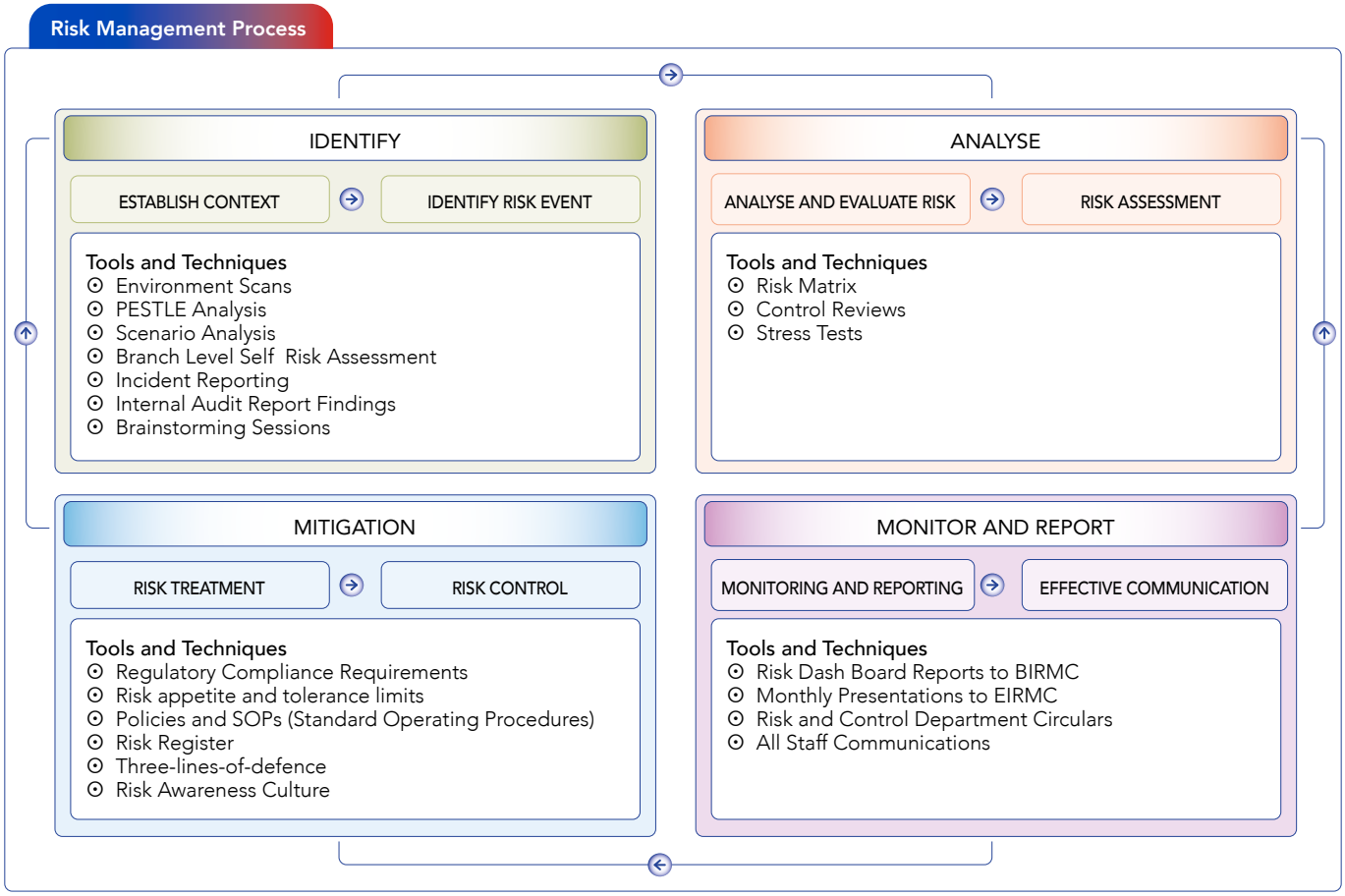
Executive level committees further strengthen the risk management by providing targeted oversight over specific risk areas, ensuring a proactive and coordinated approach to managing the Company's overall risk exposure. These include the Asset and Liability Committee (ALCO), IT Steering Committee (ITSC), Management Credit Committee (MCC), and the Executive Integrated Risk Management Committee, chaired by the CEO, COO, and CRO respectively.

Risk & Control Department (RCD)

The RCD plays a central role in supporting the Board, its Committees, and executive-level committees in overseeing and managing risk across the organisation. Led by the Chief Risk Officer, the RCD is tasked with monitoring key risks while ensuring that effective mitigation measures are implemented in alignment with the Board-approved risk management framework. Beyond risk monitoring, the RCD provides critical input to the capital planning process by assessing how evolving risk exposures may affect the Company's capital adequacy and financial resilience. Through its work, the RCD ensures that decision-makers at all levels are equipped with timely, accurate risk insights to safeguard the institution's stability and support sound, risk-informed strategic planning.



RISK MANAGEMENT REVIEW



RISK CONTROL ARCHITECTURE

The Risk Control Architecture is a fundamental pillar of People's Leasing's IRM framework. It works hand-in-hand with the broader Risk Management Process by offering the institutional backbone to embed effective risk management principles at all levels of operation.

Risk Appetite

The Board approved risk appetite is a core element of People's Leasing's risk control architecture. A collection of maximum allowable thresholds for each risk type, the risk appetite provides clear boundaries within which the management can pursue business objectives to ensure overall risk-taking remains consistent with the Company's capacity, capital strength, and strategic goals. The Board works closely with the risk committees to review and update the risk appetite as needed to take cognisance of the evolving internal and external environments, ensuring the IRM framework remains both robust and adaptive over time.

Stress Testing

Stress testing is a key tool used by the RCD to monitor and assess risk exposures under a range of adverse but plausible scenarios. Stress tests help quantify potential losses, assess capital adequacy, and evaluate the resilience of the Company's balance sheet under stressed conditions. The insights gained from stress testing are critical for informing the Board regarding capital planning, adjustments to risk appetite limits, enhancing contingency plans, and strengthening the risk awareness culture.

Risk Register

The risk register tracks all identified risks across the Company's risk universe and serves as a living record of the evolving risk landscape. The risk register is continually updated to reflect new risks, changes in existing risks, and emerging trends based on ongoing monitoring, environmental scans, internal assessments, and external developments. It details the nature of each risk, its potential impact, likelihood, assigned ownership, and the corresponding mitigation measures or controls in place to support proactive risk management at all levels of the organisation.

Internal Capital Adequacy Assessment Process (ICAAP)

The ICAAP is another key tool used by the RCD to measure the impact to the Company's capital position by taking into account all key risks. The ICAAP process was voluntarily adopted by People's Leasing where comprehensive stress tests are performed to forecast minimum capital requirements to safeguard against potential losses under stress conditions. Having voluntarily adopted the latest BASEL guidelines as a benchmark for its ICAAP, the RCD performed stress tests for all risk pillars in line with BASEL guidelines to determine the impact on the Company's capital position. Stress tests are also performed prior to the declaration of dividends/ interim dividends in line with the CBSL regulatory requirements.

Summary of Key Risks

Risk Category	Risk Indicator	Unit	Risk Environment	Appetite	31.03.2025	31.03.2024
Credit Risk	Non-Performing Ratio (Gross) - 6 months	%	Internal	<10	4.16	9.81
	CBSL NP Ratio - 3 months	%		<15	6.57	15.24
	P & L Charge Ratio (On Profit)	%		<20	-12.60	-48.46
	NPL/Impairment Coverage Ratio	%		>75	96.28	86.43
Credit Concentration Risk	Single/group borrower limit	Rs. billion	Internal	As per CBSL	Complied	Complied
	HHI score	Points		<0.4	0.15	0.17
Liquidity Risk	Liquid assets ratio	%	Internal	>100	189.52	375.27
	Maturity mismatch ratio	%		>-45	-0.34	0.97
	Facilities granted from stable sources	%		<150	102.57	93.73
	Maximum single depositor concentration	%		<5	6.16	2.94
	Exposure to bulk deposits (over Rs. 50 million)	%		<20	31.15	11.95
Market Risk	Interest rate sensitivity	%	External	<6	1.52	0.92
	Repricing gap ratio (up to three months)	%		>-20	16.32	13.01
Operational Risk	Frauds detected (value as a percentage of operational expenses) – FY 2024/25	%	Internal	<0.5	0.65	0.17
	Unsatisfactory audits (as a percentage of total audit reviews) - FY 2024/25	%		<15	0.00	0.96
	Staff turnover ratio (annual)	%		<15	16.32	20.26
	Cost to income ratio	%		<50	54.96	55.60
Regulatory Risk	Capital adequacy ratio		Internal			
	Tier 1 capital ratio	%		>10	22.94	30.00
	Total capital ratio	%		>14	22.68	29.70
	Capital funds ratio	%		>12.5	33.36	42.82
Strategic Risk	Return on equity ratio	%	Internal	>15	8.56	8.68
	Return on assets ratio	%		>3.5	3.27	3.25
	Net interest margin	%		>7.5	8.64	7.69
	Gearing ratio	Times		<7	3.32	2.65
Investment Risk	Equity Investment Ratio	%	External	<5	0.65	0.67
	Non-Trading & Strategic Investments	%		<15	8.72	9.55
Information Security Risk	Information Security Incident Management	Periodic Review	Internal	Checked by ISO	Checked	Checked
	Business Continuity Management - ICT				Checked	Checked
	Access Management			Periodic user access review	Complied	Complied

RISK MANAGEMENT REVIEW

Risk Awareness Culture

People's Leasing believes that cultivating a strong risk awareness culture is fundamental to embedding effective risk management across all levels of the organisation. The Board sets the tone from the top to promote the appropriate behaviours.

Additionally the RCD conducts continuous training and regular awareness on key risks and controls, to reinforce the risk awareness culture to ensure that every employee understands their responsibilities regarding risk management.

MANAGING KEY RISKS AT PEOPLE'S LEASING

Credit Risk

As a financial services provider Credit Risk is the most significant risk for People's Leasing. Credit risk has two key parts: (1) Default risk, being the loss to the Company if borrowers fail to repay their loans on time, and (2) Credit concentration risk - the risk of loss if a large single borrower or group of related loans performs below expectations.

Managing Default Risk

Managing default risk begins at the credit evaluation stage. Guided by the Board-approved Credit Policy, clear Standard Operating Procedures (SOPs) are in place across lending areas to enable a thorough assessment of a customer's repayment ability. Credit proposals escalated by branch teams are first reviewed by the Credit Hub before being escalated to the relevant approval authorities. Proposals above set thresholds are further assessed by the Management Credit Committee, where the Chief Risk Officer acts as an independent observer.

For retail and SME customers, evaluations are based on CRIB data and both internal and external customer behaviour records, followed by assessments from designated authorities.

Additionally, as stipulated under the Loan Review Policy, the RCD is required to conduct an independent review of a random sample of the prior month's disbursed credit facilities. While these reviews are not intended to reverse past lending decisions, they ensure that any identified gaps or deviations are promptly reported to responsible managers, helping drive corrective action where needed. People's Leasing also obtains vehicle valuations from valuers or institutions registered with the Leasing Association of Sri Lanka. This helps to ensure that the collateral attached to each facility is accurately valued, thereby reducing the Company's exposure to potential credit losses.

Monitoring default risk is a shared responsibility, with the Corporate Management providing oversight to ensure business units strictly follow all internal controls and lending SOPs while closely monitoring exposures. Likewise established recovery structures guide branch teams in their collection efforts effectively assisted by the RCD's tracking of early warning signals. Meanwhile, the Legal Recovery Division manages all litigation cases related to recoveries.

Managing Credit Concentration Risk

Concentration Risk is managed based on the Board-approved limits for each sector or asset class. The RCD closely monitors the overall lending portfolio and large exposures to ensure they stay within these limits. Regular reports are provided to the risk management and Board committees, helping them track performance and support a strong credit stress testing program.

Credit Risk Discussion FY 2024/25

In 2024/25, economic uncertainty in Sri Lanka began to ease, resulting in a stronger credit appetite from the market, prompting People's Leasing to engage in an aggressive lending strategy, leading to notable growth in the loan book, particularly in leasing and gold loans.

Against the backdrop of the Company's lending drive, the RCD carefully evaluated LTV (Loan-to-Value) limits for different asset classes and models, with system settings updated to enforce tighter controls. Further, the regulatory-mandated Credit Risk Management Framework was adopted during the year which saw existing credit policies reviewed and updated. Borrower limits were also updated to align with the latest regulatory requirements. As part of this approach, system-level tracking for Politically Exposed Person (PEP) facilities was introduced vis-a-vis specific Board approved tolerance limits.

To complement these initiatives, regular stress testing continued throughout the year, with special focus on potential market downturns and negative price fluctuations could affect People's Leasing's credit exposures. The Expected Credit Loss (ECL) calculation was refined by improving the model's back-testing process, ensuring it accurately reflected the company's credit risk. Additionally, the RCD's post-disbursement review mechanism was enhanced to generate system-generated reports, enabling timely and detailed credit risk analysis.

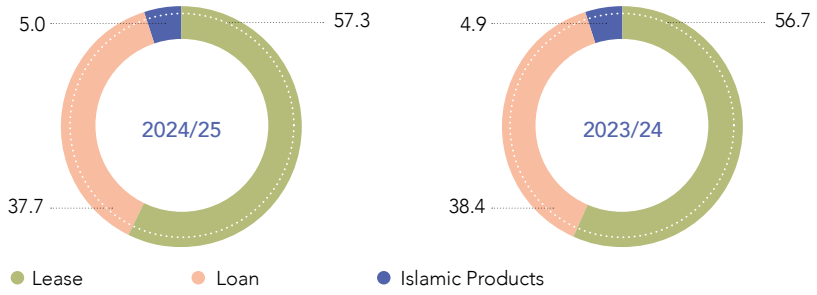
The PLCCORE system was also further enhanced with a new system application introduced to improve the detection of potential risks in credit facilities. This tool allowed seamless information flow from branch level to key departments, including Finance and Risk & Control to enhance the ability to generate actionable insights on credit, default, and concentration risks.

Looking ahead, the Company plans to initiate steps to introduce a customer risk rating system, which will enhance the robustness of credit decision-making and strengthen overall risk management practices. In parallel, lending strategies will continue to be realigned in response to evolving market trends while maintaining strict oversight of product positioning to ensure consistent credit quality standards are upheld.

Credit Risk Update – FY 2024/25

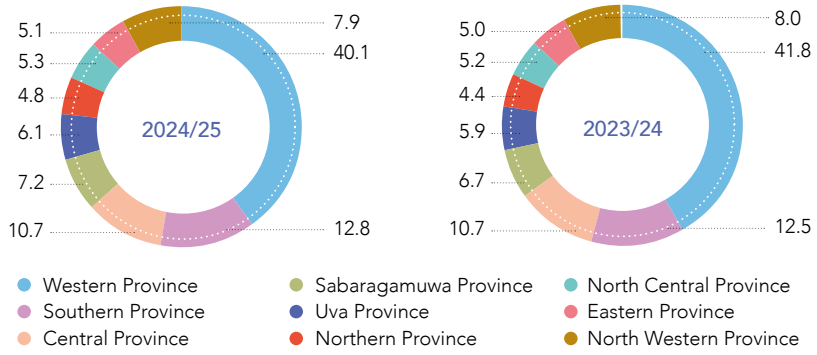
Product Concentration

%



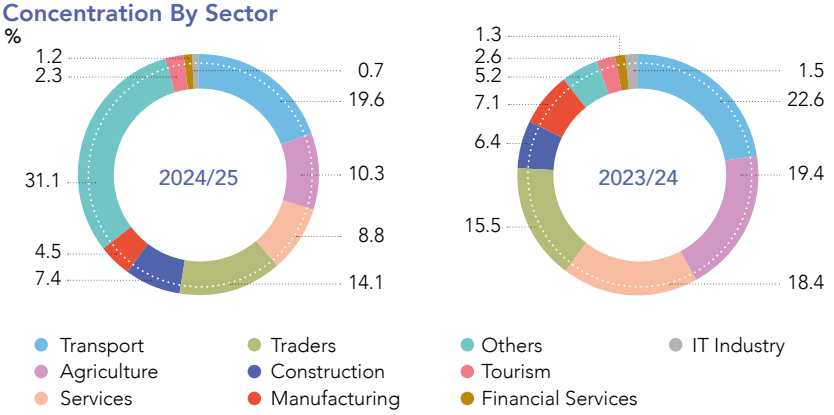
Geographic Concentration

%



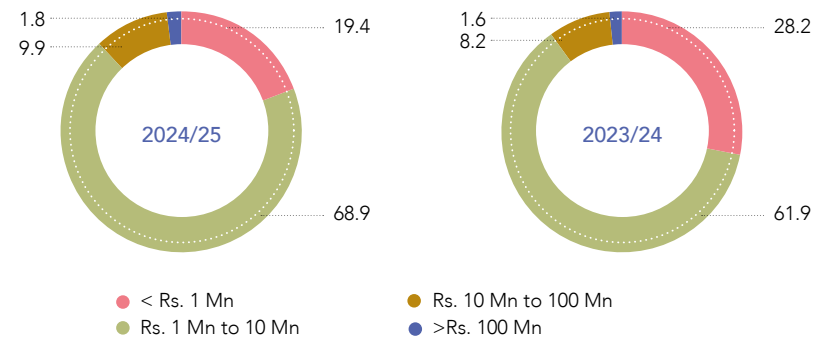
Concentration By Sector

%

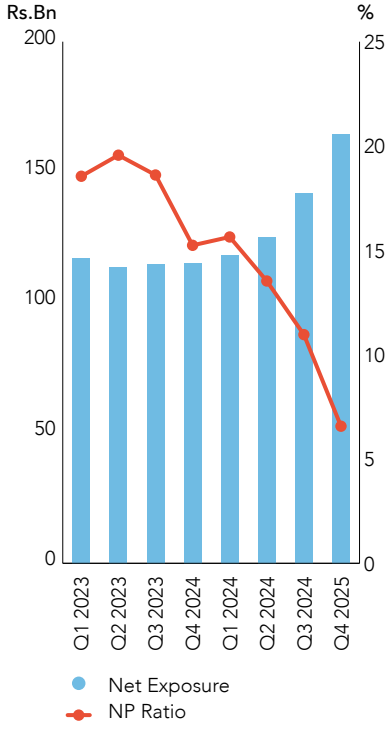


Concentration By Size of Advance

%

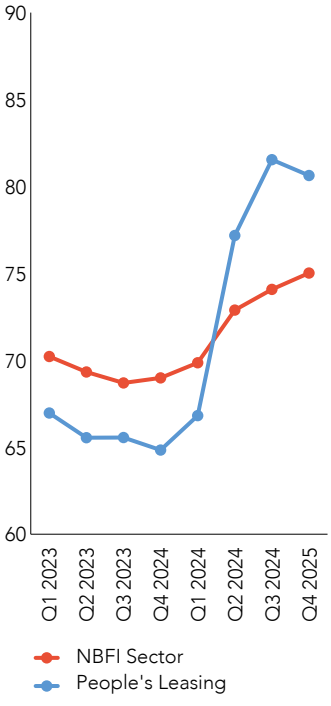


NP Ratio and Net Exposure - CBSL NP



Total Net Advances to Total Assets

%



RISK MANAGEMENT REVIEW

LIQUIDITY RISK

Liquidity risk refers to the risk of being unable to meet financial obligations when due, whether from a lack of cash or difficulty in liquidating assets without loss. Liquidity risk is a core concern for People's Leasing due to the inevitable maturity mismatch between assets and liabilities.

Managing Liquidity Risk

As a financial institution regulated by the Central Bank of Sri Lanka (CBSL), the CBSL's Minimum Liquid Asset requirements sets the foundation for People's Leasing's liquidity risk management approach. This is further supported by the Board-approved Treasury Policy that outlines SOP's to guide the treasury in maintaining liquidity for daily operations and meet regulatory compliance requirements. Meanwhile the Contingency Plan helps ALCO prepare liquidity buffers for unexpected scenarios.

Responsibility for liquidity management lies with the Treasury and the Asset and Liability Committee (ALCO), with reporting oversight of the Board Integrated Risk Management Committee (BIRMC).

Liquidity Risk Discussion FY 2024/25

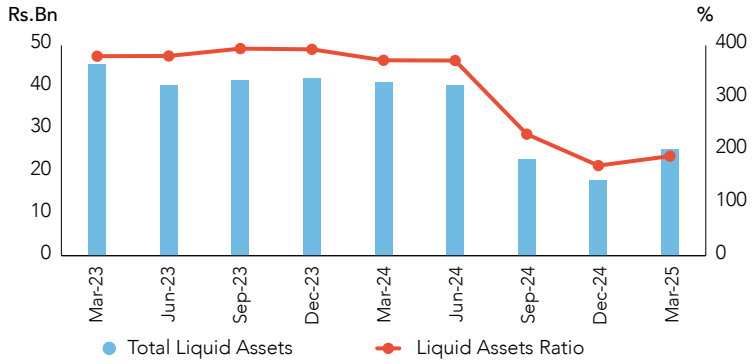
People's Leasing entered the current year with a strong liquidity position, which was largely the result of the prudent lending approaches amidst the broader challenges stemming from Sri Lanka's 2022 economic crisis.

Following the recommencement of lending in the current year, the ALCO continued to review liquidity risk indicators on a monthly basis while closely monitoring the adequacy of the contingency funding plan. The Board Integrated Risk Management Committee (BIRMC) also further strengthened oversight by reviewing ALCO's reports.

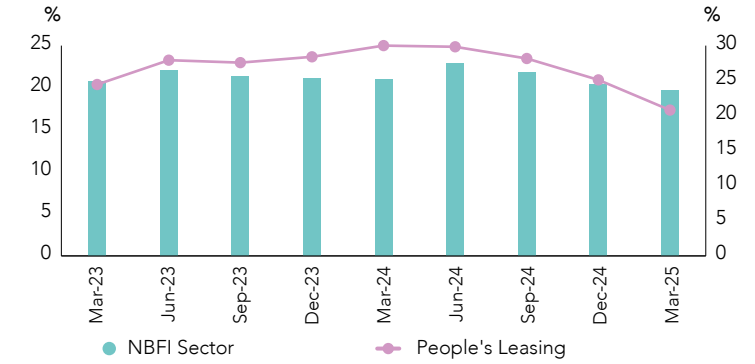
People's Leasing's current strong financial standing and disciplined liquidity risk management practices, provides a solid foundation for safeguarding liquidity in FY 2025/26. However as the liquidity risk profile will continue to be shaped by both internal factors (such as financial performance, business strategies, and credit quality) and external factors (including macroeconomic trends, regulatory changes, and market dynamics), People's Leasing will focus on prudently expanding its risk adjusted loan portfolio.

Liquidity Risk Update – FY 2024/25

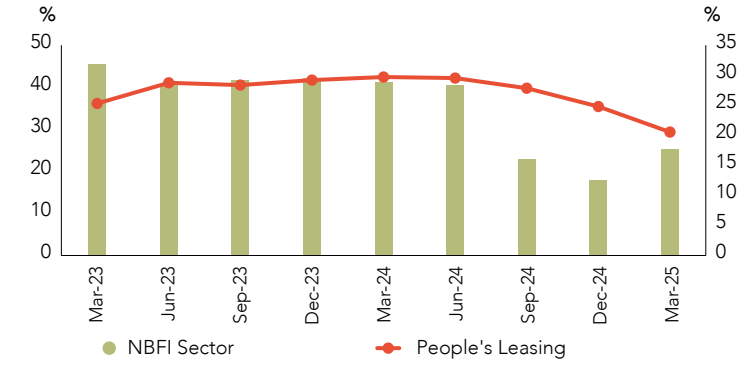
Total Liquid Assets to Liquid Asset Ratio



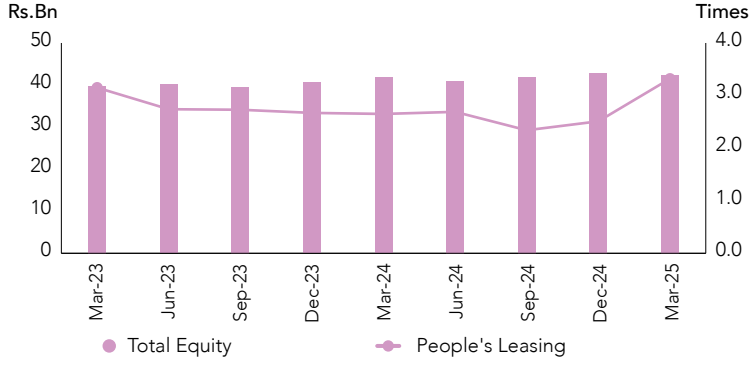
Core Capital to Risk Weighted Assets



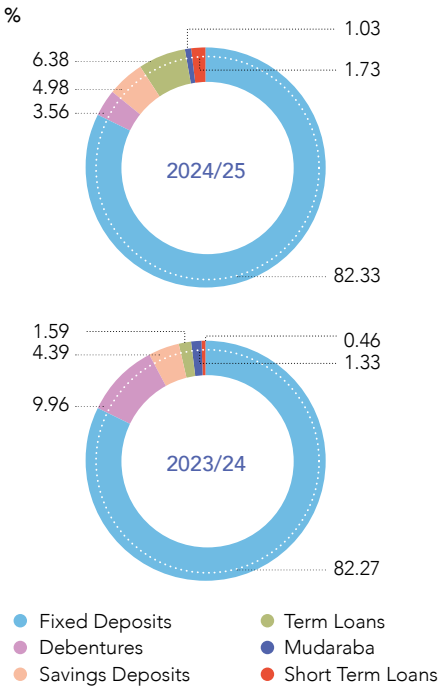
Capital Base to Risk Weighted Assets



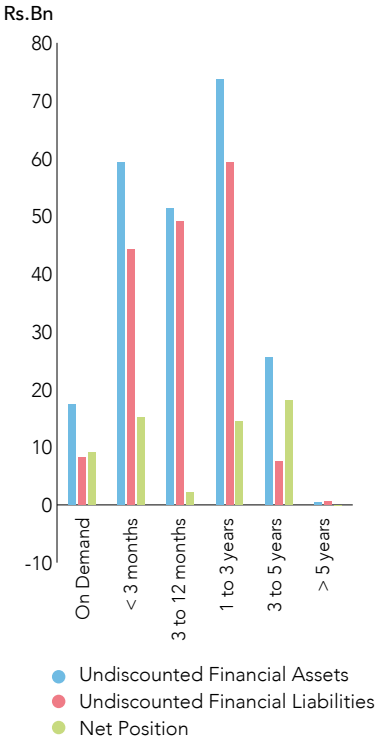
Borrowing to Equity (times)



Funding Divesification



Maturity Profile of Undiscounted Financial Assets and Liabilities



RISK MANAGEMENT REVIEW

Stress Test for Liquid Assets (Immediate withdrawal of deposits)

Scenario	1	2	3
Magnitude of shock	5%	7%	10%
Liquid asset ratio	148.29%	130.55%	102.47%
Fall in Liabilities (Rs.million)	6,477	9,068	12,954
Revised Liquid Assets (Rs.million)	18,757	16,166	12,279
Revised Required Liquid Assets (Rs.million)	12,649	12,382	11,983

Liquid asset ratio : Liquid asset available / Minimum of Liquid assets as per CBSL Direction

MARKET RISK

Market Risk refers to the potential loss to the Company arising as a consequence of changes in market conditions such as the movement in interest rates (Interest Rate risk) and fluctuations in the commodity prices (Commodity Price Risk),

Managing Market Risk

Interest Rate Risk (IRR) - the risk of loss resulting from unfavourable movements in interest rates

- The Treasury closely monitors the interest rate environment, tracking key indices such as the AWPLR and Treasury Bill rates. Reports are submitted to ALCO, enabling timely re-pricing of asset and liability portfolios to maintain target margins. ALCO also reviews interest rate repricing gaps and conducts sensitivity analyses. Every two months, with ALCO's input, the BIRMC reviews interest rate sensitivity and repricing gap ratios against set risk tolerance levels. Additionally, the RCD performs regular stress testing to assess the impact of interest rate changes on net interest margins and profitability, with results presented to the BIRMC.

Commodity Price Risk - the risk of loss owing to movements in world gold prices

- The RCD proactively monitors daily gold price movements and assesses the daily gold price volatility supported by regular stress tests to assess the impact from adverse movement of gold prices with findings presented to the ALCO and from thereon to the BIRMC and the Board.

Stress Test on NII- Interest Rate Shock

Scenario	Impact on NII (Rs. '000)			
	2024/25		2023/24	
	Increase	Decrease	Increase	Decrease
1%	285,687	(285,687)	213,020	(213,020)
3%	857,060	(857,060)	639,060	(639,060)
5%	1,428,434	(1,428,434)	1,065,010	(1,065,010)

Market Risk Discussion FY 2024/25

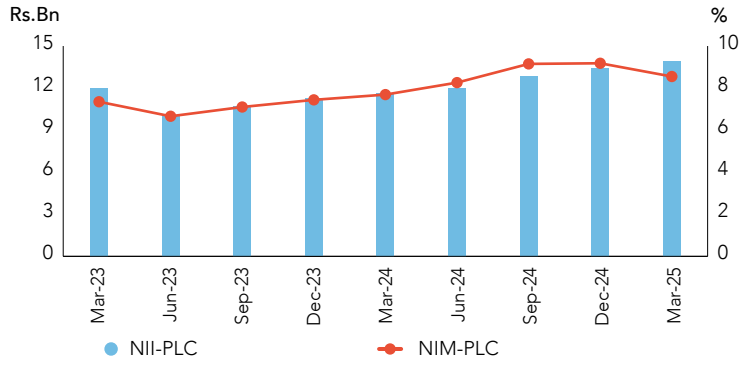
In fiscal year 2024/25, Sri Lanka's interest rate risk profile was influenced by the Central Bank's monetary policy stance where a notable 25 basis point rate cut in July 2024 was followed by a significant 100 basis point cut in November 2024, lowering the OPR to 8% by year-end.

Throughout the year, People's Leasing's Treasury actively monitored key interest rate indices such as AWPLR and Treasury Bill rates, submitting reports to ALCO to facilitate timely adjustments in asset and liability pricing to meet margin targets. The ALCO maintained ongoing review of interest rate repricing gaps and conducted sensitivity analyses, while the BIRMC, with ALCO's input, assesses these gaps against risk tolerance levels every two months. The RCD's stress testing programme focused on evaluating the impact of rate changes on net interest margins, with findings reported to the BIRMC.

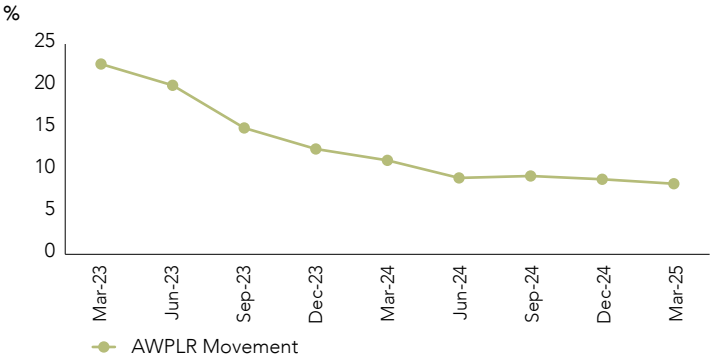
Looking ahead, the Central Bank of Sri Lanka (CBSL) is expected to maintain a stable interest rate with the pace of economic recovery in 2025/26 likely to influence the rate trajectory. However, external factors, such as global monetary tightening or shifts in the U.S. Federal Reserve or European Central Bank rates could exert pressure on domestic rates, particularly given Sri Lanka's foreign debt exposure. Against this backdrop, People's Leasing will remain vigilant and focus on actively managing interest rate fluctuations.

Market Risk Scorecard – FY 2024/25

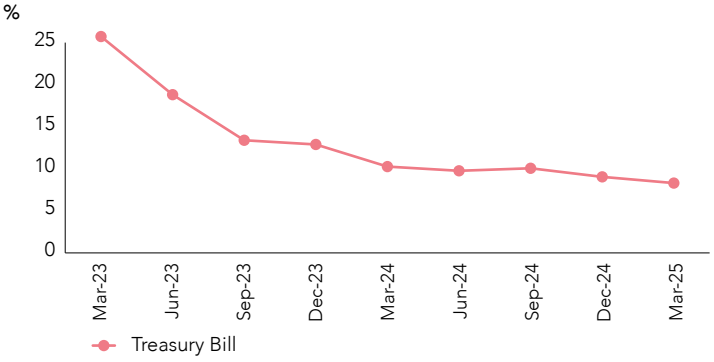
Net Interest Income & Net Interest Margins



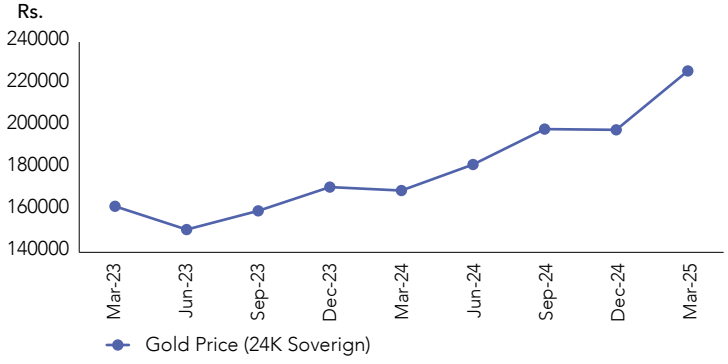
AWPLR Movement



Monthly Average Treasury Bill Rate Movement



Monthly Average Gold Price Movement



RISK MANAGEMENT REVIEW

OPERATIONAL RISK

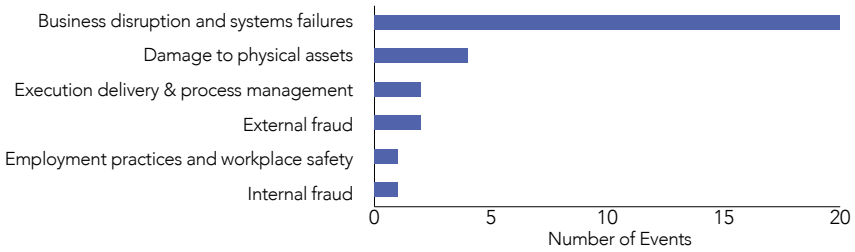
Operational risk refers to the potential for losses arising from inadequate or failed internal processes, systems, people or external events. This includes risks related to technology failures, fraud, human error, regulatory compliance, and business continuity.

Managing Operational Risk

The RCD is tasked with continuous, proactive identification of operational risks using several methodologies, including the Branch Operational Risk Self-Assessment, the incident reporting mechanism, insights from drills conducted under the Business Continuity Planning (BCP) process, and regular on-site inspections. Additionally, findings from internal audit reports serve as a critical input for risk identification.

All operational risk events detected through these sources are carefully reviewed and presented at the monthly EIRMC meeting to ensure appropriate follow-up actions are taken. Moreover, the Board-approved BCP provides a structured foundation to help the Company respond effectively to unforeseen disruptions, ensuring operational continuity and the ability to meet stakeholder commitments.

Operational Risk Event Type 2024-25



INFORMATION SECURITY RISK

For People's Leasing, information security risk arises from the increasing reliance on digital systems, customer data, online transactions, and interconnected financial platforms, exposing the company to potential threats such as data breaches, cyberattacks, unauthorized access, malware, phishing, and system failures.

Managing Information Security Risk

As a financial services provider, safeguarding sensitive customer data, maintaining the integrity and confidentiality of sensitive corporate information, and ensuring the uninterrupted availability of critical systems are central to sustaining customer trust and regulatory compliance.

Ongoing efforts to update People's Leasing's information security architecture in the current year saw the ISO 27001 Information Security Management System (ISMS) upgraded to the latest 2022 version. Additionally a new Personal Data Protection Policy was implemented in compliance with Sri Lanka's Personal Data Protection Act (PDPA), in response to the CBSL Direction No.01 of 2022 on Technology Risk Management and Resilience, People's Leasing's IT Steering Committee (ITSC) and the management-level Information Security Committee (ISC) were formed to bring more focused oversight on Company-wide cybersecurity initiatives.

Scheduled due diligence to assess the resilience of the Company's information security posture continued throughout the year, encompassing regular internal information system audits, the annual ISO 27001 certification audit, the CBSL on-site examinations, biannual vulnerability assessments, and annual external penetration testing by third-party experts, along with external IT general control (ITGC) and third party assurance audits.

Findings from these audits were documented in the newly introduced unit-wise risk registers. Unit-wise information security risk registers were introduced in the current year to track and document risks in order to ensure identified gaps are addressed proactively. As part of continuous improvement, the groundwork for the Security Operations Center (SOC) roll out also commenced during the year, while plans were drawn up to commence work on the Information and Data Classification system to be undertaken in the upcoming fiscal year to further strengthen its security architecture and monitoring capabilities.

STRATEGIC RISK

Strategic risk refers to the potential impact of adverse business decisions, improper implementation of decisions, or a failure to adapt to shifts in market conditions, evolving customer preferences, competitive pressures, technological advancements, regulatory changes, or macroeconomic factors that could affect the achievement of the company's long-term goals.

Managing Strategic Risk

Strategic risk is managed by the Board with the Board-approved strategic plan serving as the main tool for addressing long-term business risks. The five year strategic plan is reviewed by the Board and updated annually on a rolling basis supported by detailed business plans and an annual budget for the purpose of mobilising resources to drive both financial and non-financial performance for the benefit of stakeholders. The annual strategy review process involves an in-depth analysis of both internal and external conditions, with a scorecard-based qualitative model aligned with the Internal Capital Adequacy Assessment Process (ICAAP) used to measure and monitor strategic risks. This model incorporates various strategic risk indicators, with particular focus on factors such as the implementation of business strategies, external PESTLE (Political, Economic, Social, Technological, Legal and Environmental) factors influencing decisions, and key financial performance ratios.

The CEO is tasked with executing the strategy, while the Board and relevant Committees, with support from the RCD, continually monitor the Company's performance against the established budgets and strategic goals.

REPUTATION RISK

Reputation Risk refers to the potential erosion of goodwill and/or downgrade in the industry standing owing to various internal and external factors.

Managing Reputation Risk

Reputation Risk is fundamentally managed through the establishment of strong corporate governance and risk management processes to ensure stakeholder deliverables in a timely manner. The Board manages its reputation risk through timely communication with stakeholders and cooperation with regulators to extend policies as well as, initiatives to facilitate customer access to cash and other financial services. The Company's Corporate Management is also held accountable for monitoring factors that could lead to Reputation Risk.

SUSTAINABILITY RISK

Sustainability risk refers to the potential negative impact that environmental, social, and governance (ESG) factors may have on People's Leasing's long-term financial performance and resilience. This includes risks arising from climate change, environmental regulations, social inequalities, governance failures, and reputational damage.

Managing Sustainability Risk

In the current year, People's Leasing formalised its commitment to sustainability through the Board approved Policy on ESG Sustainability. Alongside the policy roll out, a management-level ESG Committee was established to coordinate and guide Company-wide ESG-related actions to achieve policy objectives. ESG Framework was developed by the Sustainable Finance Unit in collaboration with external consultants. Simultaneously, the committee also strengthened its focus on ESG risk monitoring in key areas such as climate change, pollution, biodiversity, human rights, governance, and business ethics.

Acknowledging that ESG factors can impact other key risks, the RCD began working to integrate sustainability risk management into the broader Risk Management Policy.

Meanwhile the dedicated Sustainable Finance Unit, headed by the Head of Sustainable Finance, continues to lead sustainable finance initiatives in line with best practices to support the transition towards more environmentally and socially responsible products.

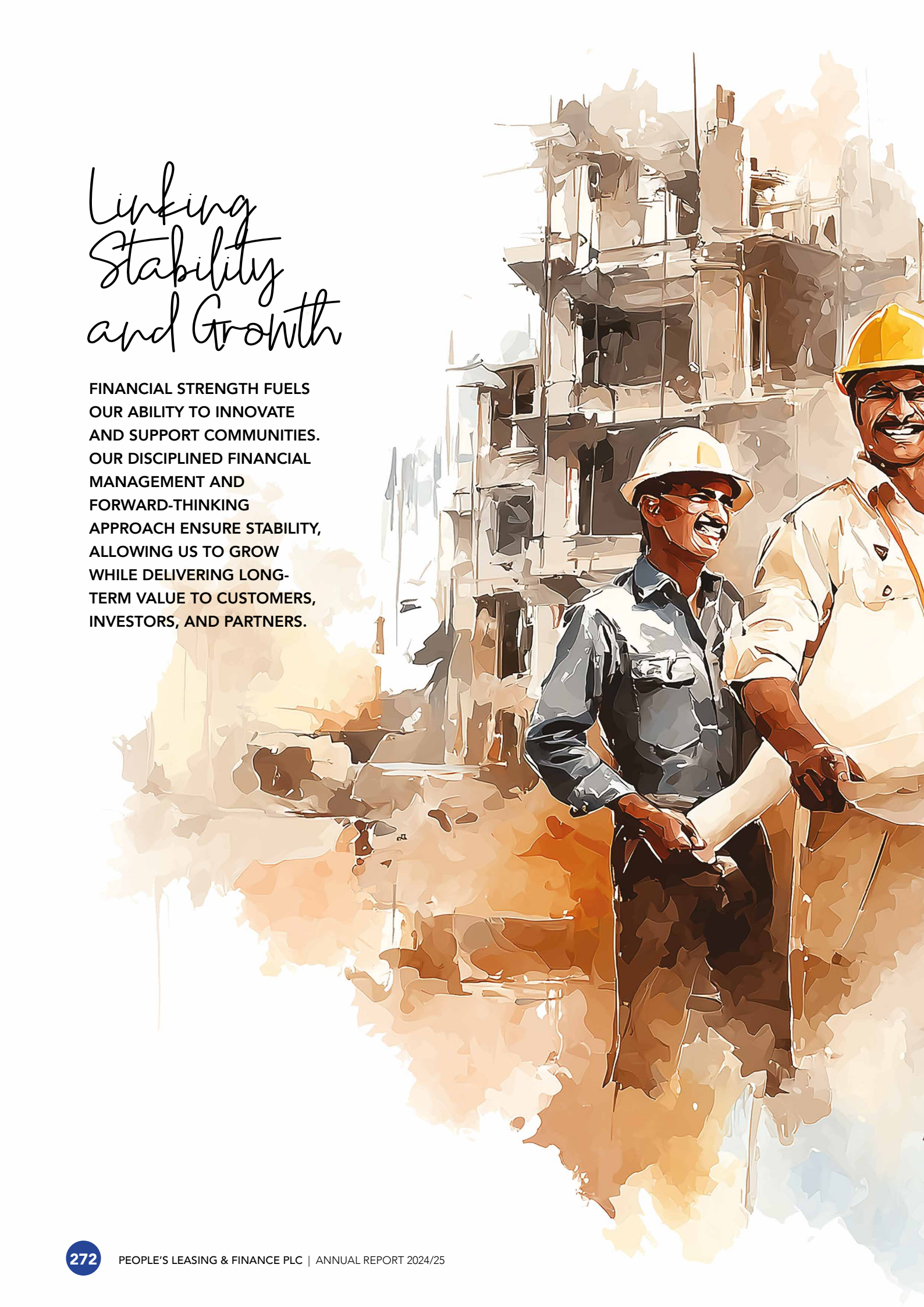
GROUP RISK

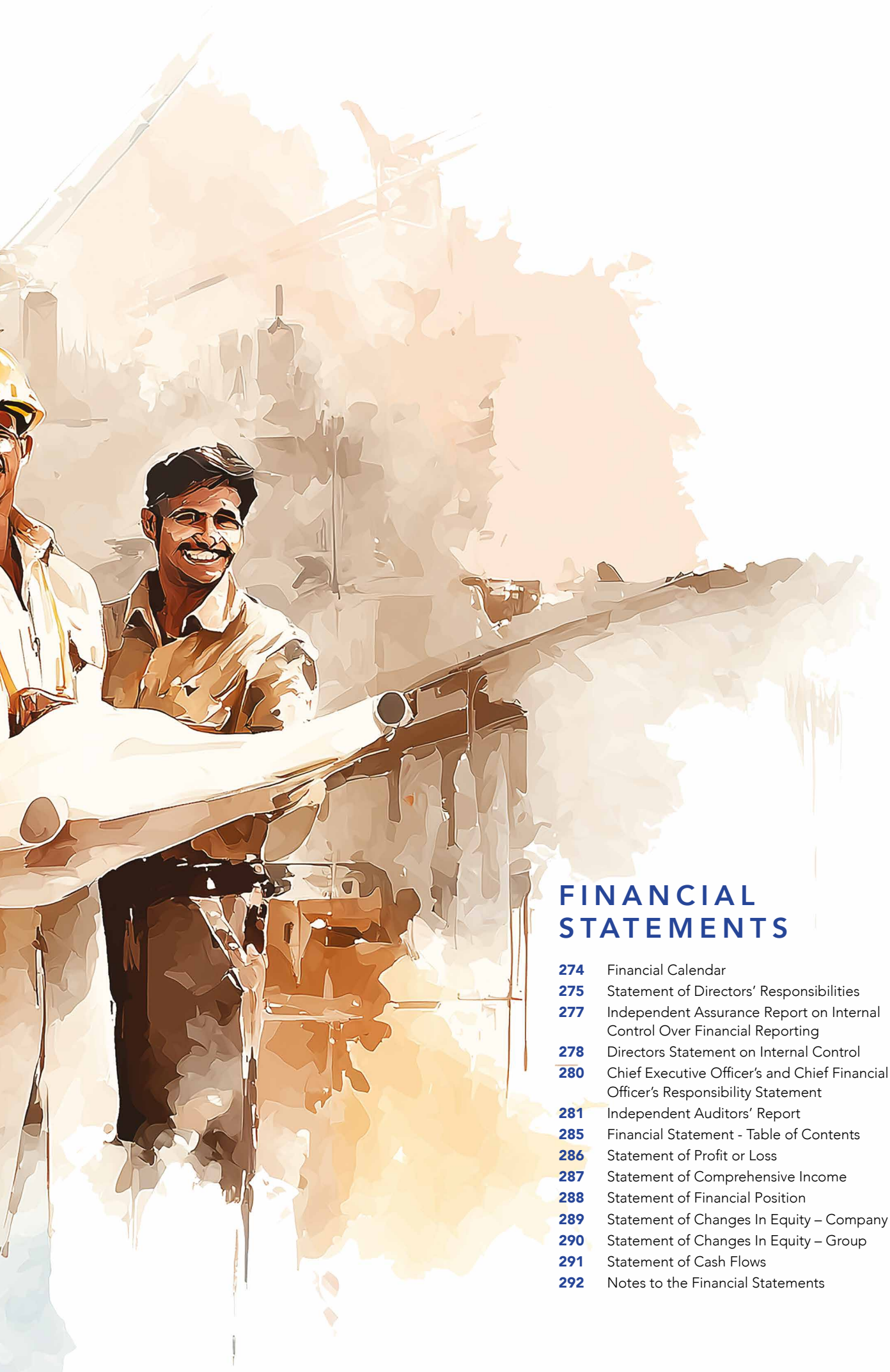
Given that the risk profile of each subsidiary differs depending on the nature of the respective business model and operational environment, the People's Leasing Group follows a decentralised approach to managing Group risk, with each subsidiary responsible for identifying, assessing, and mitigating its own specific risks. To ensure alignment with the overall Group strategy, each subsidiary provides a quarterly risk update to the Group BIRMC.

Company	Relationship	Business Operations	Reports submitted to BIRMC	Reporting Interval
People's Insurance PLC (PI)	Subsidiary Non-life (general)	Insurance business	Risk Dash-Board Report and comparison report	Quarterly
People's Micro-commerce Limited (PML)	Wholly owned subsidiary	Providing microfinance facilities to the under privileged, rural and urban population and providing hire purchase facilities	Risk Dash-Board Report and comparison report	Quarterly
People's Leasing Fleet Management Limited (PLFML)	Wholly owned subsidiary	Valuation Services	Risk Dash-Board Report	Quarterly
People's Leasing Property Development Limited (PLPDL)	Wholly owned subsidiary	Property development	Risk indicator report	Quarterly
People's Leasing Havelock Properties Limited (PLHPL)	Wholly owned subsidiary	Property development	Risk indicator report	Quarterly
Alliance Finance Limited (Bangladesh)	Subsidiary	Providing lease/loans and advances, issue of debt instruments and mobilisation of public deposits	Risk Dash-Board Report and comparison report	Quarterly

Linking Stability and Growth

FINANCIAL STRENGTH FUELS OUR ABILITY TO INNOVATE AND SUPPORT COMMUNITIES. OUR DISCIPLINED FINANCIAL MANAGEMENT AND FORWARD-THINKING APPROACH ENSURE STABILITY, ALLOWING US TO GROW WHILE DELIVERING LONG-TERM VALUE TO CUSTOMERS, INVESTORS, AND PARTNERS.





FINANCIAL STATEMENTS

274 Financial Calendar
275 Statement of Directors' Responsibilities
277 Independent Assurance Report on Internal Control Over Financial Reporting
278 Directors Statement on Internal Control
280 Chief Executive Officer's and Chief Financial Officer's Responsibility Statement
281 Independent Auditors' Report
285 Financial Statement - Table of Contents
286 Statement of Profit or Loss
287 Statement of Comprehensive Income
288 Statement of Financial Position
289 Statement of Changes In Equity – Company
290 Statement of Changes In Equity – Group
291 Statement of Cash Flows
292 Notes to the Financial Statements

FINANCIAL CALENDAR

		2024/25	2025/26
Interim financial statements publication	Q1 ended 30 June	13 August 2024	Before 15 August 2025
	Q2 ended/ending 30 September	12 November 2024	Before 15 November 2025
	Q3 ended/ending 31 December	13 February 2025	Before 15 February 2026
	Q4 ended/ending 31 March	29 May 2025	Before 31 May 2026
Financial statements publication	Six months ended 30 September 2024	29 November 2024	
	Year ended 31 March 2025	Before 30 June 2025	
	Six months ending 30 September 2025		Before 30 November 2025
	Year ending 31 March 2026		Before 30 June 2026
Annual Report publication	Publication of Annual Report	June 2025	June 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibility of the Directors in relation to the Financial Statements of People's Leasing & Finance PLC (the Company)

and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) in accordance with the provisions of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards, the Directions issued by the Monetary Board of the Central Bank of Sri Lanka, Finance Business Act No. 42 of 2011 and the Rules of the Colombo Stock Exchange is set out in this statement.

The responsibilities of the External Auditors in relation to the Financial Statements are set out in the "Independent Auditor's Report" given on pages 281 to 287.

The Directors confirm that the Financial Statements of the Company and the Group give a true and fair view of the financial position as at 31 March 2025 and the financial performance for the financial year then ended and place the same before the Annual General Meeting. These Financial Statements comprise:

- Statement of Financial Position
- Statement of Profit or Loss
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash flows
- Notes to the Financial Statements

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report. The Directors confirm that in preparing these Financial Statements;

The appropriate accounting policies have been selected and applied in a consistent manner, material departures if any, have been disclosed and explained;

All applicable accounting standards as relevant have been followed; and

Reasonable and prudent Judgments and estimates have been made.

The Directors of the Company and the Group have responsibility for ensuring that the Company and the Group keeps proper books of accounts of all the transactions as per sections 150 (1), 151, 152 and 153(1) & (2) of the Companies Act No. 07 of 2007.

The Directors also ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company.

The Financial Statements of the Company and the Group have been certified by the Company's Deputy General Manager - Finance, the officer responsible for their preparation as required by section 150(1) (b) and of 152(1) (b) of the Companies Act No. 07 of 2007. In addition, the Financial Statements of the Company and the Group have been signed by two Directors on 30 May 2025 as required by Sections 150 (1) (c) and 152 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirement.

In compliance with section 148 (1) of the Companies Act No. 07 of 2007, the Directors are also responsible for ensuring that proper accounting records which explain the Company's transactions and assist in determining the Company's financial position with reasonable accuracy at point of time, are maintained by the Company and the Group enabling the preparation of Financial Statements and further enabling the Financial Statements to be readily and properly audited. The Financial Statements for the year 2024/25 prepared and presented in this Annual Report are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Finance Business Act No. 42 of 2011 and Directions issued thereunder, Listing Rules of Colombo Stock Exchange, the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Board of Directors reviews financial reporting system directly at their regular meetings and through the Board Audit Committee (BAC), the report of which is given on pages 242 to 244 to ensure that the Company and Group maintain proper books of accounts. Interim Financial Statements published by the Company and the Group are also approved by the Board following a review by Board Audit Committee (BAC).

The Directors are also responsible for taking reasonable steps to safeguard assets of the Company and the Group and in this regard give proper consideration to the establishment of an appropriate system of internal control for managing significant risks in the Company and the Group. The "Directors' Statement on Internal Control over Financial Reporting" is given on page 278

The Board of Directors also wish to confirm that as required under sections 166 (1) and 167 (1) of the Companies Act No. 07 of 2007, it has prepared this Annual Report in time and ensured that it is released to the shareholders within the stipulated period of time as required by Rule No. 7.5 (a) and (b) of the Listing Rules of the Colombo Stock Exchange. The Directors also wish to confirm that all shareholders have been treated in an equitable manner in accordance with the original terms of issue.

The Company has hosted a soft copy of this Annual Report in the Financial Information and KPI section of the Company's website (https://www.plc.lk/financial-information- and-kpi/annual-reports/), in addition to the soft copy thereof available in the CSE website, for the benefit of other shareholders within the stipulated period of the time as required by the Rule No. 7.5 (a) and (b) of continuing Listing Requirements of the Listing Rules of the CSE.

The Directors are required to prepare the Financial Statements and to provide the Auditor with every opportunity to take whatever steps and undertake whatever inspections they may consider appropriate to enable them to give their audit opinion. People's Leasing & Finance PLC falls under the definition of "Auditee Entity" and the Auditor General or any person authorised by the Auditor General shall carry out the audit of the Company

STATEMENT OF DIRECTORS' RESPONSIBILITIES

and their responsibilities in relation to the Financial Statements are set out in the "Independent Auditor's Report" given on pages 281 to 284.

The Company's External Auditors, The Auditor General who were appointed in terms of National Audit Act No.19 of 2018 were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion in the "Independent Auditor's Report" which appears as reported by them on pages 281 to 284

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable relating to employees of the Company and the Group, and the Government and other statutory bodies that were due in respect of the Company and the Group as at the reporting date have been paid or, where relevant provided for.

Accordingly the Board of Directors is of the view that it has discharged its responsibilities as set out in this statement. By order of the Board,



Nirosha Kannangara
Company Secretary

30 May 2025
Colombo

INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය எனது இல. My No. INF/C/PLF/2025/17
ඔබේ අංකය உமது இல. Your No.
දිනය திகதி Date 30 May 2025

Chairman

People's Leasing & Finance PLC

Assurance Report of the Auditor General to the Board of Directors on the Directors' statement on Internal Control Over Financial Reporting included in the Director's Statement on Internal control of People's Leasing & Finance PLC

INTRODUCTION

This report is to provide assurance on the Director's Statement on Internal Control Over Financial Reporting included in the Director's Statement on Internal Control (the "Statement") of People's Leasing & Finance PLC (the "Company") included in the annual report for the year ended 31 March 2025.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of License Finance Company/ Finance Leasing Company on the Directors' Statement on Internal Control" issued in compliance with the section 16 (1) (ix) of the Finance Companies Corporate Governance Direction no. 05 of 2021, by the Institute of Chartered Accountants of Sri Lanka.

MY RESPONSIBILITY AND COMPLIANCE WITH SLSAE 3051

My responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

I conducted my engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3051, Assurance Report for License Finance Company/ Finance Leasing Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This Standard required that I plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purpose of this engagement, I am not responsible for updating or reissuing any reports, nor have I, in the course of this engagement, performed an audit or review of the financial information.

SUMMARY OF WORK PERFORMED

I conducted my engagement to assess whether the Statement is supported by the documentation prepared by or for directors; and appropriately reflected the process the directors have adopted in reviewing the system of internal control over financial reporting of the Company.

The procedures performed were limited primarily to inquiries of the Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3051 does not require me to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require me to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on my judgment, having regard to my understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

CONCLUSION

Based on the procedures performed, nothing has come to my attention that causes me to believe that the statement included in the annual report is inconsistent with my understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Company.

G.H.D. Dharmapala
Auditor General (Acting)

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව
இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை.
No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34 +94 11 2 88 72 23 ag@auditorgeneral.gov.lk www.naosl.gov.lk

DIRECTORS STATEMENT ON INTERNAL CONTROL

DIRECTOR'S STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

RESPONSIBILITY

The Board of Directors ("the Board") of Peoples' Leasing & Finance PLC (the Company) presents this report on internal control over Financial Reporting, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021-Corporate Governance.

The Board of Directors ("the Board") is responsible for the adequacy and effectiveness of the system of Internal Control in place at People's Leasing & Finance PLC. ("the Company").

The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company, and this process includes the system of Internal Control over Financial Reporting, which is regularly reviewed and enhanced by the Board, taking into account the changes in the business environment and regulatory guidelines.

The Board is of the view that the system of Internal Control over Financial Reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of Financial Reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the Board's policies and procedures pertaining to risks and controls over Financial Reporting by identifying and assessing the risks faced, and in the design, operation, and monitoring of suitable internal controls to mitigate and control these risks.

PROCESS ADOPTED IN APPLYING AND REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM ON FINANCIAL REPORTING

The key features of the process adopted are as follows:

- The Board has appointed various sub-committees to assist in ensuring the effectiveness of the Company's day-to-day operations and to ensure that all such operations are carried out in accordance with the corporate objectives, strategies, and the annual budget as well as the policies and the business directions approved by the Board.
- Key functional areas of the Company are governed by policies/charters that are approved by the Board. Board-appointed committees review and recommend such policies/charters before seeking the board's approval. Such policies/charters are regularly reviewed, updated and approved by the Board.
- The Internal Audit Department of the Company conducts ongoing assessments to verify compliance with established policies and procedures, as well as to evaluate the effectiveness of internal control and information system control mechanisms. These audits are primarily sample-based and aim to identify instances of non-compliance. Audit activities are carried out in accordance with the annual audit plan, which is reviewed and approved by the Board Audit Committee. The type and frequency of audits across business units and processes are determined based on the level of risk assessed, ensuring independent and objective reporting. All significant findings identified by the Internal Audit Department are reported to the Board Audit Committee.
- The Board Audit Committee reviews internal control issues/ non-compliances identified by the Internal Audit Department, regulatory authorities, External Auditors, and Management. The BAC also evaluates the effectiveness of the internal audit function with particular emphasis on the scope, independence of internal audit, and resources. The minutes of the Board Audit Committee meetings are forwarded to the Board on a periodic basis. Details of the activities undertaken by the Board Audit Committee are set out in the "Board Audit Committee Report".
- In assessing the Internal Control System over Financial Reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures in the company's Financial Statements. The internal audit department of the Company is, in turn, monitoring and checking these on an ongoing basis for the suitability of the design, implementation, and effectiveness.

The Company adopts Sri Lanka Accounting Standards comprising SLFRSs and LKASs and progressive improvements on processes to comply with requirements of recognition, measurement, classification and disclosure are being made whilst further strengthening of processes will continue in its financial reporting and management information.

The Board has given due consideration to the requirements of SLFRS 9 – Financial Instruments. In this regard, a reputed audit firm was engaged to develop the Expected Credit Loss (ECL) models for Gold Loans and Margin Trading product. This initiative aims to enhance the model's relevance and effectiveness in credit risk management. Keeping the model abreast of the latest economic trends and industry norms is pivotal for strengthening the company's credit risk management. This proactive measure ensures the model's accuracy and flexibility amidst market fluctuations, thereby representing a significant stride in refining the ECL model to align with current economic dynamics and industry best practices.

CONFIRMATION

Based on the above processes, the Board of Directors confirm that the Financial Reporting System of the Company has been designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes have been performed in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The External Auditor has reviewed the above Directors' Statement on Internal Control over Financial Reporting for the year ended 31 March 2025 and reported to the Board that nothing has come to their attention that causes them to believe that the Financial Statement is inconsistent

with their understanding of the process adopted by the Board in the review of the design and effectiveness of the system of Internal Control of the Company. Their report on the statement of internal control over financial reporting is given on page 278 of this annual report.

GRI 2-27

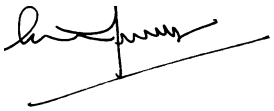
STATEMENT ON PRUDENTIAL REQUIREMENTS, REGULATIONS, LAWS AND INTERNAL CONTROLS

The Board has implemented sufficient system of internal controls to ensure adherence to statutory and regulatory obligations. The Board affirms that the Company complies with all relevant prudential requirements, regulations and laws.

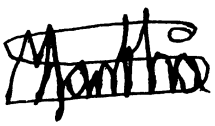
The Board confirms that there are no significant regulatory or supervisory concerns on lapses in the Company's Risk Management or non-compliance with Act, rules and directions. Thus, there are no regulatory directives issued by Department of Supervision of Non - Bank Financial Institutions of the Central Bank of Sri Lanka requiring public disclosure, and no actions to be taken in this regard.



Pravir Samarasinghe
Chairman-Board Audit Committee



Clive Fonseka
Director



Prof. Ajantha Samarakoon
Chairman

30 May 2025
Colombo

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of People's Leasing & Finance PLC (the Company) and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) as at 31 March 2025 are prepared and presented in conformity with the following requirements:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- Companies Act No.07 of 2007and amendments there to.
- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995.
- Directions issued to Licensed Finance Companies by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.
- Directions, Determinations, Orders, Circulars and Guidelines issued by the Central Bank of Sri Lanka (CBSL).
- Listing Rules of the Colombo Stock Exchange, and
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

The Group on a quarterly basis presents Interim Financial Statements to its shareholders in compliance with the Listing Rules of the Colombo Stock Exchange.

The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the Group. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation and material departures, if any, have been disclosed and explained. Significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Company's External Auditor and the Board Audit Committee.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis; in order to ensure that the Financial Statements are reflected in a true and fair manner, the form and substance of transactions and the Company's state of affairs is reasonably presented. We also confirm that the Group has adequate resources to continue in operation and have applied the Going Concern basis in preparing these Financial Statements.

To ensure this, the Company and the Group has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

Internal Audit Department has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company and the group were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Board Audit Committee reviewed all of the internal and external audit and inspection programmes, the efficiency of the internal control systems and procedures, the quality of accounting policies and their adherence to statutory and regulatory requirements, the external audit plan and the management letters and also followed up on any issues raised during the statutory audit, the details of which are given in the "Board Audit Committee Report" on pages 242 and 244 of this Annual Report. The Financial Statements of the Company and Consolidated Financial Statements of the Group were audited by Auditor General and his report is given on pages 281 to 284 of this Annual Report.

We confirm that.

- The Group has complied with all applicable laws, regulations and prudential requirements, there is no material non- compliance.
- There are no material litigations that are pending against the Group other than those disclosed in Note 50.1.1 on page 383 of the Financial Statements of this Annual Report.

All taxes, duties, levies and al statutory payments by the Group and all contributions, levies and taxes payable on behalf of and

In respect of the employees as at 31 March 2025 have been paid, or where relevant provided for.



Sanjeewa Bandaranayake
Chief Executive Officer/ GM



Priyankara Gangabadage
Senior Manager-Finance

30 May 2025
Colombo

INDEPENDENT AUDITORS' REPORT



Chairman

People's Leasing & Finance PLC

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the People's Leasing & Finance PLC and its subsidiaries for the year ended 31 March 2025 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. FINANCIAL STATEMENTS

1.1 Opinion

The audit of the financial statements of the People's Leasing & Finance PLC ("the Company") and its subsidiaries (the "Group") for the year ended 31 March 2025 comprising the statement of financial position as at 31 March 2025 and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including, material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34 +94 11 2 88 72 23 ag@auditorgeneral.gov.lk www.naosl.gov.lk

INDEPENDENT AUDITORS' REPORT

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE
NAOSL

Key Audit Matter	How my audit addressed the key audit matter
Allowances for Expected Credit Losses of loans and lease receivables measured at amortised cost. Allowances for expected credit losses of loans and lease receivables measured at amortised cost as stated in Note 25, is determined by management on the accounting policies described in Note 25.6 to the financial statements. This was a key audit matter due to ⊙ The involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cash flows to recover such loans and lease receivables; and ⊙ The materiality of the reported amount of Allowances for expected credit losses. Key areas of significant judgements, assumptions and estimates used by management in the assessment of the allowances for expected credit losses for loans and lease receivables include forward-looking macroeconomic scenarios and their associated weightages. These are subject to inherently heightened levels of estimation uncertainty and subjectivity. Further information on the key estimates, assumptions and judgements is disclosed in Note 25.6	In addressing the adequacy of the allowances for expected credit losses of loans and lease receivables, my audit procedures included the following key procedures: ⊙ Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, on the best available information up to the date of my report. ⊙ Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management. ⊙ Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company. ⊙ Evaluated the reasonableness of credit quality assessments and related stage classifications. ⊙ In addition to the above, the following procedures were performed: For loans and lease receivables assessed on an individual basis for impairment: ⊙ Tested the arithmetical accuracy of the underlying individual impairment calculations. ⊙ Evaluated the reasonableness of key inputs used in the allowances for expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery action of the collaterals. For loans and lease receivables assessed on a collective basis for impairment: ⊙ Tested the key inputs and the calculations used in the impairment for expected credit losses. ⊙ Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. My testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. ⊙ Assessed the adequacy of the related financial statement disclosures set out in Notes 11 & 25.
Information Technology (IT) systems related internal controls over financial reporting Group's financial reporting process is significantly reliant on multiple IT systems and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems that are compiled and formulated with the use of spreadsheets. Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.	My audit procedures included the following key procedures: ⊙ Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures. ⊙ Involved my internal specialized resources and; ⊙ Obtained and understanding IT Governance Structure of the Company ⊙ Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls over financial reporting, relating to user access and change management, and ⊙ Obtained a high-level understanding of the cyber security risks affecting the company and the actions taken to address these risks primarily through inquiry. ⊙ Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE
NAOSL

1.4 Other information included in the Group's 2025 Annual Report

The other information comprises the information included in the 2025 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.5 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company & Group financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company and the Group are required to maintain proper books and records of all their income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company and the Group.

1.6 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible

INDEPENDENT AUDITORS' REPORT

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE
NAOSL

for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that were required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statement of the Company complies with requirement of section 151 of the Companies Act No 07 of 2007.

2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.4 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained which were limited to matters that are material, nothing has come to my attention;

2.2.1 To state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 To state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.2.3 To state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 To state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

G.H.D. Dharmapala
Auditor General (Acting)

FINANCIAL STATEMENT - TABLE OF CONTENTS

Page No.

Financial Statements

	Statement of Profit or Loss	286
	Statement of Comprehensive Income	287
	Statement of Financial Position	288
	Statement of Changes in Equity	289
	Statement of Cash Flows	291

Notes to the Financial Statement

1.	Corporate and Group Information	292
2.	Basis of Preparation	292
3.	Material Accounting Policies	295
4	Standards issued but not yet effective	299

Statement of Profit or Loss

5.	Gross income	301
6.	Net Interest Income	301
7.	Net Earned Premium	303
8.	Fee and Commission Income	304
9.	Net gains/(losses) on financial assets - FVTPL	305
10.	Other Operating Income	305
11.	Impairment Charges for Loans and Receivables and Other Losses	306
12.	Personnel Expenses	309
13.	Depreciation and Amortisation	309
14.	Benefits, Claims and Underwriting Expenditure	310
15	Other Operating Expenses	311
16.	Tax on financial services	311
17.	Income Tax Expense	312
18.	Basic / Diluted earnings per ordinary share (EPS)	315
19.	Dividend per Ordinary Share	316

Statement of Financial Position - Assets

20.	Analysis of Financial Instruments by Measurement Basis	316
21.	Fair Value of Assets and Liabilities	318
22.	Cash and Cash Equivalents	325
23.	Balances with Banks & Financial Institutions	327
24.	Financial assets -Fair value through profit or loss	327
25.	Loans and receivables - Amortised cost	329
26.	Insurance and Reinsurance Receivables	346
27.	Financial assets - Fair value through other comprehensive income	346
28.	Debt instrument - Amortised cost	347
29.	Investments in Subsidiaries	349
30.	Investment Property	351
31.	Other Assets	353
32.	Property, Plant and Equipment	354
33.	Right of use assets	359
34.	Goodwill and Intangible Assets	360

Page No.

Statement of Financial Position - Liabilities

35.	Due to Banks	362
36.	Due to Customers	364
37.	Debt Securities Issued	365
38.	Other Financial Liabilities	367
39.	Insurance Liabilities and Reinsurance Payable	368
40.	Lease Liabilities	370
41.	Current Tax Liabilities	371
42.	Other Liabilities	372
43	Retirement Benefit Obligation	373
44.	Deferred Tax Liabilities / (Assets)	376

Statement of Financial Position - Equity

45.	Stated capital	379
46.	Statutory Reserve Fund	380
47.	Retained Earnings	380
48.	Other Reserves	380
49.	Non - Controlling Interest	382

Other Financial Disclosures

50.	Contingent Liabilities and Commitments	382
51.	Net Assets Value per Ordinary Share	384
52.	Current/Non Current Analysis	385
53.	Financial Reporting by Segment	386
54.	Assets Pledged	388
55.	Related Party Disclosure	388
56.	Risk Management	394
57.	Events after the Reporting Period	419

STATEMENT OF PROFIT OR LOSS

For the Year Ended 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Company Change %	Group 2025 Rs. '000	Group 2024 Rs. '000	Group Change %	Page No.
Gross income	5	301	28,427,584	31,036,624	(8.41)	35,916,302	37,552,858	(4.36)	
Interest income	6.1	302	26,088,017	28,853,306	(9.58)	29,525,694	32,216,697	(8.35)	
Less: Interest expense	6.2	302	12,016,685	17,200,885	(30.14)	13,065,611	18,266,659	(28.47)	
Net interest income	6	301	14,071,332	11,652,421	20.76	16,460,083	13,950,038	17.99	
Net earned premium	7	303	-	-	-	4,574,399	3,735,325	22.46	
Fee and commission income	8	304	1,756,723	1,544,820	13.72	1,262,706	979,395	28.93	
Net gains/(losses) on financial assets - FVTPL	9	305	146,186	135,892	7.58	182,398	124,229	46.82	
Other operating income	10	305	436,658	502,606	(13.12)	371,105	497,212	(25.36)	
Total operating income			16,410,899	13,835,739	18.61	22,850,691	19,286,199	18.48	
Less: Impairment charges for loans and receivables and other losses	11	306	(403,301)	(1,155,776)	(65.11)	(383,497)	(1,354,204)	(71.68)	
Net operating income			16,814,200	14,991,515	12.16	23,234,188	20,640,403	12.57	
Less: Expenses									
Personnel expenses	12	309	4,864,568	4,248,112	14.51	6,448,279	5,541,660	16.36	
Depreciation and amortisation	13	309	682,989	669,936	1.95	638,254	613,868	3.97	
Benefits, claims and underwriting expenditure	14	310	-	-	-	2,937,798	2,668,198	10.10	
Other operating expenses	15	311	3,471,383	2,776,611	25.02	4,222,297	3,391,028	24.51	
Total operating expenses			9,018,940	7,694,659	17.21	14,246,628	12,214,754	16.63	
Operating profit before taxes on financial services			7,795,260	7,296,856	6.83	8,987,560	8,425,649	6.67	
Less : Tax on financial services	16	311	2,006,924	1,920,924	4.48	2,108,182	1,996,425	5.60	
Profit before income tax expense			5,788,336	5,375,932	7.67	6,879,378	6,429,224	7.00	
Less : Income tax expense	17	312	2,184,959	1,835,435	19.04	2,789,133	2,231,793	24.97	
Profit for the year			3,603,377	3,540,497	1.78	4,090,245	4,197,431	(2.55)	
Profit attributable to									
Equity holders of the Company			3,603,377	3,540,497	1.78	3,998,783	3,994,917	0.10	
Non-controlling interest	49	382	-	-	-	91,462	202,514	(54.84)	
Profit for the year			3,603,377	3,540,497	1.78	4,090,245	4,197,431	(2.55)	
Basic / Diluted earnings per ordinary share (Rs.)	18	315	1.67	1.64	1.83	1.86	1.85	0.54	
Dividend per Ordinary share (Rs.)	19	316	1.40	1.40	-	-	-	-	

The Notes appearing on pages 292 to 419 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Company Change %	Group 2025 Rs. '000	Group 2024 Rs. '000	Group Change %
Profit for the year			3,603,377	3,540,497	1.78	4,090,245	4,197,431	(2.55)
Other comprehensive income, net of tax Items to be reclassified to profit or loss in subsequent years (net of tax):								
Net gains/(losses) arising from translating the Financial Statements of the foreign subsidiary	48.4	382	-	-	-	(148,962)	(625,269)	(76.18)
Net items to be reclassified to profit or loss in subsequent years			-	-	-	(148,962)	(625,269)	(76.18)
Items not to be reclassified to profit or loss in subsequent years (net of tax):								
Net actuarial gains/(losses) on defined benefit plans								
Actuarial gains and losses on retirement benefit obligation	43.2	374	(134,126)	(17,890)	649.73	(143,496)	(26,787)	435.69
Deferred tax effect on actuarial gains and losses	44.1	377	40,238	5,368	649.73	43,048	8,139	428.92
Financial assets - Fair value through other comprehensive income								
Gains/(losses) on re-measuring	48.3	381	131,792	214,016	(38.42)	83,694	329,798	(74.62)
Deferred tax effect on above	44.1	377	(39,537)	(64,200)	(38.42)	(25,108)	(97,944)	(74.36)
Net items not to be reclassified to profit or loss in subsequent years			(1,633)	137,294	(101.19)	(41,862)	213,206	(119.63)
Other comprehensive income for the year, net of tax			(1,633)	137,294	(101.19)	(190,824)	(412,063)	(53.69)
Total comprehensive income for the year			3,601,744	3,677,791	(2.07)	3,899,421	3,785,368	3.01
Attributable to:								
Equity holders of the Company			(1,633)	137,294	(101.19)	(107,775)	(124,716)	(13.58)
Non-controlling interest	49	382	-	-	-	(83,049)	(287,347)	(71.10)
Other comprehensive income for the year, net of tax			(1,633)	137,294	(101.19)	(190,824)	(412,063)	(53.69)
Total comprehensive income for the year			3,601,744	3,677,791	(2.07)	3,899,421	3,785,368	3.01

The Notes appearing on pages 292 to 419 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Page	Company 2025 Rs. '000	Company 2024 Rs. '000	Company Change %	Group 2025 Rs. '000	Group 2024 Rs. '000	Group Change %
Assets								
Cash and cash equivalents	22	325	18,696,732	9,728,132	92.19	19,583,402	10,636,505	84.12
Balances with banks & financial institutions	23	327	3,031,551	14,288,282	(78.78)	5,694,373	17,562,955	(67.58)
Financial assets -Fair value through profit or loss	24	327	275,550	1,339,867	(79.43)	1,290,581	1,451,613	(11.09)
Loans and receivables - Amortised cost	25	329	157,092,387	103,650,453	51.56	170,451,841	116,919,950	45.79
Insurance and reinsurance receivables	26	346	-	-	-	1,698,354	1,586,697	7.04
Financial assets - Fair value through other comprehensive income	27	346	1,292,140	1,158,669	11.52	1,827,482	1,720,475	6.22
Debt instrument - Amortised cost	28	347	5,161,177	18,372,055	(71.91)	11,561,272	23,826,514	(51.48)
Investments in subsidiaries	29	349	3,832,151	3,455,229	10.91	-	-	-
Investment property	30	351	302,000	295,465	2.21	1,375,175	1,305,512	5.34
Other assets	31	353	1,040,658	3,981,818	(73.86)	1,065,584	4,166,268	(74.42)
Property, plant and equipment	32	354	1,787,796	1,361,384	31.32	4,281,701	3,779,689	13.28
Right of use assets	33	359	1,872,168	1,360,775	37.58	1,553,402	1,287,033	20.70
Deferred tax assets	44	376	59,322	818,949	(92.76)	26,569	829,351	(96.80)
Goodwill and intangible assets	34	360	34,719	41,010	(15.34)	172,552	185,304	(6.88)
Current tax receivables	41	371	52,589	-	100.00	-	-	-
Total assets			194,530,940	159,852,088	21.69	220,582,288	185,257,866	19.07
Liabilities								
Due to banks	35	362	11,436,573	2,263,494	405.26	16,828,985	7,181,365	134.34
Due to customers	36	364	124,529,684	97,437,726	27.80	130,068,713	103,843,054	25.26
Debt securities issued	37	365	5,014,652	11,032,248	(54.55)	5,014,652	11,032,248	(54.55)
Other financial liabilities	38	367	6,415,071	3,188,693	101.18	8,187,438	3,926,092	108.54
Insurance liabilities and reinsurance payable	39	368	-	-	-	5,458,788	5,508,693	(0.91)
Lease Liabilities	40	370	2,236,091	1,636,537	36.64	1,778,792	1,554,027	14.46
Current tax liabilities	41	371	-	295,474	(100.00)	326,594	536,436	(39.12)
Other liabilities	42	372	1,486,395	1,393,241	6.69	1,737,036	1,632,768	6.39
Retirement Benefit Obligation	43	373	1,000,719	778,537	28.54	1,155,916	897,355	28.81
Total liabilities			152,119,185	118,025,950	28.89	170,556,914	136,112,038	25.31
Equity								
Stated capital	45	379	19,230,479	19,230,479	-	19,230,479	19,230,479	-
Statutory reserve fund	46	380	3,147,965	2,967,853	6.07	3,325,935	3,107,595	7.03
Retained earnings	47	380	19,976,739	19,884,827	0.46	24,431,095	23,976,101	1.90
Other reserves	48	380	56,572	(257,021)	(122.01)	633,005	431,456	46.71
Total equity attributable to equity holders of the Company			42,411,755	41,826,138	1.40	47,620,514	46,745,631	1.87
Non-controlling interest	49	382	-	-	-	2,404,860	2,400,197	0.19
Total equity			42,411,755	41,826,138	1.40	50,025,374	49,145,828	1.79
Total liabilities and equity			194,530,940	159,852,088	21.69	220,582,288	185,257,866	19.07
Contingent liabilities and commitments	50	382	19,052,614	14,240,316	33.79	19,250,948	14,402,895	33.66
Net asset value per ordinary share (Rs.)	51	384	19.69	19.41	1.40	22.10	21.70	1.87

We certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Priyankara Gangabadage
Senior Manager - Finance

Sanjeewa Bandaranayake
Chief Executive Officer

The Board of Directors is responsible for these Financial Statements. Approved and signed for and on behalf of the Board by;

Prof. Ajantha Samarakoon
Chairman

Clive Fonseka
Director

30 May 2025
Colombo

The Notes appearing on pages 292 to 419 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - COMPANY

Company		Other Reserves			
	Capital	Statutory Reserve Fund	Regulatory loss allowance reserve	Fair Value Reserve	Retained Earnings	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2023	18,015,559	2,790,828	-	(571,148)	19,556,826	39,792,065
Total comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	3,540,497	3,540,497
Other comprehensive income (net of tax)	-	-	-	214,016	(76,722)	137,294
Total comprehensive income for the year	-	-	-	214,016	3,463,775	3,677,791
Transactions with equity holders, recognised directly in equity						
Transfers to reserves	-	177,025	100,111	-	(277,136)	-
Dividend paid - Scrip	1,214,920	-	-	-	(1,429,319)	(214,399)
- Cash	-	-	-	-	(1,429,319)	(1,429,319)
Total transactions with equity holders	1,214,920	177,025	100,111	-	(3,135,774)	(1,643,718)
Balance as at 31st March 2024	19,230,479	2,967,853	100,111	(357,132)	19,884,827	41,826,138
Balance as at 1st April 2024	19,230,479	2,967,853	100,111	(357,132)	19,884,827	41,826,137
Total comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	3,603,377	3,603,377
Other comprehensive income (net of tax)	-	-	-	131,792	(133,426)	(1,634)
Total comprehensive income for the year	-	-	-	131,792	3,469,951	3,601,743
Transactions with equity holders, recognised directly in equity						
Transfers to reserves	-	180,112	181,801	-	(361,914)	-
Dividend paid - Scrip	-	-	-	-	-	-
- Cash	-	-	-	-	(3,016,126)	(3,016,126)
Total transactions with equity holders	-	180,112	181,801	-	(3,378,039)	(3,016,126)
Balance as at 31st March 2025	19,230,479	3,147,965	281,912	(225,340)	19,976,739	42,411,755

The Notes appearing on pages 292 to 419 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

Group	Capital	Statutory Reserve Fund	Other Reserves: Regulatory loss allowance reserve	Other Reserves: Fair Value Reserve	Other Reserves: Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2023	18,015,559	2,905,660	-	(627,839)	977,219	23,248,550	44,519,149	2,485,029	47,004,178
Total comprehensive income for the year									
Profit/(loss) for the year	-	-	-	-	-	3,994,917	3,994,917	202,514	4,197,431
Other comprehensive income (net of tax)	-	-		300,852	(318,887)	(106,681)	(124,716)	(287,347)	(412,063)
Total comprehensive income for the year	-	-	-	300,852	(318,887)	3,888,236	3,870,201	(84,833)	3,785,368
Transactions with equity holders, recognised directly in equity									
Transfers to reserves	-	201,936	100,111	-	-	(302,047)	-	-	-
Dividend paid - Scrip	1,214,920	-	-	-	-	(1,429,319)	(214,399)	-	(214,399)
Cash	-	-	-	-	-	(1,429,319)	(1,429,319)	-	(1,429,319)
Total transactions with equity holders	1,214,920	201,936	100,111	-	-	(3,160,685)	(1,643,718)	-	(1,643,718)
Balance as at 31st March 2024	19,230,479	3,107,596	100,111	(326,987)	658,332	23,976,101	46,745,632	2,400,196	49,145,828
Balance as at 1st April 2024	19,230,479	3,107,596	100,111	(326,987)	658,332	23,976,101	46,745,632	2,400,196	49,145,828
Movement due to change in ownership	-	-	-	-		-	-	150,555	150,555
Total comprehensive income for the year									
Profit/(loss) for the year	-	-	-	-	-	3,998,783	3,998,783	91,462	4,090,245
Other comprehensive income (net of tax)	-	-	-	95,719	(75,971)	(127,523)	(107,775)	(83,049)	(190,824)
Total comprehensive income for the year	-	-	-	95,719	(75,971)	3,871,260	3,891,008	158,968	4,049,976
Transactions with equity holders, recognised directly in equity									
Transfers to reserves	-	218,339	181,801	-	-	(400,140)	-	-	-
Dividend paid - Scrip	-	-	-	-	-	-	-	(154,304)	(154,304)
Cash	-	-	-	-	-	(3,016,126)	(3,016,126)	-	(3,016,126)
Total transactions with equity holders	-	218,339	181,801	-	-	(3,416,266)	(3,016,126)	(154,304)	(3,170,430)
Balance as at 31st March 2025	19,230,479	3,325,935	281,912	(231,268)	582,361	24,431,095	47,620,514	2,404,860	50,025,374

The Notes appearing on pages 292 to 419 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Accounting Policy

The Statement of Cash Flows has been prepared by using the 'Direct Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flows', whereby operating activities, investing activities and financing activities are separately recognised. Cash and Cash Equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

			Company		Group	
For the year ended 31st March	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash flows from operating activities						
Income from cash and cash equivalent			724,963	532,545	727,193	562,002
Payments to loans and receivables			(166,432,887)	(82,001,794)	(175,731,375)	(92,308,567)
Receipts from loans and receivables			141,513,583	118,689,051	153,231,820	128,330,292
Investment in balances with banks & financial institutions			(8,987,388)	(83,467,031)	(10,986,869)	(85,259,719)
Receipts from balances with banks & financial institutions			21,097,377	101,913,162	24,607,215	105,971,828
Investment in debt instrument at amortized cost			(30,660,972)	(64,224,591)	(39,053,120)	(68,672,625)
Receipts from debt instrument at amortized cost			48,062,787	57,374,968	55,509,300	61,324,640
Payment of due to customers			(141,572,835)	(130,632,152)	(147,375,385)	(135,582,552)
Receipts from due to customers			157,217,301	111,782,579	161,951,468	115,507,546
Receipt from other income			3,946	14,285	204,750	184,865
Investment in financial assets - fair value through profit or loss			(6,000,000)	(1,200,000)	(6,924,544)	(1,200,000)
Proceeds from financial assets - fair value through profit or loss			7,210,503	200,000	7,267,974	217,709
Receipt from Financial assets - fair value through OCI			81,846	81,549	178,574	103,589
Investment in Financial assets - fair value through OCI			-	-	-	-
Payment for personnel expenses			(4,918,235)	(4,158,611)	(6,422,964)	(5,419,653)
Payment for operating lease liability			(711,549)	(658,199)	(593,020)	(436,000)
Payment for other operating activities			(5,170,064)	(4,567,545)	(5,683,396)	(5,073,934)
Premium received from customers			-	-	4,462,741	3,646,693
Claims paid			-	-	(2,987,704)	(2,366,126)
Dividend income from investments			4,757	257,556	5,430	9,772
Gratuity paid	43	373	(70,168)	(88,382)	(91,537)	(107,113)
Income tax paid	41.1	372	(1,685,532)	(1,836,478)	(1,969,527)	(2,142,485)
Net cash generated from/(used in) operating activities			9,707,433	18,010,912	10,327,024	17,290,162
Cash flows from investing activities						
Purchase of property, plant and equipment	32	354	(585,981)	(168,935)	(783,457)	(206,483)
Proceeds from the sale of property, plant and equipment			726	236,008	17,304	256,152
Purchase of intangible assets	34	360	(4,384)	(30,248)	(15,768)	(64,610)
Net cash (used in)/generated from investing activities			(589,639)	36,825	(781,921)	(14,941)
Cash flows from financing activities						
Payment for due to banks	35.1	362	(15,954,862)	(6,598,526)	(18,138,301)	(8,041,178)
Borrowing from due to banks	35.1	362	24,500,000	-	26,823,963	2,581,519
Payment for debt securities issued	37.1	365	(6,613,134)	(6,594,697)	(6,613,134)	(6,450,482)
Dividend paid to shareholders			(3,006,809)	(1,426,208)	(3,006,809)	(1,426,208)
Dividend paid to non-controlling interest			-	-	(3,750)	-
Net cash (used in)/generated from financing activities			(1,074,805)	(14,619,431)	(938,031)	(13,336,349)
Net (decrease) in cash & cash equivalents			8,042,989	3,428,306	8,607,072	3,938,872
Cash and cash equivalents at the beginning of the year			9,220,384	5,792,078	9,111,511	5,172,639
Cash and cash equivalents at the end of the year			17,263,373	9,220,384	17,718,583	9,111,511
Cash and cash equivalents			18,696,731	9,728,132	19,583,401	10,636,506
Bank overdraft			(1,433,358)	(507,748)	(1,864,818)	(1,524,995)
Cash and cash equivalents at the end of the year			17,263,373	9,220,384	17,718,583	9,111,511

The Notes appearing on pages 292 to 419 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

GRI 2-1

1. CORPORATE AND GROUP INFORMATION

1.1 Corporate Information

People's Leasing & Finance PLC (the 'Company'), is a Public Limited Liability Company incorporated on 22 August 1995 and domiciled in Sri Lanka. It is a licensed finance company under the Finance Business Act No. 42 of 2011. The Company has a primary listing on the Colombo Stock Exchange on 24 November 2011. The Company was re-registered under the Companies Act No. 07 of 2007.

Its registered office and the principal place of the business is at No. 1161, Maradana Road, Colombo 08.

Consolidated Financial Statements

The consolidated financial statements of the Group for the year ended 31 March 2025 comprise People's Leasing & Finance PLC (Parent Company), its subsidiaries (together referred to as the 'Group').

Parent Entity and Ultimate Parent Entity

The Company's parent entity is People's Bank which is a Government owned entity.

Number of Employees

The staff strength of the Company and Group as at 31st March 2025 is 2,679 and 3,685 respectively. (2,052 and 2,902 as at 31st March 2024).

1.2 Group Information

Principal Activities and Nature of Operations

Company

People's Leasing & Finance PLC

The principal business activities are providing finance leases, term loans, Islamic finance, margin trading, share trading, issue of debt instruments, factoring, gold loans and mobilisation of public deposits.

Subsidiaries

Name of the Subsidiaries	Principal activities	Country of Incorporation	% Equity interest	
			2025	2024
People's Leasing Fleet Management Limited	Vehicle valuation and insurance assessment.	Sri Lanka	100%	100%
People's Leasing Property Development Limited	Carrying out mixed development projects and property development activities.	Sri Lanka	100%	100%
People's Insurance PLC	Carrying out general insurance business.	Sri Lanka	75%	75%
People's Leasing Havelock Properties Limited	Construct and operate an office complex.	Sri Lanka	100%	100%
People's Micro-commerce Ltd	Providing non-bank financial services to low income earners and micro enterprises.	Sri Lanka	100%	100%
Alliance Finance PLC	Providing lease/loans and advances, issue of debt instruments and mobilization of public deposits.	Bangladesh	51%	51%

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated Financial Statements of the Group and Separate Financial Statements of the Company, as at 31st March 2025 and for the year then ended, have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs),laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, Insurance Industry Act No. 43 of 2000 and the Listing Rules of the Colombo Stock Exchange. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

Sri Lanka Accounting Standards are available at 'www.casrilanka.com/www.slaasc.lk'.

The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

Details of the Group's Material Accounting Policies followed during the year are given in Notes 3.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for these Financial Statements of the Company and the Group as per the provision of the Companies Act No. 07 of 2007 and SLFRSs and LKASs.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors on the Affairs of the Company", "Directors' Responsibility for Financial Reporting" and in the certification on the Statement of Financial Position.

These financial statements include the following components:

- Statement of Profit or Loss and Statement of Comprehensive Income providing the information on the financial performance of the Company and the Group for the year under review;

- Statement of Financial Position providing the information on the financial position of the Company and the Group as at the year-end;
- Statement of Changes in Equity depicting all changes in shareholders' equity during the year under review of the Company and the Group;
- Statement of Cash Flows providing the information to the users, on how the Company and the Group to generated and distribute cash and cash equivalents during the period.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Company and the Group for the year ended 31 March 2025 (including comparatives) were approved and authorised for issue on 30 May 2025 in accordance with the resolution of the Board of Directors on 30 May 2025.

2.4 Basis of Measurement

The Financial Statements of the Company and the Group have been prepared on the historical cost basis except for the following items in the Statement of Financial Position::

Item	Basis of measurement	Note	Page No.
Financial assets -Fair value through profit or loss	Fair Value	24	327
Financial assets - Fair value through other comprehensive income	Fair Value	27	346
Investment property	Fair Value	30	351
Retirement benefit obligation	Liability is recognised as the present value of the retirement benefit obligation, plus actuarial gains and losses.	43	373

2.5 Presentation of Financial Statements

The assets and liabilities of the Company and the Group in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 52 on page 385 (Current/ non-current analysis). No adjustments have been made for inflationary factors affecting the Financial Statements.

2.6 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

2.7 Functional and Presentation Currency

The Financial Statements of the Group and the Company are presented in Sri Lanka Rupees (Rs.), which is the currency of primary economic environment, in which the Group operates (Group functional currency).

The information presented in US Dollars in the Section on "Supplementary Information" does not form part of the Financial Statements and is made available solely for the information of stakeholders.

2.8 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest Rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard-LKAS 01 on "Presentation of Financial Statements".

2.9 Materiality and Aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

2.10 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements of the Company and the Group in conformity with SLFRSs and LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Further, management is also required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key significant accounting judgments, estimates and assumptions involving uncertainty are discussed below, whereas the respective carrying amounts of such assets and liabilities are as given in related Notes.

Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has adequate resources to continue its operations for the foreseeable future. This assessment has taken into account current macroeconomic conditions, regulatory developments, and the financial and operational position of the Group, including its capital adequacy,

NOTES TO THE FINANCIAL STATEMENTS

liquidity, and risk management framework.
The assessment also considered the potential impact of external economic factors to make reasonable projections regarding future business performance and sustainability. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Accordingly, the financial statements have been prepared on the assumption that the Group will continue as a going concern.

Classification of financial assets and liabilities

As per SLFRS 9, the significant accounting Policies of the Group provides scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL) based on the following criteria;

- The entity's business model for managing the financial assets as set out in Note 3.5.2 on page 296
- The contractual cash flow characteristics of the financial assets as set out in Note 3.5.2 on page 296

Classification of Investment Property

Management uses its judgment to classify properties as investment properties if they are held to earn rental income or for capital appreciation, generating independent cash flows. Properties used in production, supply, or administrative purposes, generating cash flows with other assets, are classified as Property, Plant & Equipment. The Group annually reassesses the classification based on the current use of the properties.

Impairment losses on Financial Assets

The measurement of impairment losses both under SLFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

The Group/Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets are impaired.

Impairment Losses on Loans and Receivables

Accordingly, the Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the Statement of Profit or Loss. In particular, the Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made.

Details of the 'impairment losses on loans and receivables' are given in Note 25.6 on page 339 to the financial statements.

Impairment charges on financial investments

Financial investments are categorised under amortised cost subject to Impairment in accordance with SLFRS 9 -Financial Investment. The Company/ Group does not have historical loss experience on debt instruments at amortised cost .Thus the Group considers PDs published by the external sources i.e. – Bloomberg for external credit rating. LGD for debt securities issued by the Government of Sri Lanka in rupees is considered as 0%, and for all other instruments, industry average is considered as LGD.

Credit risk has not increased significantly relating to financial investments, since initial recognition. Therefore Group did not record expected credit loss in the financial statements for those investments.

Impairment of FVOCI

Details of the 'Impairment of FVOCI' are given in Note 27 on page 346 to the financial statements.

Useful Life Time of the Property, Plant and Equipment

The Group reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Useful Life Time of the Intangible Assets

Details of the 'useful life-time of the intangible assets' are given in Note 34 to the financial statements on page 360.

Fair Value of Investment Property

Significant judgments and estimates are used to determine the fair value, including comparable sales, future rental income, and discount rates. Details of the Fair Value of Investment Property are given in Note 30 on page 351.

SLFRS 16 Lease Liabilities and Right-of-Use Assets

Significant Judgments are required for lease terms and incremental borrowing rates, with estimates for renewal options and calculating lease liabilities and right-of-use assets. Details of the Lease liabilities and Right-of-use assets are given in note 40 and 33 on page 370/359.

Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

Deferred Tax

Details of the 'deferred tax' are given in Note 44 on page 376 to the financial statements.

Retirement Benefit Obligation

Details of the 'retirement benefit obligation' are given in Note 43 on page 373 to the financial statements.

Provisions for Liabilities, Commitments, and Contingencies

Significant Judgments are made to recognize provisions for present obligations, estimating the outflow of resources. Contingent liabilities are disclosed when outflows are not probable or cannot be reliably measured. Commitments are disclosed as future contractual obligations. Details of Provisions for Liabilities, Commitments, and Contingencies are given in note no 42 and 50 on page 372/382.

Valuation of General Insurance Contract Liabilities of Subsidiary People's Insurance PLC

The estimates of general insurance contracts have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims Incurred, But Not yet Reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty. The main assumption underlying estimating the amounts of outstanding claims is the past claims development experience.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjusted estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims, inflation or loss ratios.

Events after the Reporting Date

Management reviews events after the reporting date for adjustments or disclosures. Adjusting events provide evidence of conditions at the end of the reporting period, while non-adjusting events are disclosed if material. Details of Events after the Reporting Date are given in note 57 on page 419.

2.11 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3. MATERIAL ACCOUNTING POLICIES

3.1 Basis of Consolidation

The Consolidated Financial Statements of the Group for the year ended 31st March 2025 include the Company, its subsidiaries. The financial statements of the Company's and subsidiaries are prepared for the same reporting year except for People's Insurance PLC and Alliance Finance PLC , subsidiaries of People's Leasing & Finance PLC, whose financial year ends on December 31st. For consolidation purpose same reporting year has been used.

3.1.1 Business Combination and Goodwill

Business combinations are accounted for using the Acquisition method as per the requirements of Sri Lanka Accounting Standard - SLFRS 03 (Business Combinations).

The Group and the Company measure goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in Statement of Profit or Loss.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash–generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the Statement of Profit or Loss.

3.1.2 Common Control Business Combination

Common control business combinations are accounted using the guidelines issued under Statement of Recommended Practice (SoRP) - Merger accounting for common control business combination issued by The Institute of Chartered Accountants of Sri Lanka.

3.1.3 Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in Statement of Profit or Loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

3.1.4 Transactions Eliminated on Consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as

NOTES TO THE FINANCIAL STATEMENTS

unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency which is Sri Lankan Rupees (Rs.) at the spot exchange rate at the date of the transactions were affected. In this regard, the Group's practice is to use the middle rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot rate of exchange at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

3.3 SLFRS 15 – Revenue From Contracts With Customers

SLFRS 15 provides a comprehensive framework for determining whether, how much, and when revenue is recognised. SLFRS 15 requires new qualitative and quantitative disclosure aimed at enabling users of Financial Statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Entities are required to apply five-step model to determine when to recognise revenue and at what amount. The model specifies that revenue is recognised when or as an entity transfers control of goods and services to a customer at the amount at which the entity expects to be entitled.

3.4 New and Amended Standard and Interpretation

In these financial statements, the Group has applied Sri Lanka Accounting Standard - Amendments to LKAS 1, LKAS 16 and LKAS 7 for financial reporting which became effective for the annual reporting periods beginning on or after 1st January 2024, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not effective.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities - Amendments to LKAS 1

These amendments clarify that the classification of liabilities as current or non-current should consider whether the entity has a substantive right to defer settlement at the end of the reporting period. Furthermore, it clarifies the treatment of covenants that must be complied with after the reporting date (future covenants). The amendments apply specifically to loan arrangements and support better clarity in classification of liabilities. The application of these amendments had no material effect on the Company's liability classifications.

Lease Liability in a Sale and Leaseback - Amendments to SLFRS 16.

This amendment clarifies how a seller-lessee should account for lease liabilities in sale and leaseback transactions, ensuring that gains or losses related to the retained right-of-use are not recognised immediately. The Company has evaluated its leaseback arrangements and concluded that the amendment did not materially affect the financial statements.

Disclosure of Accounting Policies - Amendments to LKAS 7 and SLFRS 7

These amendments require enhanced disclosures about supplier finance arrangements, including the terms and conditions, the carrying amounts of liabilities, and the associated cash flow impacts. The Company has reviewed its supplier financing practices and determined that while such arrangements exist, the required disclosures were not material to the financial statements.

3.5 Financial Instruments – Initial Recognition and Subsequent Measurement

3.5.1 Date of Recognition

All financial assets and liabilities except 'regular way trades' are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. 'Regular way trades' means purchases or sales of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the market place. Those trades are initially recognised on the settlement date.

3.5.2 Classification and Subsequent Measurement of Financial Assets

As per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

Business Model Assessment

With effect from 1 April 2018, the Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by- instrument basis because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales

activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In contrast, contractual terms that introduce a more than the minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money..

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Details on different types of financial assets recognised on the SOFP.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are given in Notes 22,23,25,26,28 and 35 to 40 on page 325/327/329/346/347 and 362 to 370.

Financial assets measured at FVOCI

Financial assets at FVOCI include debt and equity instruments measured at fair value through other comprehensive income. Financial assets measured at FVOCI are given in Notes 27 on page 346.

Financial assets measured at FVTPL

As per SLFRS 9, all financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss which are discussed in Notes 24 on page 327.

Financial assets designated at fair value through profit or loss

As per SLFRS 9, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss as at the end of the reporting period.

3.5.3 Reclassification of Financial Instruments

Financial assets are not reclassified after their initial recognition, except in rare circumstances when the Group changes its business model for managing those financial assets. This may occur due to the acquisition, disposal, or termination of a business line.

From FVTPL:

To FVOCI: Fair value on reclassification date becomes the new gross carrying amount. EIR is recalculated. Subsequent fair value changes go to OCI.

To Amortised Cost: Fair value on reclassification date becomes the new carrying amount. EIR is recalculated.

From FVOCI:

To FVTPL: Accumulated OCI balance is transferred to profit or loss.

To Amortised Cost: Asset is reclassified at fair value, OCI balance adjusts this value to become amortised cost. EIR and initial carrying amount remain unchanged.

From Amortised Cost:

To FVOCI: Asset is remeasured to fair value, differences are recognised in OCI. EIR remains unchanged

To FVTPL: Fair value on reclassification date becomes the new carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

Difference between amortised cost and fair value goes to profit or loss.

There is no reclassification within the Group during the financial year.

3.5.4 Classification and Subsequent Measurement of Financial Liabilities

The Group classifies financial liabilities, excluding financial guarantees and loan commitments, into the following categories:

Financial Liabilities at FVTPL:

- Held-for-Trading
- Designated at FVTPL

Financial Liabilities Measured at Amortised Cost

Financial Liabilities at FVTPL

The Group currently has no financial liabilities classified as at FVTPL as of the end of the reporting period.

Financial Liabilities at Amortised Cost

Financial liabilities not measured at FVTPL are classified as financial liabilities at amortised cost, which include:

Due to Banks: Details in Note 35 on page 362.

Due to Customers: Details in Note 36 on page 364.

Debt securities Issued: Details in Note 37 on page 365.

Other Financial Liabilities: Details in Note 38 on page 367.

After initial recognition, these financial liabilities are measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included in "Interest expense" in profit or loss. Gains and losses are recognised in profit or loss upon derecognition of the liabilities.

3.5.5 Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when;

- The rights to receive cash flows from the asset which have expired;
- The Group and Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either;
- The Group and Company has transferred substantially all the risks and rewards of the asset; or
- The Group and Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received and any cumulative gain or loss that has been recognised in Statement of Comprehensive Income is recognised in Statement of Profit or Loss.

When the Group and Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in Statement of Profit or Loss.

3.5.6 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the Statement of Financial Position.

Income and expenses are presented on a net basis only when permitted under LKASs / SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.5.7 Determination of Fair Value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 21 on page 318.

3.6 Impairment of Non–financial Assets

The carrying amounts of the Group's non financial assets, other than deferred tax assets are reviewed at each Reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash – generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may have decreased. If such indication exists the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation/ amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in Statement of Profit or Loss.

3.7 Property, Plant, and Equipment

Policies regarding the recognition, measurement, depreciation, and impairment of tangible assets include Note 32 on page 354.

3.8 Right of use asset

Policies for recognising, measuring, and depreciating right-of-use assets arising from lease contracts include Note 33 on page 359.

3.9 Intangible Assets

Policies on recognising and measuring intangible assets such as software and goodwill, including their amortisation and impairment includes Note 34 on page 360.

3.10 Lease liability

Policies for recognising, measuring, and presenting lease contracts includes Note 40 on page 370.

3.11 Retirement Benefit obligation

Policies for recognising and measuring post employment benefits includes Note 43 on page 373.

3.12 Provisions

Provisions are recognised in the Statement of Financial Position when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with the Sri Lanka Accounting Standard - LKAS 37 on 'Provision, Contingent Liabilities and Contingent Assets'. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.13 Borrowing Costs

As per Sri Lanka Accounting Standard-LKAS 23 on 'Borrowing Costs', the Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they occur.

3.14 Income tax

GRI 207-1,207-2

3.14.1 Current tax

Details of the 'income tax expense' are given in Note 17 on page 312 to the financial statements. Accordingly, income tax rate of 30% was applied as per Inland Revenue (amendment) Act No.45 of 2022.

3.14.2 Deferred Tax

Details of the 'deferred tax' are given in Note 44 on page 376 to the financial statements. Deferred tax assets and liabilities are estimate based on the income tax rate 30%.

3.15 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No.12 of 2013, the CIL was introduced with effect from April 1, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

3.16 Value Added tax on financial services

Details of the 'VAT on financial services are given in Note 16 on page 311 to the financial statements. VAT on FS calculates at the rate of 18% based on the value addition attributable to the financial services of the Company.

3.17 Social Security Contribution Levy (SSCL)

Details of the "SSCL on financial services" are given in Note 16 on page 311 to the financial statements. The Company liable to pay SSCL on FS at the rate of 2.5% based on the value addition attributable to the financial services. Further, company non-financial services liable on the turnover at the rate of 2.5%.

3.18 Value Added Tax (VAT)

VAT rate of 18% was applied as per the VAT (Amendment) Act No 16 of 2024.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following Sri Lanka Accounting Standards and interpretations were issued by The Institute of Chartered Accountants of Sri Lanka but not yet effective as at 31st March 2025. Accordingly these accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 March 2025. Following amendment is not expected to have a material impact on the Financial Statements of the Company/Group in the foreseeable future.

4.1 IFRS 17- Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. . SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide

NOTES TO THE FINANCIAL STATEMENTS

an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The Group has an ongoing implementation process to ensure the successful adherence with the standard by 2026. According to the position papers concluded, significant portion of the Group's the position papers concluded, significant portion of the entities products will be qualified to be measured under the simplified Premium Allocation Approach. The entity is currently in process of evaluating and finalizing the applicable accounting policies, transition approach including the possible effects on comparative information, impact on current practices of the entity and the appropriate methodology for implementation. As such, the financial impact of initial application of SLFRS 17 Insurance Contracts has not been disclosed in these financial statements as it is not yet reasonably estimated.

Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The Company /Group is in the process of assessing the potential impact of these new standards on its future financial reporting and disclosures. Necessary systems and processes will be put in place to ensure compliance with the new requirements once they become effective.

5. GROSS INCOME

Accounting Policy

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company/Group and revenue can be reliably measured. The specific recognition criteria, for each type of income, given under the respective income notes.

			Company		Group	
For the year ended 31st March	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest income	6.1	302	26,088,017	28,853,306	29,525,694	32,216,697
Net earned premium	7.	303	-	-	4,574,399	3,735,325
Fee and commission income	8.	304	1,756,723	1,544,820	1,262,706	979,395
Net gains/(losses) on financial assets - FVTPL	9	305	146,186	135,892	182,398	124,229
Other operating income	10	305	436,658	502,606	371,105	497,212
Total			28,427,584	31,036,624	35,916,302	37,552,858

6. NET INTEREST INCOME

Accounting Policy

For all financial instruments measured at amortised cost, interest income or expense is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Interest income on financial assets measured at amortised cost (AC) including Cash and cash equivalents, Balances with banks & financial institutions, Loans and receivables and Debt instruments are calculated using Effective Interest Rate.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and 'Interest expense' for financial liabilities. However, for a reclassified financial asset for which the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Revenue can be recognized only when it is probable that the economic benefit associate with the transaction will flow to the entity. However when uncertainty arise about the recoverability, revenue recognition should be ceased. With the adoption of SLFRS 9 –"Financial instrument", Customer default point (Uncertainty about the recoverability) has been change to 90 days past due. Accordingly interest income can be recognized only up to 90 days past due in accordance with SLFRS 9.

Interest on Overdue Rentals

Interests from overdue rentals have been accounted for on a cash basis.

NOTES TO THE FINANCIAL STATEMENTS

6. NET INTEREST INCOME

For the year ended 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Interest income	6.1	302	26,088,017	28,853,306	29,525,694	32,216,697
Interest expenses	6.2	302	12,016,685	17,200,885	13,065,611	18,266,659
Net interest income			14,071,332	11,652,421	16,460,083	13,950,038

6.1 Interest income

For the year ended 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Cash and cash equivalents			730,653	532,545	760,103	562,002
Balances with banks & financial institutions			881,661	3,087,990	1,483,384	3,699,208
Loans and receivables	6.1.1	302	23,148,924	21,578,075	25,556,085	23,692,636
Debt instrument - Amortised cost			1,326,779	3,654,696	1,726,122	4,262,851
Total interest income			26,088,017	28,853,306	29,525,694	32,216,697

6.1.1 Interest income - Loans and receivables

For the year ended 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Lease/ Ijarah receivable	14,945,220	11,605,428	14,945,993	11,606,944
Hire-Purchase/ Murabah receivable	846	1,643	1,015,332	853,194
Term Loan/ Musharakah/ Staff Loan/ Related Party loans	8,202,858	9,971,004	9,594,760	11,232,498
Total interest Loans and receivables	23,148,924	21,578,075	25,556,085	23,692,636

6.2 Interest expenses

For the year ended 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Due to banks	6.2.1	303	338,312	682,321	622,134	1,190,871
Due to customers	6.2.1	303	10,811,512	15,352,185	11,649,576	15,938,105
Debt securities issued	6.2.1	303	595,538	920,896	595,538	917,774
SLFRS 16-Incremantal Borrowing Cost	40	370	271,323	245,483	198,363	219,909
Total interest expenses			12,016,685	17,200,885	13,065,611	18,266,659

6. NET INTEREST I NCOME (CONTD...)

6.2.1 Interest expenses - product wise

For the Year ended 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Due to banks						
Interest on bank overdraft			198	1,272	86,912	129,425
Interest on short term loan			137,777	-	137,777	-
Interest on term loan			76,259	436,604	397,445	817,001
Interest on securitisation			-	244,445	-	244,445
Subtotal			214,234	682,321	622,134	1,190,871
Due to customers						
Interest cost on deposits			10,935,590	15,352,185	11,649,576	15,938,105
Subtotal			10,935,590	15,352,185	11,649,576	15,938,105
Debt securities issued						
Interest on debentures	37.1	365	595,538	920,896	595,538	917,774
Subtotal			595,538	920,896	595,538	917,774
Lease Liabilities						
SLFRS 16-Incremental Borrowing Cost			271,323	245,483	198,363	219,909
Subtotal			271,323	245,483	198,363	219,909
Total interest expenses			12,016,685	17,200,885	13,065,611	18,266,659

7. NET EARNED PREMIUM

Accounting Policy

Product classification of insurance and investment contracts

SLFRS 4 - "Insurance Contracts", requires contracts written by insurer to be classified as either 'Insurance contracts' or 'Investment contracts' depending in the level of insurance risk transferred.

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders, if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable, if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk, and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

All the products sold by the People's Insurance PLC (Subsidiary of PLC) are insurance contracts and therefore classified as insurance contracts under SLFRS 4 - Insurance Contracts. Thus, the Company does not have any investment contracts within its product portfolio as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

7. NET EARNED PREMIUM (CONTD...)

Revenue recognition of gross written premium

Gross written premium (GWP) represents the premium charged by the Company to underwrite risks. GWP is accounted on accrual basis.

Gross written premium comprises the total premiums received/receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

Rebates that form part of the premium rate, such as no claim rebates are deducted from GWP.

Insurance - Revenue Recognition Gross Written Premium

Non-life insurance gross written premium comprises the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

Reinsurance Premium

Non-life insurance gross written premium comprises the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

Unearned Premium Reserve

Unearned premium reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 365 basis.

Unearned Reinsurance Premium Reserve

Unearned reinsurance premium is the proportion of premium written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies.

	Company		Group	
For the Year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross written premium	-	-	6,384,198	5,482,095
Less : Premium ceded to reinsurers	-	-	1,426,241	2,236,515
Less : Change in reserve unearned premium	-	-	383,558	(489,745)
Total	-	-	4,574,399	3,735,325

8. FEE AND COMMISSION INCOME

Accounting Policy

Fee and commission income that are integral to the EIR of a financial asset are capitalised and included in the measurement of the EIR and recognised in the Income Statement over the expected life of the instrument.

As per SLFRS 15, the Group adopts principles based five step model for revenue recognition.

Accordingly, revenue is recognised only when all of the following criteria are met :

- The parties to the contract have approved the contract/s;
- The Group can identify each party's rights regarding the goods or services to be transferred;
- The Group can identify the payment terms for the goods or services to be transferred;
- The contract has the commercial substance;
- It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.
- The applicability of SLFRS 15 to the Company is limited for fee and commission income.

For the Year ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Service charges	415,782	424,985	122,546	69,548
Other fees and commission	1,340,941	1,119,835	1,140,160	909,847
Total	1,756,723	1,544,820	1,262,706	979,395

9. NET GAINS/(LOSSES) ON FINANCIAL ASSETS - FVTPL

Accounting Policy

Net gains/(losses) on financial assets /FVTPL comprises gains less losses related to trading assets , and include all realised and unrealised fair value changes, related capital gains and losses, from trading assets .

For the Year ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net mark-to-market (losses)/gain	17,096	128,951	46,457	114,938
Net capital gains	129,090	6,941	135,941	9,291
Total	146,186	135,892	182,398	124,229

10. OTHER OPERATING INCOME

Accounting Policy

Other Operating income includes income earned on other sources ,which are not directly related to the normal operations of the group is recognized on accrual basis.

Dividend Income

Dividend income is recognised when the right to receive the payment is established.

Gain or Losses on Disposal of Property, Plant & Equipment

Gains or losses resulting from the disposal of property, plant and equipment are accounted for on cash basis in the Statement of Profit or Loss, in the period in which the sale occurs.

Valuation income

Valuation income is recognised when they are realised or realisable.

Insurance fee income

Insurance Policy holders are charged for policy administration services and other contract fees. These fees are recognised as income upon receipt or become due.

Other Income

Other income is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER OPERATING INCOME (CONTD..)

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gain on sale of property, plant and equipment	279	111,049	7,407	126,037
Rent income from investment property	-	-	83,077	81,846
Dividend income from - FVOCI	4,264	1,422	4,264	1,422
- Subsidiaries	419,688	373,334	-	-
- FVTPL	2,846	2,516	2,846	8,350
Gain/(Loss) of investment properties	6,535	10,504	63,128	105,195
Valuation income	-	-	91,575	76,682
Insurance fee income	-	-	108,638	87,335
Other income	3,046	3,781	10,170	10,345
Total	436,658	502,606	371,105	497,212

11. IMPAIRMENT CHARGES FOR LOANS AND RECEIVABLES AND OTHER LOSSES

Accounting Policy

The Company and the Group recognise the changes in the impairment provisions for loans and receivables which are assessed as per the SLFRS 9 - Financial Instruments. The methodology adopted by the Company and the Group is explained in Note 25 on page 329 to these financial statements.

Loss on disposal of collaterals including write offs

Loans and receivables (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans and receivables are secured, this is generally after receipt of any proceeds from the realisation of security.

Recovery of written off debts and disposal losses

Recovery of amounts written off as bad and doubtful debts is recognised on a cash basis.

			Company		Group	
For the year ended 31st March		Page	2025	2024	2025	2024
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Individual impairment	11.3/11.4	308	(212,126)	114,912	(167,977)	41,704
Collective impairment	11.3/11.4	308	(2,611,490)	(1,669,381)	(2,616,348)	(1,784,977)
Other receivable			12,501	(121)	(11,475)	(8,234)
Loss on disposal of collaterals including write offs			2,528,671	463,002	2,533,648	463,002
Recovery of written-off debts/disposal losses			(120,857)	(64,188)	(121,345)	(65,699)
Total	11.1/11.2	307	(403,301)	(1,155,776)	(383,497)	(1,354,204)

11. IMPAIRMENT CHARGES FOR LOANS AND RECEIVABLES AND OTHER LOSSES (CONTD...)

11.1 Impairment charge/(reversal) for loans and other losses (Detailed breakdown) - Company

For the year ended 31st March	2025			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/ Ijarah receivable	788,642	724,064	(1,568,844)	(56,138)
Hire-Purchase/ Murabah receivable	118,576	27	(144,023)	(25,420)
Term Loan and receivables	1,500,596	968,878	(2,803,718)	(334,244)
Other receivables	-	12,501	-	12,501
Total	2,407,814	1,705,470	(4,516,585)	(403,301)

For the year ended 31st March	2024			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/ Ijarah receivable	364,140	561,926	(1,616,235)	(690,169)
Hire-Purchase/ Murabah receivable	(5,135)	4,582	(11,149)	(11,702)
Term Loan and receivables	39,809	870,241	(1,363,834)	(453,784)
Other receivables	(121)			(121)
Total	398,814	1,436,749	(2,991,339)	(1,155,776)

11.2 Impairment charge/(reversal) for loans and other losses - Group

For the year ended 31st March	2025			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/ Ijarah receivable	809,031	725,345	(1,570,125)	(35,749)
Hire-Purchase/ Murabah receivable	115,734	109,011	(243,777)	(19,032)
Term Loan and receivables	1,487,539	1,271,467	(3,076,247)	(317,241)
Other receivable			(11,475)	(11,475)
Total	2,412,304	2,105,823	(4,901,624)	(383,497)

For the year ended 31st March	2024			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/ Ijarah receivable	362,629	561,926	(1,616,235)	(691,680)
Hire-Purchase/ Murabah receivable	(5,135)	4,582	(59,080)	(59,633)
Term Loan and receivables	39,809	615,455	(1,249,921)	(594,657)
Other receivable	(8,234)	-	-	(8,234)
Total	389,069	1,181,963	(2,925,236)	(1,354,204)

NOTES TO THE FINANCIAL STATEMENTS

11.3 Impairment charge to the income statement – Company

For the year ended 31st March	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	39,060	(251,186)	(212,126)
- Collective impairment	371,380	(45,968)	(2,936,902)	(2,611,490)
Total	371,380	(6,908)	(3,188,088)	(2,823,616)

For the year ended 31st March	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	27,335	87,577	114,912
- Collective impairment	(593,483)	(609,876)	(466,022)	(1,669,381)
Total	(593,483)	(582,541)	(378,445)	(1,554,469)

11.4 Impairment charge to the income statement – Group

For the year ended 31st March	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	66,395	(234,372)	(167,977)
- Collective impairment	314,777	15,365	(2,946,490)	(2,616,348)
Total	314,777	81,760	(3,180,862)	(2,784,325)

For the year ended 31st March	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	-	41,704	41,704
- Collective impairment	(591,263)	(719,810)	(473,904)	(1,784,977)
Total	(591,263)	(719,810)	(432,200)	(1,743,273)

12. PERSONNEL EXPENSES

Accounting Policy

Personnel expenses include salaries, bonus, terminal benefit charges and other related expenses. The provision for bonus is recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Employees are eligible for Employees' Provident Fund (EPF) contribution and Employees' Trust Fund (ETF) contributions in accordance with the respective statutes and regulations.

Retirement benefit obligation is recognised in the Statement of Profit or Loss based on an actuarial valuation carried out for the gratuity liability in accordance with Sri Lanka Accounting Standard - LKAS 19 - Employee Benefits.

			Company		Group	
For the year ended 31st March		Page	2025	2024	2025	2024
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Remuneration			4,420,233	3,816,895	5,860,086	4,985,581
Employee benefit - Defined contribution plans - EPF			228,889	204,678	306,882	269,510
Employee benefit - Defined contribution plans - ETF			57,222	51,169	74,709	65,208
Employee benefit - Retirement benefit obligation - Gratuity	43	373	158,224	175,370	206,602	221,361
Total			4,864,568	4,248,112	6,448,279	5,541,660

13. DEPRECIATION AND AMORTISATION

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the Income Statement. Freehold land is not depreciated. Right-of-use assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the assets are depreciated over the shorter of the estimated useful lives and the lease terms.

The estimated useful lives are as follows;

Class of asset	% per annum	Period
Freehold buildings	2	50 years
Improvement of leasehold property	25	4 years
Motor vehicles	12.5 - 20	5 - 8 years
Computer hardware	20	5 years
Office equipments	10 - 20	5 -10 years
Furniture and fittings	20	5 years

The above rates are consistently used by all the Group entities. The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and commence to depreciate when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year are given in Note 32 on page 354.

Amortisation of Right of Use assets

The right of use asset is subsequently depreciated. Depreciation is over the shorter of the useful life of the asset and the lease term.

Amortisation of intangible assets

Intangible assets are amortised using the straight-line method to write down the cost over its estimated useful economic lives from the date on which it is available for use at the rates as specified below;

Class of asset	% per annum	Period
Computer software	20	5 years

NOTES TO THE FINANCIAL STATEMENTS

The unamortised balances of intangible assets with finite lives are reviewed for impairment annually and whenever there is an indication for impairment and recognised in Statement of Profit or Loss to the extent that they are no longer probable of being recovered from the expected future benefits.

All classes of intangible assets together with the reconciliation of carrying amounts and accumulated amortisation at the beginning and at the end of the year are given in Note 34 on page 360.

			Company		Group	
For the year ended 31st March	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deprecation of property, plant and equipment	32	354	159,123	159,024	271,430	262,934
Amortisation of Right of use assets	33	359	513,191	502,481	343,657	332,642
Amortisation of intangible assets	34	360	10,675	8,431	23,167	18,292
Total			682,989	669,936	638,254	613,868

14. BENEFITS CLAIMS AND UNDERWRITING EXPENDITURE

Accounting Policy

Recognition of gross claims

Gross claims for non-life insurance include all claims occurring during the year, whether reported or not, related external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

Claims expenses and liabilities for outstanding claims are recognised in respect of direct insurance business. The liability covers claims reported but not yet paid, incurred but not reported claims (IBNR) and the anticipated direct and indirect costs of settling those claims. The provision in respect of IBNR is actuarially valued on a quarterly basis to ensure a more realistic estimation of the future liability based on past experience and trends.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

Recognition of reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the re-insured business.

	Company		Group	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Net Benefits and claims	-	-	2,424,673	2,501,723
Underwritings and net acquisition costs	-	-	513,125	166,475
Total	-	-	2,937,798	2,668,198

15. OTHER OPERATING EXPENSES

Accounting Policy

Other operating expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to the Statement of Profit or Loss in arriving at the profit for the year.

Directors' emoluments

Directors' emoluments include fees paid to Non-Executive Directors.

Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No.12 of 2013, the CIL was introduced with effect from April 1, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Directors' emoluments	27,668	18,727	50,818	37,865
Auditors' remunerations	7,580	7,032	15,655	14,959
Non-audit fees to auditors	3,755	1,351	3,755	1,466
Professional fees	70,986	108,084	103,655	123,231
Advertising expenses	42,585	56,582	83,927	107,460
Legal fees	13,169	9,594	24,624	17,587
Deposits Insurance Premium	134,749	134,224	134,749	134,224
Crop Insurance Levy	30,371	35,911	30,371	35,911
Operational expenses arising from investment property	-	-	15,467	18,186
Office administration and establishment expenses	3,140,520	2,405,106	3,759,276	2,900,139
Total	3,471,383	2,776,611	4,222,297	3,391,028

16. TAX ON FINANCIAL SERVICES

Accounting Policy

VAT on financial services

VAT on financial services is calculated in accordance with Value Added Tax(VAT) Act No. 14 of 2002 and subsequent amendments thereto. The value base for the computation of value added tax on financial services is calculated by adjusting the economic depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before income tax and emoluments payable. Emoluments payable include cash benefits, non cash benefits including terminal benefits. VAT on financial services rate applied for the current financial year is 18% (2023/2024-18%).

SSCL on Financial Services

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No.25 of 2022 (SSCL Act), at the rate of 2.5%. SSCL is payable on 100% of the Value Addition attributable to financial services. The Value Addition attributable to financial services shall be computed for the payment of SSCL on the business of supplying financial services by applying the attributable method referred in to Chapter III A of the Value Added Tax Act No. 14 of 2002.

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
VAT on financial services	1,762,177	1,691,301	1,847,219	1,758,576
SSCL on financial services	244,747	229,623	260,963	237,849
Total	2,006,924	1,920,924	2,108,182	1,996,425

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX EXPENSE

Accounting Policy

This Note also includes the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on "Income Taxes". As per Sri Lanka Accounting Standard - LKAS 12 "Income Taxes", tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation.

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

A 30% income tax rate was applied in the income tax calculation during the year of assessment 2024/25.

Company	Note	Page No.	Current Tax rate 2025	2024
People's Leasing & Finance PLC			30%	30%
People's Leasing Fleet Management Limited			30%	30%
People's Micro-commerce Ltd			30%	30%
People's Insurance PLC	17.1	312	30%	30%
People's Leasing Property Development Limited	17.2	312	20%-30%	20%-30%
People's Leasing Havelock Properties Limited	17.3	312	20%	10%
Alliance Finance PLC	17.4	312	40%	40%

17.1 People's Insurance PLC

Current tax is the expected tax payable on the taxable income for the year using tax rate enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of previous year. Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

17.2 People's Leasing Property Development Limited

Pursuant to the agreement dated 03 December 2008 entered into by People's Leasing Property Development Limited with the Board of Investment under Section 17 of the Board of Investment Law, for the business of setting up and operating a mixed development project, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of five years reckoned from the year in which the Company makes profit or any year of assessment not later than two years reckoned from the date of commencement of its commercial operations whichever is earliest. The Company is eligible for a 10% concessionary tax rate for a period of 2 years immediately succeeding the last date of tax exemption period and a 20% concessionary tax rate after the expiration of the 10% concessionary tax period. Non BOI income is liable for normal rate of 30%.

17.3 People's Leasing Havelock Properties Limited

Pursuant to the agreement dated 16 December 2010 entered into by People's Leasing Havelock Properties Limited with the Board of Investment under Section 17 of the Board of Investment Law, for the business of setting up and operating a mixed development project, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of five years reckoned from the year in which the Company makes profit or any year of assessment not later than two years reckoned from the date of commencement of its commercial operations whichever is earliest. The Company is eligible for a 10% concessionary tax rate for a period of 2 years immediately succeeding the last date of tax exemption period and a 20% concessionary tax rate after the expiration of the 10% concessionary tax period.

17.4 Alliance Finance PLC

According to Bangladesh Income Tax Ordinance, 1984 and amendments made thereto, tax rate applicable for Alliance Finance PLC is 40%

17. INCOME TAX EXPENSE (CONTD...)

17.5 Income tax expense

For the year ended 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Statement of Profit or Loss						
Current income tax charge	17.6	314	1,426,032	1,377,756	2,004,290	1,731,114
Deferred tax (reversal)/charge for the year	44	376	758,927	457,679	784,843	500,679
Income tax expense recognised in Statement of Profit or Loss			2,184,959	1,835,435	2,789,133	2,231,793
Statement of Comprehensive Income						
Deferred tax charge/(reversal) for the year	44	376	701	58,832	17,941	89,805
Income tax charge/(reversal) recognised in Statement of Comprehensive Income			701	58,832	17,941	89,805
Effective tax rate (excluding deferred tax)			24.64%	25.63%	29.13%	26.93%
Effective tax rate			37.75%	34.14%	40.54%	34.71%

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX EXPENSE (CONTD...)

17.6 Reconciliation of Accounting Profit and Taxable Income

			Company		Group	
For the year ended 31st March	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit Before Income Tax Expense			5,788,336	5,375,932	6,879,378	6,429,224
Add: Disallowable expenses			461,050	1,302,721	957,707	1,478,041
Add: Lease capital recoverable			477,026	165,688	514,617	165,688
Less: Allowable expenses			1,538,907	1,380,520	1,895,007	2,013,309
Less: Exempted /allowable income			280,768	377,272	747,557	839,391
Statutory income			4,906,737	5,086,549	5,709,138	5,220,253
Assessable income			4,906,737	5,086,549	5,709,138	5,220,253
Taxable income			4,906,737	5,086,549	5,709,138	5,220,253
Income tax expense at the statutory income	17.8	314	1,428,189	1,525,924	2,008,214	1,876,053
(Over)/ under provision- previous years			(2,157)	(148,168)	(3,924)	(144,939)
Current tax on profits for the year			1,426,032	1,377,756	2,004,290	1,731,114
Deferred tax charged/(reversal) for the year	44	376	758,927	457,679	784,843	500,679
Tax expense for the year			2,184,959	1,835,435	2,789,133	2,231,793

17.7 Tax Losses Brought Forward and Utilised during the Year

	Company		Group	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Tax losses brought forward	-	-	67,971	67,971
Tax losses utilised during the year	-	-	-	-
Tax losses not utilised and carried forward	-	-	67,971	67,971

17.8 Income tax expense at the statutory income

	Company		Group	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
People's Leasing & Finance PLC	1,428,189	1,525,924	1,428,189	1,525,924
People's Leasing Fleet Management Limited	-	-	11,299	14,548
People's Micro-commerce Ltd	-	-	105,619	34,868
People's Insurance PLC	-	-	271,938	227,776
People's Leasing Property Development Limited	-	-	77,547	32,716
Alliance Finance PLC	-	-	113,622	40,221
Total income tax at the effective rate	1,428,189	1,525,924	2,008,214	1,876,053

17. INCOME TAX EXPENSE (CONTD...)

17.9 Summary of the taxes paid during the year

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Direct taxes				
Income tax	1,685,532	1,836,478	1,969,527	2,142,485
Value added tax on financial services	1,769,703	1,750,444	1,860,309	1,805,240
SSCL on financial services	245,792	228,534	256,615	236,760
Crop insurance levy	39,326	29,752	42,361	33,791
Total direct taxes	3,740,353	3,845,208	4,128,812	4,218,276
Indirect taxes (collected and paid)				
Value added tax	375,886	290,857	1,295,634	1,074,467
SSCL on other income base	40,026	33,416	238,826	202,158
Stamp Duty	538,141	296,808	547,743	305,308
Withholding tax on dividend and interest	938,353	920,867	1,005,948	971,089
PAYE/APIT	417,048	311,661	500,018	341,058
Total indirect taxes	2,309,454	1,853,609	3,588,169	2,894,080
Total taxes paid during the financial year	6,049,807	5,698,817	7,716,981	7,108,317

18. BASIC / DILUTED EARNINGS PER ORDINARY SHARE (EPS)

Accounting Policy

Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year , as per Sri Lanka Accounting Standard - LKAS 33 - Earnings per share.

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
Profit attributable to equity holders (Rs.)	3,603,380,844	3,540,498,468	3,998,786,847	3,994,914,903
Number of ordinary shares as at 31st March 2025	2,154,375,750	2,154,375,750	2,154,375,750	2,154,375,750
Basic/ Diluted earnings per ordinary share (Rs.)	1.67	1.64	1.86	1.85

NOTES TO THE FINANCIAL STATEMENTS

19. DIVIDEND PER ORDINARY SHARE

	Company	
For the year ended 31st March	2025	2024
Cash dividend Paid (Rs.'000)	3,016,126	1,429,319
Scrip dividend Paid (Rs.'000)	-	1,429,319
Total dividend paid (Rs.'000)	3,016,126	2,858,638
Dividend per Ordinary share (Rs.)	1.40	1.40

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The summary of Material accounting policies describes how each category of financial instruments is measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standard - SLFRS 9 'Financial Instruments : Recognition and Measurement' under the headings of the Statement of Financial Position.

20.1 Company

As at 31st March 2025	Note	Page No.	Financial instruments recognised at fair value through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Financial instruments at fair value through other comprehensive income (FVOCI) Rs. '000	Total Rs. '000
Assets						
Cash and cash equivalents	22	325	-	18,696,732	-	18,696,732
Balances with banks & financial institutions	23	327	-	3,031,551	-	3,031,551
Financial assets -Fair value through profit or loss	24	327	275,550	-	-	275,550
Loans and receivables	25	329	-	157,092,387	-	157,092,387
Financial assets - Fair Value through other comprehensive income	27	346	-	-	1,292,140	1,292,140
Debt Instrument at amortised cost	28	347	-	5,161,177	-	5,161,177
Other financial assets	31	353	-	76,511	-	76,511
Total financial assets			275,550	184,058,358	1,292,140	185,626,048
Liabilities						
Due to banks	35	362	-	11,436,573	-	11,436,573
Due to customers	36	364	-	124,529,684	-	124,529,684
Debt securities issued	37	365	-	5,014,652	-	5,014,652
Other financial liabilities	38	367	-	6,415,071	-	6,415,071
Lease Liability	40	370		2,236,091		2,236,091
Total financial liabilities			-	149,632,071	-	149,632,071

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (CONTD...)

20.2 Company

As at 31st March 2024	Note	Page No.	Financial instruments recognised through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Financial instruments at fair value through other comprehensive income (FVOCI) Rs. '000	Total Rs. '000
Assets						
Cash and cash equivalents	22	325	-	9,728,132	-	9,728,132
Balances with banks & financial institutions	23	327	-	14,288,282	-	14,288,282
Financial assets -Fair value through profit or loss	24	327	1,339,867	-	-	1,339,867
Loans and receivables-Amotised Cost	25	329	-	103,650,453	-	103,650,453
Financial assets - Fair Value through other comprehensive income	27	346	-	-	1,158,669	1,158,669
Debt Instrument at amortised cost	28	347	-	18,372,055	-	18,372,055
Other financial assets	31	353	-	69,989	-	69,989
Total financial assets			1,339,867	146,108,911	1,158,669	148,607,447
Liabilities						
Due to banks	35	362	-	2,263,494	-	2,263,494
Due to customers	36	364	-	97,437,726	-	97,437,726
Debt securities issued	37	365	-	11,032,248	-	11,032,248
Other financial liabilities	38	367	-	3,188,693	-	3,188,693
Lease Liability	40	370		1,636,537	-	1,636,537
Total financial liabilities			-	115,558,698	-	115,558,698

20.3 Group

As at 31st March 2025	Note	Page No.	Financial instruments recognised at fair value through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Financial instruments at fair value through other comprehensive income (FVOCI) Rs. '000	Total Rs. '000
Assets						
Cash and cash equivalents	22	325	-	19,583,402	-	19,583,402
Balances with banks & financial institutions	23	327	-	5,694,373	-	5,694,373
Financial assets -Fair value through profit or loss	24	327	1,290,581	-	-	1,290,581
Loans and receivables - Amortised cost	25	329		170,451,841	-	170,451,841
Insurance and reinsurance receivables	26	346	-	1,698,354	-	1,698,354
Financial assets - Fair Value through other comprehensive income	27	346	-	-	1,827,482	1,827,482
Debt Instrument at amortised cost	28	347	-	11,561,272	-	11,561,272
Total financial assets			1,290,581	208,989,242	1,827,482	212,107,305
Liabilities						
Due to banks	35	362	-	16,828,985	-	16,828,985
Due to customers	36	364	-	130,068,713	-	130,068,713
Debt securities issued	37	365	-	5,014,652	-	5,014,652
Other financial liabilities	38	367	-	8,187,438	-	8,187,438
Insurance liabilities and reinsurance payable	39	368	-	5,458,788	-	5,458,788
Lease liability	40	370		1,778,792		1,778,792
Total financial liabilities			-	167,337,368	-	167,337,368

NOTES TO THE FINANCIAL STATEMENTS

20.4 Group

As at 31st March 2024	Note	Page No.	Financial instruments recognised at fair value through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Financial instruments at fair value through other comprehensive income (FVOCI) Rs. '000	Total Rs. '000
Assets						
Cash and cash equivalents	22	325	-	10,636,505	-	10,636,505
Balances with banks & financial institutions	23	327	-	17,562,955	-	17,562,955
Financial assets -Fair value through profit or loss	24	327	1,451,613	-	-	1,451,613
Loans and receivables - Amortised cost	25	329	-	116,919,950	-	116,919,950
Insurance and reinsurance receivables	26	346	-	1,586,697	-	1,586,697
Financial assets - Fair Value through other comprehensive income	27	346	-	-	1,720,475	1,720,475
Debt Instrument at amortised cost	28	347	-	23,826,514	-	23,826,514
Total financial assets			1,451,613	170,532,621	1,720,475	173,704,709
Liabilities						
Due to banks	35	362	-	7,181,365	-	7,181,365
Due to customers	36	364	-	103,843,054	-	103,843,054
Debt securities issued	37	365	-	11,032,248	-	11,032,248
Other financial liabilities	38	367	-	3,926,092	-	3,926,092
Lease liability	40	370	-	1,554,027	-	1,554,027
Insurance liabilities and reinsurance payable	39	368	-	5,508,693	-	5,508,693
Total financial liabilities			-	133,045,479	-	133,045,479

21. FAIR VALUE OF ASSETS AND LIABILITIES

Accounting Policy

The following is a description of how fair values are determined for financial and non-financial assets and liabilities that are recorded at fair value using valuation techniques. These incorporate the Group's/Company's estimate of assumptions that a market participant would make when valuing the instruments.

21.1 Determination of Fair Value and Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

21.2 Financial assets - Fair Value through other comprehensive income

Financial assets - Fair Value through other comprehensive income valued using valuation techniques or pricing models primarily consist of quoted investment securities. These quoted investment securities are valued using quoted market price in an active market of each securities.

21.3 Financial assets -Fair value through profit or loss

Financial assets -Fair value through profit or loss valued using valuation techniques primarily consist of quoted investments. These quoted assets are valued using quoted market price in an active market of each securities.

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

21.4 Financial Assets and Liabilities Carried at Amortised Cost

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated based on the Discounted Cash Flow approach. This approach employs the current market interest rates of similar financial instruments as a significant unobservable input in measuring the fair value and hence it is categorised under level 2 in the fair value hierarchy.

21.5 Property, Plant and Equipment Disclosed at Fair Value

Freehold land and buildings are disclosed at revalued amount, being their fair value at the revaluation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

21.6 Valuation Model

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Valuation Framework

The Company has an established control framework with respect to the measurement of fair values of trading and investment operations and all other significant assets and liabilities. Specific controls include;

- Periodic (daily, monthly or quarterly) reviewing of fair value measurements against observable market data.
- Periodic (at least annually) reviewing of fair value measurement models against changes in market conditions, significant judgments and assumptions.

The following table shows an analysis of assets and liabilities recorded/disclosed at fair value by level of the fair value hierarchy:

31 March 2025		Page	Date of	Level 1	Level 2	Level 3	Total
Company	Note	No.	Valuation	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Quoted Investments	27	346	31.03.2025	315,005	-	-	315,005
Debentures			31.03.2025	-	977,135	-	977,135
Subtotal				315,005	977,135	-	1,292,140
Financial assets -Fair value through profit or loss							
Quoted Investments	24	327	31.03.2025	275,550	-	-	275,550
Investment in Unit Trust	24	327	31.03.2025	-	-	-	-
Subtotal				275,550	-	-	275,550
Non financial assets - Investment property							
Land and building	30	351	31.03.2025	-	-	302,000	302,000
Subtotal				-	-	302,000	302,000
Total				590,555	977,135	302,000	1,869,690
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	354		-	-	1,565,514	1,565,514
Total				-	-	1,565,514	1,565,514

NOTES TO THE FINANCIAL STATEMENTS

31st March 2024		Page	Date of	Level 1	Level 2	Level 3	Total
Company	Note	No.	Valuation	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Quoted Investments	27	346	31.03.2024	234,492	-	-	234,492
Debentures			31.03.2024	-	924,177	-	924,177
Subtotal				234,492	924,177	-	1,158,669
Financial assets -Fair value through profit or loss							
Quoted Investments	24	327	31.03.2024	280,717	-	-	280,717
Investment in Unit Trust	24	327	31.03.2024	-	1,059,150	-	1,059,150
Subtotal				280,717	1,059,150	-	1,339,867
Non financial assets - Investment property							
Lands and buildings	30	351	31.03.2024	-	-	295,465	295,465
Subtotal				-	-	295,465	295,465
Total				515,209	1,983,327	295,465	2,794,001
Non financial assets disclosed at fair value							
Freehold lands & buildings (included under property, plant & equipment).	32.4	358		-	-	1,243,058	1,243,058
Total				-	-	1,243,058	1,243,058

The following table shows an analysis of assets and liabilities recorded/disclosed at fair value by level of the fair value hierarchy:

31 March 2025		Page	Date of	Level 1	Level 2	Level 3	Total
Group	Note	No.	Valuation	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Quoted Investments	27	346	31.03.2025	315,005	-	-	315,005
Treasury bills	27	346	31.03.2025	-	535,342	-	535,342
Debentures	27	346	31.03.2025	-	977,135	-	977,135
Subtotal				315,005	1,512,477	-	1,827,482
Financial assets -Fair value through profit or loss							
Quoted Investments	24	327	31.03.2025	334,188	-	-	334,188
Investment in Unit Trust	24	327	31.03.2025	-	956,393	-	956,393
Subtotal				334,188	956,393	-	1,290,581
Non financial assets - Investment property							
Land and building	30	351	31.03.2025	-	-	1,375,175	1,375,175
Subtotal				-	-	1,375,175	1,375,175
Total				649,193	2,468,870	1,375,175	4,493,238
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	358		-	-	8,665,514	8,665,514
Total				-	-	8,665,514	8,665,514

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

31 March 2024		Page	Date of	Level 1	Level 2	Level 3	Total
Group	Note	No.	Valuation	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Quoted Investments	27	346	31.03.2024	234,492	-	-	234,492
Treasury bills	27	346	31.03.2024	-	561,806	-	561,806
Debentures	27	346	31.03.2024	-	924,177	-	924,177
Subtotal				234,492	1,485,983	-	1,720,475
Financial assets -Fair value through profit or loss							
Quoted Investments	24	327	31.03.2024	392,463	-	-	392,463
Investment in Unit Trust	24	327	31.03.2024		1,059,150		1,059,150
Subtotal				392,463	1,059,150	-	1,451,613
Non financial assets - Investment property							
Land and building	30	351	31.03.2024	-	-	1,305,512	1,305,512
Subtotal				-	-	1,305,512	1,305,512
Total				626,955	2,545,133	1,305,512	4,477,600
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	358		-	-	7,893,058	7,893,058
Total				-	-	7,893,058	7,893,058

There were no material transfers between level 1 and level 2 during the 2024/2025 and 2023/2024. Valuation was carried out for lands and buildings by professionally qualified independent valuer in compliance with Sri Lanka Accounting Standard - SLFRS 13 - Fair Value Measurement. Details of qualified independent valuer are given Note 32.4 Page 358.

The following table show total fair value gains/losses recognised in Statement of Profit or Loss during the year relating to assets and liabilities held at the respective year ended.

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets				
Financial assets -Fair value through profit or loss				
Quoted Investments	146,186	135,892	182,398	124,229
Total	146,186	135,892	182,398	124,229

NOTES TO THE FINANCIAL STATEMENTS

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

Level 3 fair value measurement

Reconciliation

The following note shows a reconciliation from the beginning balances to the ending balances of fair value measurements in level 3 of the fair value hierarchy. The Company has disclosed fair value of following non financial assets except investment property which is accounted for fair value in the Financial Statements.

			Company			Group		
	Note	Page No.	Investment property	Freehold Land Buildings	Total	Investment property	Freehold Land Buildings	Total
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April 2023			284,961	1,243,058	1,528,019	1,200,317	6,227,702	7,428,019
Additions			-	-	-	-	-	-
Disposals / transfers			-	-	-	-	-	-
Total gains / (losses) recognised in profit or loss;								
Fair value recognised during the year			10,504	-	10,504	105,195	-	105,195
Depreciation of buildings			-	-	-	-	(63,805)	(63,805)
Fair value disclosed during the year			-	-	-	-	708,610	708,610
Balance as at 31 March 2024	32.4	358	295,465	1,243,058	1,538,523	1,305,512	6,872,507	8,178,019
Balance as at 1 April 2024			295,465	1,243,058	1,538,523	1,305,512	6,872,507	8,178,019
Additions			-	322,456	322,456	-	322,456	322,456
Disposals / transfers			-	-	-	-	-	-
Total gains / (losses) recognised in profit or loss;								
Fair value recognised during the year			6,535	-	6,535	69,663	-	69,663
Depreciation of buildings			-	-	-	-	(63,674)	(63,674)
Fair value disclosed during the year			-	-	-	-	444,011	444,011
Balance as at 31 March 2025	32.4	358	302,000	1,565,514	1,867,514	1,375,175	7,575,300	8,950,475

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

Unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31st March 2025 and 31st March 2024 in measuring non financial instruments categorised as level 3 in the fair value hierarchy. The Company has disclosed fair value of following non financial assets except investment property which is accounted for fair value in the Financial Statements.

Type of instrument	Date of Valuation	Fair value Rs. '000	Valuation Technique	Significant unobservable inputs	Weighted average range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Company						
As at 31st March 2025						
Investment Property						
Freehold lands	31.03.2025	239,017	MCM	Estimated price per perch	Rs.400,000-8,200,000	*
Freehold buildings	31.03.2025	62,983	MCM	Estimated price per sq.ft	Rs.3,500-5,000	*
Property, plant and equipment						
Freehold lands	31.12.2022	1,489,514	MCM	Estimated price per perch	Rs. 60,000 - 6,000,000	*
Freehold buildings	31.12.2022	76,000	MCM	Estimated price per sq.ft	Rs. 1,000 - 4,000	*
			Income basis	Estimated rental value per sq.ft.	Rs. 20 - 60	*
As at 31st March 2024						
Property, plant and equipment						
Freehold lands	31.12.2022	1,167,058	MCM	Estimated price per perch	Rs. 60,000 - 6,000,000	*
Freehold buildings	31.12.2022	76,000	MCM	Estimated price per sq.ft	Rs. 1,000 - 4,000	*
			Income basis	Estimated rental value per sq.ft.	Rs. 20 - 60	*
Group						
As at 31st March 2025						
Investment Property						
Freehold lands	31.12.2024	370,975	MCM	Estimated price per perch	Rs. 6,000,000 - 17,500,000	*
Freehold buildings	31.12.2024	702,200	MCM	Estimated price per sq.ft	Rs. 17500	*
			Income basis	Estimated rental value per sq.ft.	Rs. 295 - 357	*
Property, plant and equipment						
Freehold lands	31.12.2024	3,958,539	MCM	Estimated price per perch	Rs. 50,000 - 13,000,000	*
Freehold buildings	31.12.2024	3,633,800	MCM	Estimated price per sq.ft	Rs. 500 - 11,000	*
			Income basis	Estimated rental value per sq.ft.	Rs. 15 - 250	*
As at 31st March 2024						
Investment Property						
Freehold lands	31.12.2023	343,500	MCM	Estimated price per perch	Rs. 600,000 - 17,500,000	*
Freehold buildings	31.12.2023	666,547	MCM	Estimated price per sq.ft	Rs. 17,500	*
			Income basis	Estimated rental value per sq.ft.	Rs. 175 - 310	*
Property, plant and equipment						
Freehold lands	31.12.2023	3,663,558	MCM	Estimated price per perch	Rs. 50,000 - 13,000,000	*
Freehold buildings	31.12.2023	3,219,453	MCM	Estimated price per sq.ft	Rs. 500 - 11,000	*
			Income basis	Estimated rental value per sq.ft.	Rs. 15 - 250	*

MCM - Market comparable method

* Significant increases / (decreases) in any of these inputs in isolation would result in a significantly higher / (lower) fair value.

NOTES TO THE FINANCIAL STATEMENTS

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

21.7 FAIR VALUE OF ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

Set out below is a comparison, by class, of the carrying amount and fair values of the Group's/Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair value of non-financial assets and non-financial liabilities.

As at 31st March	2025					2024				
Company	Level 1	Level 2	Level 3	Total fair Value	Carrying amount	Level 1	Level 2	Level 3	Total fair Value	Carrying amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets										
Cash and cash equivalents	-	18,696,732	-	18,696,732	18,696,732	-	9,728,132	-	9,728,132	9,728,132
Balances with banks & financial institutions	-	3,646,180	-	3,646,180	3,031,551	-	15,136,114	-	15,136,114	14,288,282
Loans and receivables (Gross)	-	166,252,107	-	166,252,107	163,123,558	-	130,253,601		130,253,601	112,505,204
Debt instrument - Amortised cost	-	4,866,785	-	4,866,785	5,161,177	-	18,463,247	-	18,463,247	18,372,055
Other financial assets	-	76,511	-	76,511	76,511	-	69,989	-	69,989	69,989
Total	-	193,358,315	-	193,358,315	190,089,529	-	173,651,083	-	173,651,083	154,963,698
Financial Liabilities										
Due to banks	-	11,436,573	-	11,436,573	11,436,573	-	2,261,237	-	2,261,237	2,263,494
Due to customers	-	124,806,329	-	124,806,329	124,529,684	-	99,373,010	-	99,373,010	97,437,726
Debt Securities issued	-	4,866,785	-	4,866,785	5,014,652	-	9,178,853	-	9,178,853	11,032,248
Other Financial liabilities	-	6,415,071	-	6,415,071	6,415,071	-	3,188,693	-	3,188,693	3,188,693
Lease Liabilities	-	2,273,973	-	2,273,973	2,236,091		1,534,352		1,534,352	1,636,537
Total	-	149,798,731	-	149,798,731	149,632,071	-	115,536,145	-	115,536,145	115,558,698

As at 31st March	2025					2024				
Group	Level 1	Level 2	Level 3	Total fair Value	Carrying amount	Level 1	Level 2	Level 3	Total fair Value	Carrying amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets										
Cash and cash equivalents	-	19,583,402	-	19,583,402	19,583,402	-	10,636,505	-	10,636,505	10,636,505
Balances with banks & financial institutions	-	6,410,128	-	6,410,128	5,694,373	-	18,528,137	-	18,528,137	17,562,955
Loans and receivables (Gross)	-	178,629,217	-	178,629,217	177,417,915	-	144,313,634	-	144,313,634	126,632,467
Insurance and reinsurance receivables	-	1,698,354	-	1,698,354	1,698,354	-	1,586,697	-	1,586,697	1,586,697
Debt instrument - Amortised cost	-	11,839,300	-	11,839,300	11,561,272	-	24,739,582	-	24,739,582	23,826,514
Total	-	218,788,476	-	218,788,476	215,955,316	-	199,804,555	-	199,804,555	180,245,138
Financial Liabilities										
Due to banks	-	16,825,813	-	16,825,813	16,828,985	-	7,317,086	-	7,317,086	7,181,365
Due to customers	-	130,118,804	-	130,118,804	130,068,713	-	105,426,170	-	105,426,170	103,843,054
Debt Securities issued	-	4,866,785	-	4,866,785	5,014,652	-	9,178,853	-	9,178,853	11,032,248
Other Financial liabilities	-	8,187,438	-	8,187,438	8,187,438	-	3,926,092	-	3,926,092	3,926,092
Insurance liabilities and reinsurance payable	-	5,458,788	-	5,458,788	5,458,788	-	5,508,693	-	5,508,693	5,508,693
Lease Liabilities		1,816,674		1,816,674	1,778,792	-	1,496,451	-	1,496,451	1,554,027
Total	-	167,274,302	-	167,274,302	167,337,368	-	132,853,345	-	132,853,345	133,045,479

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The valuation techniques used to establish the Group's fair values are consistent with those used to calculate the fair values of financial instruments carried at fair value. The fair values calculated are for disclosure purposes only and do not have any impact on the Group's reported financial performance or position. The fair values calculated by the Group may be different from the actual amount that will be received / paid on the settlement or maturity of the financial instrument. As certain categories of financial instruments are not traded there is a significant level of management judgment involved in calculating the fair values.

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Balances with Banks and Financial Institutions

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Loan and Receivables

The fair value of loans and advances to customers with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of loans and advances with maturity of more than one year represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Due to Customers

The estimated fair value of deposits with no maturity period (Savings Deposits) is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits (Fixed Deposits) without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar risk and remaining maturity.

Due to Banks and Debt Securities Issued

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

The fair value of fixed rate borrowings with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of fixed rates borrowing with maturity of more than one year represents the discounted amount of future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value.

Lease Liabilities

Estimated fair value of the lease liability represents the discounted amount of lease payment expected to be paid in the future. Expected cash flows are discounted using incremental borrowing rate at the reporting date.

22. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash in hand, placements with banks and loans at call and at short notice that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. They are brought to financial statements at their face values or the gross values, where appropriate. There were no cash and cash equivalent held by the Group companies that were not available for use by the Group.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

Securities Purchased Under Reverse Repurchase Agreements

Securities purchased under agreements to re-sell at a specified future date are recognised in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, within 'Cash and cash equivalents', reflecting the transaction's economic substance as alone by the Group. The difference between the purchase and resale prices is recorded in 'Interest income' and is accrued over the life of the agreement using the EIR.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Cash in hand			1,526,684	1,174,532	1,575,773	1,211,180
Balance with banks	22.1	326	2,101,182	1,368,045	2,639,809	1,795,308
Savings Account with banks			4,946,197	976,423	5,064,779	1,420,885
Saving deposit in foreign currency			33	33	33	33
Securities under reverse repurchase agreement			10,122,636	6,209,099	10,303,008	6,209,099
Total			18,696,732	9,728,132	19,583,402	10,636,505
Fair value			18,696,732	9,728,132	19,583,402	10,636,505

22.1 Balance with banks

As at 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Local banks	2,101,182	1,368,045	2,639,809	1,795,308
Total	2,101,182	1,368,045	2,639,809	1,795,308

23. BALANCES WITH BANKS & FINANCIAL INSTITUTIONS

Accounting Policy

Balances with banks & financial institutions include fixed deposits and deposits in foreign currency. Balances with banks & financial institutions are carried at amortised cost in the Statement of Financial Position.

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed deposits				
Local currency	3,031,551	14,288,282	5,661,414	17,551,790
Foreign currency	-	-	32,959	11,165
Total	3,031,551	14,288,282	5,694,373	17,562,955
Fair value	3,646,180	15,136,114	6,410,128	18,528,137

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

The Group classifies financial assets as financial assets recognised through profit or loss (FATPL) when they have been purchased primarily for short term profit making through trading activities. FATPL are recorded and measured at fair value and changes in fair value are recognised in the Net gains/(losses) on financial assets - FVTPL in the Statement of Profit or Loss.

SLFRS 9 requires financial instruments to be classified based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. FATPL include quoted equity securities that have been acquired principally for short term profit making and are recorded at fair value using the market prices published by the Colombo Stock Exchange.

Further as per SLFRS 9, financial assets recognised through profit or loss includes all financial assets other than those classified under FVOCI and amortised cost.

Dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to receive the payment has been established.

The Group evaluates its portfolio of assets FVOCI, to determine if the intention to sell them in the near future is still appropriate. When the Group can not sell these financial assets due to inactive markets and the management intention to sell them in the foreseeable future significant changes, the Group may choose to reclassify these financial assets. Financial assets FVOCI measure the fair value using the prices obtained from Colombo Stock Exchanges.

			Company		Group	
As at 31st March		Page	2025	2024	2025	2024
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Quoted equity securities	24.1	328	275,550	280,717	334,188	392,463
Investment in Unit Trust	24.3	329	-	1,059,150	956,393	1,059,150
Total			275,550	1,339,867	1,290,581	1,451,613
Fair value			275,550	1,339,867	1,290,581	1,451,613

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS (CONTD...)

24.1 Quoted equity securities

As at 31st March	2025			2024		
	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Company		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Capital Goods						
John Keells Holdings PLC	13,641,080	188,294	275,550	1,364,108	188,294	264,637
Hemas Holding PLC	-	-	-	200,000	14,157	16,080
Sub total		188,294	275,550		202,451	280,717
Total		188,294	275,550		202,451	280,717
Mark to market gains/(losses)		87,256			78,266	
Market value of equity securities		275,550			280,717	

As at 31st March	2025			2024		
Group	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Shares Listed In Sri Lanka		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Capital Goods						
John Keells Holdings PLC	1,364,108	188,294	275,550	1,364,108	188,294	264,637
Hemas Holding PLC		-	-	200,000	14,157	16,080
Subtotal		188,294	275,550		202,451	280,717
Shares Listed In Bangladesh						
British American Tobacco Bangladesh	10,000	15,978	7,889	10,000	17,977	11,081
Berger Paints Bangladesh Ltd.	-	-	-	999	4,919	4,901
Beximco Pharma	12,000	5,742	2,900	12,000	6,459	3,833
BRAC Bank Ltd.	-	-	-	32,250	4,094	3,558
City Bank Ltd.	-	-	-	114,750	8,005	7,274
Dutch Bangla Bank Ltd.	69,471	10,025	8,488	59,125	11,280	9,054
Eastern Bank Ltd.	-	-	-	30,000	2,483	2,635
Grameenphone Limited	-	-	-	28,000	26,427	18,273
Marico Bangladesh Ltd.	1,452	8,605	8,627	1,000	6,805	6,710
Reckitt Benckiser	310	3,919	2,920	310	4,411	3,988
Global Islami Bank Limited	455,652	10,081	4,112	433,955	11,342	9,289
Square Pharmaceuticals Ltd.	30,000	17,298	16,105	30,000	19,464	17,923
Summit Power	150,000	17,542	5,451	150,000	19,738	9,838
Walton Hi-Tech Industries	1,900	5,120	2,146	1,900	5,754	3,389
Subtotal		94,310	58,637		149,158	111,746
Total		282,604	334,188		351,609	392,463
Mark to market gains/(losses)		51,584			40,854	
Market value of equity securities		334,188			392,463	

24.2 Industry/sector composition of equity securities – Company and Group

As at 31st March	2025			2024		
Company	Total Cost	Market Value	Composition	Total Cost	Market Value	Composition
Industry/Sector	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Capital Goods	188,294	275,550	100.00%	202,451	280,717	100.00%
Subtotal	188,294	275,550	100.00%	202,451	280,717	100.00%
Mark to market gains/(losses)	87,256			78,266		
Market value of equity securities	275,550			280,717		
Group						
Capital Goods	188,294	275,550	82.45%	202,451	280,717	71.53%
Shares Listed In Bangladesh	94,310	58,638	17.55%	149,158	111,746	28.47%
Subtotal	282,604	334,188	100.00%	351,609	392,463	100.00%
Mark to market gains/(losses)	51,584			40,854		
Market value of equity securities	334,188			392,463		

Sensitivity analysis of financial assets - FVTPL - equity is given in Note 56.4.3. on page no. 415.

24.3 Investment in Unit Trust

	Company			Group		
As at 31st March		2025	2024		2025	2024
	No. of Units	Rs. '000	Rs. '000	No. of Units	Rs. '000	Rs. '000
CAL Investment	-	-	1,059,150	22,655	824,256	1,059,150
NDB Wealth Management	-	-	-	3,687	132,137	-
	-	-	1,059,150		956,393	1,059,150

25. LOANS AND RECEIVABLES - AMORTISED COST

Accounting Policy

Financial assets classified as loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Group and Company intends to sell immediately or in the near term and those that, upon initial recognition, designates as at fair value through profit or loss
- Those that the Group and Company, upon initial recognition, designates as FVOCI
- Those for which the Group and Company may not recover substantially all of its initial investment, other than because of credit deterioration

'Loans and receivables' are measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest income' in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in 'impairment charges for loans and receivables and other losses'.

Leasing

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

Group/Company as a Lessee

Leases that do not transfer to the Group/Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

Group/Company as a Lessor

Leases where the Group/Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Receivables on Lease, Hire Purchase and Islamic Finance

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Group recognises assets held under finance lease in the Statement of Financial Position and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs. The finance income receivable is recognised in "interest income" over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases.

'Day 1' Difference for Staff Loans

All staff loans granted at below market interest rates were recognised at fair value. The difference between the fair value and the amount disbursed were treated as 'day 1' difference and amortised as staff cost over the loan period by using effective interest rate (EIR). The staff loans were subsequently measured at amortised costs. Refer Note 31.2 on page 353.

Renegotiated Loans and Receivables

Where possible, the Group/Company seeks to restructure loans and receivables rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new receivable conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the receivable is no longer considered past due. Management continually reviews renegotiated loans and receivables to ensure that all criteria are met and that future payments are likely to occur. The receivable continue to be subject to any criteria are met and that future payments are likely to occur. The loans and receivables continue to be measured at amortised cost using original EIR and subject to an individual or collective impairment assessment.

Impairment allowance for loans and receivable to customers

Details on the impairment allowance for loans and receivable to customers disclosed in the note 25.7 Page 342.

Reversals of Impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the impairment allowance account accordingly. The write-back is recognised in the Statement of Profit or Loss.

Written off of loans and receivables

Loans and receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Collateral Valuation

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in the Direction No 04 of 2018 on "Valuation of Immovable Properties" and subsequent amendments thereto issued by the Central Bank of Sri Lanka (CBSL). The assessment of immovable properties is carrying out by independent professional valuers as required by the said direction issued by CBSL.

The assessed fair value of the immovable properties does not consider for the measurement of regulatory provisions for bad and doubtful debts as per Direction No 01 of 2020 and subsequent amendments thereto issued by CBSL.

Collateral Repossessed

Repossessed collateral will not be taken into books of accounts unless the Group has taken those collaterals into its business operations. However such additions from the repossessed collaterals to the business operations are not significant.

Non-Accrual Receivables

Interest income recognition stops when receivables are over 90 days past due, involved in legal action, backed by untraceable or unattainable collaterals, or deemed uncollectible. For non-accrual receivables, financing revenue is recognized only when payments are received, with payments applied first to outstanding interest and then to the principal balance.

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

As at 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Loans and receivables	25.1.2	332	163,123,558	112,505,240	177,417,915	126,632,467
(Less):						
Individual impairment Allowance	25.7	342	2,048,292	2,260,418	2,019,233	2,187,210
Collective impairment Allowance	25.7	342	3,982,879	6,594,369	4,946,841	7,525,307
Net loans and receivables			157,092,387	103,650,453	170,451,841	116,919,950
Fair value			166,252,107	130,253,601	178,629,217	144,313,634

25.1 Analysis

25.1.1 Analysis by stage wise

Company

As at 31st March 2025	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	143,413,112	10,151,081	9,559,365	163,123,558
(Less):				
Individual impairment Allowance	-	66,395	1,981,897	2,048,292
Collective impairment Allowance	686,434	167,389	3,129,056	3,982,879
Net loans and receivables	142,726,678	9,917,297	4,448,412	157,092,387

As at 31st March 2024	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	84,239,819	10,439,263	17,826,158	112,505,240
(Less):				
Individual impairment Allowance	-	27,335	2,233,083	2,260,418
Collective impairment Allowance	315,054	213,357	6,065,958	6,594,369
Net loans and receivables	83,924,765	10,198,571	9,527,117	103,650,453

Group

As at 31st March 2025	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	155,321,360	12,208,166	9,888,389	177,417,915
(Less):				
Individual impairment Allowance	-	66,395	1,952,838	2,019,233
Collective impairment Allowance	962,384	449,472	3,534,985	4,946,841
Net loans and receivables	154,358,975	11,692,299	4,400,566	170,451,841

As at 31st March 2024	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	95,124,774	12,411,576	19,096,116	126,632,467
(Less):				
Individual impairment Allowance	-	-	2,187,210	2,187,210
Collective impairment Allowance	609,726	434,107	6,481,475	7,525,308
Net loans and receivables	94,515,048	11,977,469	10,427,431	116,919,949

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

25.1.2 Analysis by product

As at 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
By product						
Lease/Ijarah receivable	25.4.1/25.5.1	335/337	90,229,304	61,953,264	90,229,496	61,950,810
Hire-Purchase/ Murabah receivable	25.4.2/25.5.2	335/337	41,305	184,992	4,416,698	3,020,693
Term Loan and receivables	25.4.3/25.5.3	336/338	71,215,899	48,977,273	82,771,721	61,660,964
Related party receivables	25.2	333	1,637,050	1,389,711	-	-
Gross total			163,123,558	112,505,240	177,417,915	126,632,467

25.1.3 Analysis by Currency

As at 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Sri Lankan Rupee	163,123,558	112,505,240	166,268,536	114,047,504
Bangladesh Taka	-	-	11,149,379	12,584,963
Gross total	163,123,558	112,505,240	177,417,915	126,632,467

25.1.4 Analysis by Industry

As at 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Agriculture, Forestry & Fishing	20,271,319	24,068,961	21,214,126	24,631,279
Arts, Entertainment & Recreation	825,904	847,930	878,592	851,205
Construction & Infrastructure Development	10,601,352	7,357,034	11,054,435	7,308,784
Consumption	48,109,047	7,297,156	48,553,463	8,443,036
Education	2,515,533	2,060,396	2,579,138	2,060,832
Financial Services	12,117,847	7,482,293	14,614,966	10,357,850
Health Care, Social Services & Support Services	6,333,545	7,001,076	8,898,764	7,501,618
Information Technology And Communication	1,060,960	1,413,598	1,096,380	2,556,816
Manufacturing	7,119,867	7,097,228	11,143,734	12,396,221
Professional, Scientific & Technical Activities	5,775,752	8,989,175	6,872,145	10,384,508
Tourism	3,185,110	2,478,577	3,587,488	2,491,645
Transportation & Storage	24,747,085	20,245,475	24,921,854	20,346,201
Wholesale & Retail Trade	20,126,980	15,198,784	21,550,252	15,618,303
Other	333,257	967,557	452,578	1,684,169
Gross total	163,123,558	112,505,240	177,417,915	126,632,467

25.2 Related Party Receivables

As at 31st March	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
People's Leasing Property Development Limited	433,894	462,396	-	-
People's Leasing Havelock Properties Limited	827,798	843,719	-	-
People's Micro-commerce Ltd.	259,264	9,554	-	-
People's Insurance PLC	89,833	47,532	-	-
Alliance Finance PLC	26,261	26,510	-	-
Total	1,637,050	1,389,711	-	-

25.3 Movement in gross loan and receivables during the year

Movement in gross loan and receivables 2024/25 - Company

	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross carrying amount as at 1st April 2024	84,239,819	10,439,263	17,826,158	112,505,240
New assets originated or purchased	104,114,534	4,253,549	1,088,485	109,456,568
Assets derecognised or repaid (excluding write offs)	(42,087,373)	(7,030,204)	(7,326,059)	(56,443,636)
Transfers to Stage 2 and 3	(4,344,530)	3,812,145	532,385	-
Transfers to Stage 1 and 3	1,159,417	(1,875,937)	716,520	-
Transfers to Stage 1 and 2	331,245	552,265	(883,510)	-
Amounts written off	-	-	(2,394,614)	(2,394,614)
Gross carrying amount as at 31st March 2025	143,413,112	10,151,081	9,559,365	163,123,558

Movement in gross loan and receivables 2023/24 - Company

	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross carrying amount as at 1st April 2023	92,643,506	14,701,075	17,342,620	124,687,201
New assets originated or purchased	37,489,556	975,258	108,152	38,572,966
Assets derecognised or repaid (excluding write offs)	(42,133,378)	(7,305,534)	(1,316,015)	(50,754,927)
Transfers to Stage 2 and 3	(7,175,071)	5,589,122	1,585,949	-
Transfers to Stage 1 and 3	2,484,625	(4,379,148)	1,894,523	-
Transfers to Stage 1 and 2	930,581	858,490	(1,789,071)	-
Gross carrying amount as at 31st March 2024	84,239,819	10,439,263	17,826,158	112,505,240

NOTES TO THE FINANCIAL STATEMENTS

Movement in gross loan and receivables 2024/25 - Group

	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross carrying amount as at 1st April 2024	95,124,775	12,411,576	19,096,116	126,632,467
New assets originated or purchased	111,992,418	4,857,910	1,118,941	117,969,269
Assets derecognised or repaid (excluding write offs)	(47,215,194)	(7,140,859)	(8,091,007)	(62,447,060)
Transfers to Stage 2 and 3	(4,431,421)	3,888,388	543,033	-
Transfers to Stage 1 and 3	1,275,359	(2,063,531)	788,172	-
Transfers to Stage 1 and 2	364,370	607,492	(971,862)	-
Amounts written off			(2,394,614)	(2,394,614)
Foreign exchange adjustments	(1,788,947)	(352,810)	(200,390)	(2,342,147)
Gross carrying amount as at 31st March 2025	155,321,360	12,208,166	9,888,389	177,417,915

Movement in gross loan and receivables 2023/24 - Group

	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross carrying amount as at 1st April 2023	100,865,905	17,257,359	18,762,110	136,885,374
New assets originated or purchased	42,673,551	1,462,666	129,929	44,266,146
Assets derecognised or repaid (excluding write offs)	(43,713,985)	(7,981,447)	(1,414,388)	(53,109,820)
Transfers to Stage 2 and 3	(7,318,572)	5,700,904	1,617,668	-
Transfers to Stage 1 and 3	2,733,088	(4,817,063)	2,083,975	-
Transfers to Stage 1 and 2	1,023,639	944,339	(1,967,978)	-
Foreign exchange adjustments	(1,138,851)	(155,182)	(115,200)	(1,409,233)
Gross carrying amount as at 31st March 2024	95,124,774	12,411,576	19,096,116	126,632,467

25.4 Remaining Contractual Maturity Analysis -Company

25.4.1 Lease/Ijarah receivable

As at 31st March	2025				2024			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross rentals receivable	47,021,516	69,842,544	94,314	116,958,374	37,665,486	41,791,184	14,207	79,470,877
Less: Unearned income	13,207,498	13,512,601	7,143	26,727,242	9,353,538	8,163,090	296	17,516,924
Net rentals receivable	33,814,018	56,329,943	87,171	90,231,132	28,311,948	33,628,094	13,911	61,953,953
Less : Rentals received in advance				425				688
Lease/Ijarah receivable before impairment provision				90,230,707				61,953,265
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				1,403				-
Stage 3				25,999				-
Total individual impairment				27,402				-
Collective Impairment								
Stage 1				333,663				231,521
Stage 2				122,845				159,977
Stage 3				1,239,526				2,175,315
Total collective impairment				1,696,034				2,566,813
Total net rentals receivable	33,814,018	56,329,943	87,171	88,507,271	28,311,948	33,628,094	13,911	59,386,452

25.4.2 Hire-Purchase/ Murabah receivable

As at 31st March	2025				2024			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross rentals receivable	43,857	2,036	-	45,893	196,280	2,516	-	198,796
Less: Unearned income	4,573	16	-	4,589	13,591	38	-	13,629
Net rentals receivable	39,284	2,020	-	41,304	182,689	2,478	-	185,167
Less : Rentals received in advance				-				174
Hire-Purchase/ Murabah receivable before impairment provision				41,304				184,993
Less : Allowance for impairment losses								
Individual Impairment				-				
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				1,171				1,145
Stage 2				-				-
Stage 3				36,787				180,808
Total collective impairment				37,958				181,953
Total net rentals receivable	39,284	2,020	-	3,346	182,689	2,478	-	3,040

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

25.4.3 Term Loan and receivables

For the year ended 31st March	2025				2024			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Motor Loans	6,701,740	10,401,573	18,797	17,122,110	7,501,218	7,746,909	1,784	15,249,911
Short and medium loans	3,185,929	3,538,391	37,078	6,761,398	4,502,741	1,929,926	7,196	6,439,863
Clean Basis Loan	236,012	6,686	-	242,698	821,567	15,511	-	837,078
Self E Cash Loan	2,584,609	1,167,139	-	3,751,748	3,564,760	1,161,484	-	4,726,244
Fast Track Loan	5,544,909	3,027,066		8,571,975	1,033,287	245,514	-	1,278,801
Trading Murabah	85,412	15,616	-	101,028	209,839	23,017	-	232,856
Musharakah	1,020,471	1,513,267	55,118	2,588,856	742,240	712,869	-	1,455,109
Gold Loan	20,286,342	-	-	20,286,342	10,957,789	-	-	10,957,789
Factoring receivable	1,120,919	-	-	1,120,919	1,122,792	-	-	1,122,792
Margin trading	9,650,568	-	-	9,650,568	5,714,267	-	-	5,714,267
Staff loans	321,842	448,355	165,581	935,778	200,464	577,107	54,890	832,461
Sundry loans	82,001	506	-	82,507	126,141	4,143	-	130,284
Less ; Prepaid Rentals	(28)	-	-	(28)	(181)	-	-	(181)
Loan receivable before impairment provision	50,820,725	20,118,599	276,574	71,215,899	36,496,924	12,416,480	63,870	48,977,274
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				64,992				-
Stage 3				1,926,839				2,187,210
Total individual impairment				1,991,831				2,187,210
Collective Impairment								
Stage 1				317,512				82,388
Stage 2				45,947				53,380
Stage 3				1,852,743				3,709,835
Total collective impairment				2,216,202				3,845,603
Total net rentals receivable	50,820,725	20,118,599	276,574	67,007,866	36,496,924	12,416,480	63,870	42,944,461

25.5 Remaining Contractual Maturity Analysis -Group

25.5.1 Lease/Ijarah receivable

As at 31st March	2025				2024			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross rentals receivable	47,021,708	69,842,544	94,314	116,958,566	37,662,701	41,791,183	14,208	79,468,092
Less: Unearned income	13,207,498	13,512,601	7,143	26,727,242	9,353,207	8,163,090	296	17,516,593
Net rentals receivable	33,814,210	56,329,943	87,171	90,231,324	28,309,494	33,628,093	13,912	61,951,499
Less : Rentals received in advance				425				688
Lease/Ijarah receivable before impairment provision				90,230,899				61,950,811
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				1,403				-
Stage 3				25,999				-
Total individual impairment				27,402				-
Collective Impairment								
Stage 1				333,663				231,521
Stage 2				122,845				159,977
Stage 3				1,239,526				2,175,316
Total collective impairment				1,696,034				2,566,814
Total net rentals receivable	33,814,210	56,329,943	87,171	88,507,463	28,309,494	33,628,093	13,912	59,383,997

25.5.2 Hire-Purchase/ Murabah receivable

As at 31st March	2025				2024			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross rentals receivable	2,791,261	3,384,850	-	6,176,111	2,159,024	1,982,320	-	4,141,344
Less: Unearned income	985,400	774,013	-	1,759,413	614,308	506,168	-	1,120,476
Net rentals receivable	1,805,861	2,610,837	-	4,416,698	1,544,716	1,476,152	-	3,020,868
Less : Rentals received in advance				-				174
Hire-Purchase/ Murabah receivable before impairment provision				4,416,698				3,020,694
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				54,409				28,015
Stage 2				19,784				40,286
Stage 3				168,104				308,762
Total collective impairment				242,297				377,063
Total net rentals receivable	1,805,861	2,610,837	-	4,174,401	1,544,716	1,476,152	-	2,643,631

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

25.5.3 Term Loan and receivables

As at 31st March	2025				2024			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Motor Loans	6,701,740	10,401,573	18,797	17,122,110	7,501,218	7,746,909	1,784	15,249,911
Short and medium loans	8,520,317	7,865,134	1,749,202	18,134,653	10,809,630	6,227,625	1,983,669	19,020,924
Clean Basis Loan	236,012	6,686	-	242,698	821,567	15,511	-	837,078
Self E Cash Loan	2,584,609	1,167,139	-	3,751,748	3,564,760	1,161,484	-	4,726,244
Fast Track Loan	5,544,909	3,027,066	-	8,571,975	1,033,287	245,514	-	1,278,801
Trading Murabah	85,412	15,616	-	101,028	209,839	23,017	-	232,856
Musharakah	1,020,471	1,513,267	55,118	2,588,856	742,240	712,869	-	1,455,109
Gold Loan	20,286,342	-	-	20,286,342	10,957,789	-	-	10,957,789
Factoring receivable	1,120,919	-	-	1,120,919	1,122,792	-	-	1,122,792
Margin trading	9,650,568	-	-	9,650,568	5,714,267	-	-	5,714,267
Staff loans	382,258	537,368	198,718	1,118,345	224,357	637,140	73,593	935,090
Sundry loans	82,001	506	-	82,507	126,141	4,143	-	130,284
Less :Prepaid Rentals	(28)	-	-	(28)	(181)	-	-	(181)
Loan receivable before impairment provision	56,215,530	24,534,355	2,021,835	82,771,721	42,827,706	16,774,212	2,059,046	61,660,964
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				64,992				-
Stage 3				1,926,839				2,187,210
Total individual impairment				1,991,831				2,187,210
Collective Impairment								
Stage 1				574,312				350,190
Stage 2				308,246				233,844
Stage 3				2,127,355				3,997,397
Total collective impairment				3,009,913				4,581,431
Total net rentals receivable	56,215,529	24,534,355	2,021,835	77,769,977	42,827,706	16,774,212	2,059,046	54,892,323

25.6 Impairment Allowance for Loans and Receivables

Accounting Policy

The Group recognises impairment (Expected Credit Loss) on Loan and Receivables in accordance with SLFRS 9 - Financial Instruments.

Allowance for Expected Credit Loss

The Group records an allowance for Expected Credit Loss (ECL) for all loans and receivables and other financial assets without held at Fair Value through Profit or Loss (FVPL), including loan commitments, financial guarantee contracts, and letters of credit, collectively referred to as "financial instruments." Equity instruments are not subject to impairment under SLFRS 9.

The Expected Credit Loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset [Life Time Expected Credit Loss (LTECL)] when there is a significant increase in credit risk since origination. In all other instances, ECL is based on the 12-month ECL (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are detailed in the relevant company policy documents.

The 12-month ECL represents the portion of lifetime ECLs that results from default events on financial instruments possible within 12 months after the reporting date.

Both lifetime ECLs and 12-month ECLs are calculated either on an individual basis or a collective basis, based on a predetermined threshold of customer exposures. If a particular loan is credit impaired under individual impairment (Explained in Note 56.2.2), the amount of loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows. If an individually assessed asset is determined not to be credit impaired under individual impairment, such financial assets are then collectively assessed for impairment along with other portfolios having similar risk characteristics under collective impairment. The Group's policy for grouping financial assets measured on a collective basis is explained in the relevant company policy documents.

In accordance with SLFRS 9, the Group adopts a three-stage model for impairment based on changes in credit quality since initial recognition.

Stage 1: Initial Recognition and Performing Assets
A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their Expected Credit Loss (ECL) measured at an amount equal to the portion of Lifetime Expected Credit Loss (LTECL) resulting from default events possible within the next 12 months (12mECL). This stage also includes financial assets for which the credit risk has improved and have been reclassified from Stage 2 and Stage 3.

Stage 2: Significant Increase in Credit Risk (SICR)
A financial asset is moved to Stage 2 if a Significant Increase in Credit Risk (SICR) since origination is identified. In this stage, the Group records an allowance for LTECL. This reflects the credit losses expected to arise over the life of the asset, considering all possible default events. Stage 2 also includes financial assets for which the credit risk has improved and have been reclassified from Stage 3.

Stage 3: Credit-Impaired Assets
If a financial asset is credit-impaired, it is moved to Stage 3. In this stage, the Group recognizes an allowance for LTECL, with the probability of default set at 100%. This reflects the full extent of expected credit losses due to impairment. Credit impairment is identified based on criteria outlined in the relevant policy documents.

Significant Increase in Credit Risk

When determining whether the risk of default on financial instruments has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without incurring excessive cost or effort. This evaluation includes both quantitative and qualitative analyses based on the Group's historical experience, expert credit assessment, and forward-looking information.

The Group considers a financial exposure to have significantly increased credit risk when contractual payments are more than 30 days past due, in accordance with the rebuttable presumption in SLFRS 9. Additionally, other factors such as changes in economic conditions, the creditworthiness of counterparties, and adverse changes in industry outlooks are also taken into account.

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

25.6 Impairment Allowance for Loans and Receivable to Customers (Contd...)

Calculation of Expected Credit Loss (ECL)

The Group calculates Expected Credit Losses (ECLs) using a three-stage approach to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate (EIR). A cash shortfall is defined as the difference between the cash flows due to the entity in accordance with the contract and the cash flows the entity expects to receive.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate, is performed on an individual basis or a collective basis according to the Group's impairment policy. Collective assessments are conducted separately for portfolios of facilities with similar credit risk characteristics.

The mechanics of ECL calculations are outlined below, with key elements under collective impairment assessment, such as Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), explained as follows:

Probability of Default (PD)

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may occur at a specific time during the assessed period if the facility has not been previously derecognised and remains in the portfolio.

Exposure at Default (EAD)

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and expected drawdowns on committed facilities. To calculate EAD for a Stage 1 loan, the Group assesses possible default events within 12 months. For all other loans, EAD is considered for default events over the lifetime of the financial instruments.

Loss Given Default (LGD)

The Loss Given Default (LGD) is an estimate of the loss arising in the event of a default at a given time. It is based on the difference between the contractual cash flows due and those the lender expects to receive, including from the realization of any collateral. LGD is calculated on a discounted cash flow basis using EIR as the discounting factor and is usually expressed as a percentage of the EAD.

These parameters are generally derived from internally developed statistical models and historical data, adjusted to reflect forward-looking information.

Forward-Looking Information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. When estimating ECLs, the Group considers three economic scenarios: base case, best case, and worst case. Quantitative economic factors are based on economic data and forecasts published by CBSL and other reliable sources.

In its ECL models, the Group relies on a broad range of forward-looking information, such as:

Quantitative factors: GDP growth, unemployment rate, rate of inflation, interest rate, and exchange rate.
Qualitative factors: government policies, Status of the Industry Business and Regulatory Impact .

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements.

Revolving Facilities

The Company offers revolving facilities, such as Fast Track, and calculates only the 12-month Expected Credit Loss (12mECL) allowance on these facilities. The Exposure at Default (EAD) is determined by taking the higher of either the sanctioned limit adjusted for the Credit Conversion Factor (CCF) or the gross carrying amount of the loan (utilised amount).

For Stage 3 contracts, the EAD is limited to the gross carrying amount, which is the utilised amount, as the Group freezes the limits of these contracts up to the utilised amount. The expected 12-month default probabilities are then applied to the EAD, multiplied by the expected Loss Given Default (LGD), and discounted using an approximation to the original Effective Interest Rate (EIR).

25.7 Movement in Individual and collective impairment charges during the year

A reconciliation of the allowance for impairment losses for loans and receivables, by class, is as follows:

Company	Lease	Hire Purchase	Ijarah	Term Loans	Re-finance loans	Related Party Loans	Murabah	Trading Murabah	Factoring	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 1st April 2023	3,528,919	184,293	92,203	4,942,811	49,497	-	4,228	196,978	1,410,327	10,409,256
Charge/(Reversal) for the year	(1,028,832)	(5,423)	(25,477)	(280,156)	(2,007)	73,208	(1,145)	27,144	(311,781)	(1,554,469)
At 31st March 2024	2,500,087	178,870	66,726	4,662,655	47,490	73,208	3,083	224,122	1,098,546	8,854,787
Individual impairment										
Stage 1	-	-	-	-	-		-	-	-	-
Stage 2	-	-	-	-	-	27,335	-	-	-	27,335
Stage 3	-	-	-	1,071,777	16,887	45,873		-	1,098,546	2,233,083
Total Individual impairment	-	-	-	1,071,777	16,887	73,208	-	-	1,098,546	2,260,418
Collective impairment										
Stage 1	221,584	1,075	9,937	57,548	-	-	70	24,840	-	315,054
Stage 2	155,470	-	4,507	53,380	-	-	-	-	-	213,357
Stage 3	2,123,033	177,795	52,282	3,479,950	30,603	-	3,013	199,282	-	6,065,958
Total Collective impairment	2,500,087	178,870	66,726	3,590,878	30,603	-	3,083	224,122	-	6,594,369
Total	2,500,087	178,870	66,726	4,662,655	47,490	73,208	3,083	224,122	1,098,546	8,854,787

Company	Lease	Hire Purchase	Ijarah	Term Loans	Re-finance loans	Related Party Loans	Murabah	Trading Murabah	Factoring	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 1st April 2024	2,500,087	178,870	66,726	4,662,655	47,490	73,208	3,083	224,122	1,098,546	8,854,787
Charge/(Reversal) for the year	(86,754)	(20,121)	(3,902)	(283,274)	(32,193)	(10,061)	(196)	(14,874)	22,373	(429,002)
Amounts written off	(737,136)	(121,827)	(16,988)	(1,387,026)	(12,693)		(1,851)	(117,093)	-	(2,394,614)
At 31st March 2025	1,676,197	36,922	45,836	2,992,355	2,604	63,147	1,036	92,155	1,120,919	6,031,171
Individual impairment										
Stage 1		-	-		-	-	-	-	-	-
Stage 2	1,403	-	-	64,992	-	-	-	-	-	66,395
Stage 3	25,999	-	-	799,955	2,409	29,059		3,556	1,120,919	1,981,897
Total Individual impairment	27,402	-	-	864,947	2,409	29,059	-	3,556	1,120,919	2,048,292
Collective impairment										
Stage 1	319,645	1,101	14,018	315,938	-	34,088	70	1,574	-	686,434
Stage 2	115,919	-	5,523	43,202	-	-	-	2,745	-	167,389
Stage 3	1,213,231	35,821	26,295	1,768,268	195	-	966	84,280	-	3,129,056
Total Collective impairment	1,648,795	36,922	45,836	2,127,408	195	34,088	1,036	88,599	-	3,982,879
Total	1,676,197	36,922	45,836	2,992,355	2,604	63,147	1,036	92,155	1,120,919	6,031,171

NOTES TO THE FINANCIAL STATEMENTS

25.7 Movement in Individual and collective impairment charges during the year

A reconciliation of the allowance for impairment losses for loans and receivables, by class, is as follows:

Group	Lease	Hire Purchase	Ijarah	Term Loans	Re-finance loans	Related Party Loans	Murabah	Trading Murabah	Factoring	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 1st April 2023	3,528,919	500,706	92,203	5,724,612	49,497	-	4,228	196,978	1,410,327	11,507,470
Charge/(Reversal) for the year	(1,028,832)	(126,726)	(25,477)	(274,449)	(2,007)	-	(1,145)	27,144	(311,781)	(1,743,273)
Exchange rate variance	-	-	-	(51,680)	-	-	-	-	-	(51,680)
At 31st March 2024	2,500,087	373,980	66,726	5,398,483	47,490	-	3,083	224,122	1,098,546	9,712,517
Individual impairment										
Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	1,071,777	16,887	-	-	-	1,098,546	2,187,210
Total Individual impairment	-	-	-	1,071,777	16,887	-	-	-	1,098,546	2,187,210
Collective impairment										
Stage 1	221,584	27,945	9,937	325,350	-	-	70	24,840	-	609,726
Stage 2	155,470	40,286	4,507	233,844	-	-	-	-	-	434,107
Stage 3	2,123,034	305,749	52,282	3,767,512	30,603	-	3,013	199,282	-	6,481,475
Total Collective impairment	2,500,088	373,980	66,726	4,326,706	30,603	-	3,083	224,122	-	7,525,307
Total	2,500,088	373,980	66,726	5,398,483	47,490	-	3,083	224,122	1,098,546	9,712,517

Group	Lease	Hire Purchase	Ijarah	Term Loans	Re-finance loans	Related Party Loans	Murabah	Trading Murabah	Factoring	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 1st April 2024	2,500,087	373,980	66,726	5,398,483	47,490	-	3,083	224,122	1,098,546	9,712,517
Charge/(Reversal) for the year	(86,754)	(10,892)	(3,902)	(263,274)	(32,193)	-	(196)	(14,874)	22,373	(389,712)
Amounts written off	(737,136)	(121,827)	(16,988)	(1,387,026)	(12,693)		(1,851)	(117,093)	-	(2,394,614)
Exchange rate variance	-	-	-	37,883	-	-	-	-	-	37,883
At 31st March 2025	1,676,197	241,261	45,836	3,786,066	2,604	-	1,036	92,155	1,120,919	6,966,074
Individual impairment										
Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	1,403	-	-	64,992	-	-	-	-	-	66,395
Stage 3	25,999	-	-	799,955	2,409	-	-	3,556	1,120,919	1,952,838
Total Individual impairment	27,402	-	-	864,947	2,409	-	-	3,556	1,120,919	2,019,233
Collective impairment										
Stage 1	319,645	54,339	14,018	572,738	-	-	70	1,574	-	962,384
Stage 2	115,919	19,784	5,523	305,501	-	-	-	2,745	-	449,472
Stage 3	1,213,231	167,138	26,295	2,042,880	195	-	966	84,280	-	3,534,985
Total Collective impairment	1,648,795	241,261	45,836	2,921,119	195	-	1,036	88,599	-	4,946,841
Total	1,676,197	241,261	45,836	3,786,066	2,604	-	1,036	92,155	1,120,919	6,966,074

25.8 Movement in provision for impairment during the year

Movement in impairment 2024/25 - Company

	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ECL allowance as at 1st April 2024 under SLFRS 9	342,389	213,357	8,299,041	8,854,787
New assets originated or purchased	564,005	85,007	307,536	956,548
Assets derecognised or repaid (excluding write offs)	(341,817)	(197,262)	(601,297)	(1,140,376)
Transfers to Stage 2 and 3	(138,639)	53,067	85,572	-
Transfers to Stage 1 and 3	5,307	(92,612)	87,305	-
Transfers to Stage 1 and 2	3,235	74,247	(77,482)	-
Impact on year end ECL of exposures transferred between stages during the year	52,341	68,232	(616,667)	(496,094)
Changes to contractual cash flows due to modifications not resulting in derecognition			-	-
Changes to models and inputs used for ECL calculations	199,613	29,748	21,559	250,920
Amounts written off	-	-	(2,394,614)	(2,394,614)
Balance as at 31st March 2025	686,434	233,784	5,110,953	6,031,171

Movement in impairment 2023/24 - Company

	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ECL allowance as at 1st April 2023 under SLFRS 9	908,537	823,233	8,677,486	10,409,256
New assets originated or purchased	124,238	16,890	13,209	154,337
Assets derecognised or repaid (excluding write offs)	(752,469)	(532,260)	(207,637)	(1,492,366)
Transfers to Stage 2 and 3	(395,514)	103,481	292,033	-
Transfers to Stage 1 and 3	23,800	(352,159)	328,359	-
Transfers to Stage 1 and 2	15,274	24,783	(40,057)	-
Impact on year end ECL of exposures transferred between stages during the year	434,676	152,962	(703,029)	(115,391)
Changes to models and inputs used for ECL calculations	(16,153)	(23,573)	(61,323)	(101,049)
Balance as at 31st March 2024	342,389	213,357	8,299,041	8,854,787

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

Movement in impairment 2024/25 - Group

For the year ended 31st March	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2024 under SLFRS 9	609,726	434,107	8,668,685	9,712,517
New assets originated or purchased	757,265	170,889	317,999	1,246,152
Assets derecognised or repaid (excluding write offs)	(277,542)	(319,397)	(622,541)	(1,219,480)
Transfers to Stage 2 and 3	(351,412)	264,128	87,284	(1)
Transfers to Stage 1 and 3	5,838	(161,873)	156,035	1
Transfers to Stage 1 and 2	3,559	81,671	(85,230)	1
Impact on year end ECL of exposures transferred between stages during the year	54,959	70,279	(604,334)	(479,096)
Changes to models and inputs used for ECL calculations	209,592	30,641	21,127	261,360
Amounts written off	-	-	(2,394,614)	(2,394,614)
Foreign exchange adjustments	(49,600)	(54,578)	(56,588)	(160,766)
Balance as at 31st March 2025	962,384	515,867	5,487,823	6,966,074

Movement in impairment 2023/24 - Group

For the year ended 31st March	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2023 under SLFRS 9	1,252,668	1,153,917	9,100,885	11,507,470
New assets originated or purchased	308,796	54,063	20,334	383,193
Assets derecognised or repaid (excluding write offs)	(791,756)	(782,736)	(355,134)	(1,929,626)
Transfers to Stage 2 and 3	(613,424)	315,551	297,874	-
Transfers to Stage 1 and 3	26,180	(447,375)	421,195	-
Transfers to Stage 1 and 2	16,801	27,261	(44,063)	-
Impact on year end ECL of exposures transferred between stages during the year	456,410	157,551	(680,315)	(66,354)
Changes to models and inputs used for ECL calculations	(16,961)	(24,280)	(60,097)	(101,338)
Foreign exchange adjustments	(28,988)	(19,845)	(31,994)	(80,827)
Balance as at 31st March 2024	609,726	434,107	8,668,685	9,712,518

26. INSURANCE AND REINSURANCE RECEIVABLES

Accounting Policy

Insurance - Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders, if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable, if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance Receivables

Insurance receivables satisfy the contractual cash flow characteristic test (SPPI test) as the return solely represent capital and interest. Even though there were no interest charge for insurance receivables, they satisfy the SPPI test as they are considered to be short term and credit risk doesn't exist to charge interest. Upon completion of the SPPI test, the management elected the business model of hold to collect the contractual cash flows and measure the instrument at amortised cost as these are short term in nature. Since these are short term balances without a financing component, amortised cost will be equal to carrying value. Based on the three stages; performing (stage 1), under-performing (stage 2), nonperforming (stage 3), the Company provides ECL on 12 months ECL and lifetime ECL weighted among several scenarios.

De-recognition due to substantial modification of terms and conditions

Group de-recognises premium receivables, when the terms and conditions have been re-negotiated to the extent that, substantially, it becomes a new insurance contract, with the difference recognised as a separate asset or liability. The newly recognised insurance contracts are classified as stage 1 for ECL measurement purposes.

When assessing whether or not to de-recognise a insurance premium receivable, amongst others, Group considers the following factors::

- Loss of insurable interest
- Change in counterparty

Assessment of impairment of insurance receivables

The Group assessed the impairment provision based on the ECL method.

Reinsurance receivable

The Company cedes insurance risk to reinsurance in the normal course of business. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

According to the characteristics relating to reinsurance receivables, the instruments qualify the contractual cash flow characteristic test (SPPI test) as the return solely represent capital and interest. Even though there were no interest charge for reinsurance receivables, they satisfy the SPPI test as they are considered to be short-term and credit risk doesn't exist to charge interest. Upon completion of the SPPI test, the management elected the business model of hold to collect the contractual cash flows and measure the instrument at amortised cost as these are short-term in nature. Since these are short-term balances without a financing component, the amortised cost will be equal to carrying value.

Assessment of impairment of reinsurance receivables

Reinsurance receivables of the Company are not qualified for ECL model based on SLFRS 4 - Insurance Contracts, section 20. Impairment losses will be recognised on reinsurance receivables, if and only if, there is no objective evidence, as a result that occurred after initial recognition of the reinsurance assets, that the Company may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

NOTES TO THE FINANCIAL STATEMENTS

26. INSURANCE AND REINSURANCE RECEIVABLES (CONTD...)

Deferred Expenses

Deferred Acquisition Costs (DAC)

Costs of acquiring new businesses including commission, underwriting, marketing and policy issuance expenses which vary with and directly related to production of new businesses are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Subsequent to initial recognition, deferred acquisition costs (DAC) are amortised over the period on the basis unearned premium is amortised.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

DAC are derecognised when the related contracts are either expired or cancelled.

An impairment review of DAC is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss. DACs are also considered in the liability adequacy test for each reporting period.

Reinsurance Commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Reinsurance receivables	-	-	409,604	469,767
Insurance Receivables	-	-	1,288,750	1,116,930
Total	-	-	1,698,354	1,586,697
Fair value	-	-	1,698,354	1,586,697

27. FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting Policy

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

Unrealised gains and losses were recognised in Equity through OCI in the "Fair value reserve". When these financial investments were disposed, the cumulative gain or loss previously recognised in fair value reserve transfered to retained earnings. Dividend earned while holding financial assets - FVOCI were recognised in the Income Statement as "Operating income" when the right to receive the payment had been established. Equity Instruments at FVOCI are not subject to an impairment assessment.

			Company		Group	
As at 31st March	Note	Page No.	2025	2024	2025	2024
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Equity securities	27.1	347	315,005	234,492	315,005	234,492
Treasury bills			-	-	535,342	561,806
Debentures	27.1	347	977,135	924,177	977,135	924,177
Total			1,292,140	1,158,669	1,827,482	1,720,475
Fair value			1,292,140	1,158,669	1,827,482	1,720,475

27.1 Equity & Debt securities - Company

As at 31st March	Note	Page No.	2025 No of Shares/ Debentures	2025 Cost of Investment Rs. '000	2025 Market Value Rs. '000	2024 No of Shares/ Debentures	2024 Cost of Investment Rs. '000	2024 Market Value Rs. '000
Quoted Investments								
People's Merchant Finance PLC			25,014,002	237,633	180,101	25,014,002	237,633	117,566
Asiri Hospital Holdings PLC			500,000	20,730	12,900	500,000	20,730	12,500
Windforce PLC			1,000,000	18,489	25,000	1,000,000	18,489	19,600
Lanka credit and business Finance PLC			5,000,000	50,000	13,000	5,000,000	50,000	11,000
Sanasa Development Bank PLC			2,320,270	215,532	83,994	2,271,260	213,853	73,816
Subtotal				542,384	314,995		540,705	234,482
Unquoted Investments								
Credit Information Bureau of Sri Lanka	27.2	347	200	10	10	200	10	10
Subtotal					10			10
Debenture investments								
Ceylon Electricity Board			9,180,900	1,000,086	977,135	9,180,900	1,000,086	924,177
Subtotal				1,000,086	977,135	9,180,900	1,000,086	924,177
Total				1,540,801	1,292,140		1,540,801	1,158,669

27.2 Credit Information Bureau of Sri Lanka

	Company		Group	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1st April	10	10	10	10
Remeasurement recognised in OCI	-	-	-	-
Balance as at 31st March	10	10	10	10

28. DEBT INSTRUMENT - AMORTISED COST

Accounting Policy

As per SLFRS 9, "Financial investments" are measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

28. DEBT INSTRUMENT - AMORTISED COST (CONTD...)

As at 31st March	Note	Page No.	Company 2025	Company 2024	Group 2025	Group 2024
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Treasury bills			5,161,177	18,372,055	5,161,177	18,372,055
Treasury bonds			-	-	4,320,266	3,429,548
Unquoted preference shares			-	-	1,116,718	420,538
Debentures	28.1	348	-	-	963,111	1,604,373
Total			5,161,177	18,372,055	11,561,272	23,826,514
Fair value			4,866,785	18,463,247	11,839,300	24,739,582

28. DEBT INSTRUMENT- AMORTISED COST

28.1 Debentures

As at 31st March	Rate	Maturity date	Group 2025 No. of Debentures	Group 2025 Carrying Value	Group 2024 No. of Debentures	Group 2024 Carrying Value
				Rs. '000		Rs. '000
Siyapatha Finance PLC	13.33%	8-Aug-24	-	-	1,500,000	162,636
National Development Bank PLC	13.95%	30-Mar-24	-	-	2,000,000	228,031
DFCC Bank PLC	13.00%	29-Mar-25	844,500	95,475	844,500	95,539
	11.00%	12-Jun-25	1,190,000	129,429	1,190,000	129,435
MTD Walkers PLC	11.75%	30-Sep-19	254,784	26,954	254,784	26,954
Hatton National Bank PLC	12.30%	22-Sep-24	-	-	413,300	43,901
Nations Trust Bank PLC	12.80%	23-Dec-24	-	-	2,000,000	206,602
Ceylon Electricity Board	9.35%	15-Apr-26	4,000,000	405,035	4,000,000	435,794
LOLC PLC	10.25%	24-Feb-26	3,000,000	333,629	3,000,000	302,892
Subtotal				990,522		1,631,784
Less : Allowance for expected credit losses				(27,412)		(27,412)
Total				963,112		1,604,373

Total allowance for expected credit loss stemmed from 12 months ECL since all investments under this category are investment grade instruments.

29. INVESTMENTS IN SUBSIDIARIES

Accounting Policy

Investments in subsidiaries are stated at cost, net of any impairment losses which are charged to the Statement of Profit or Loss in the Company's Financial Statements and it is in accordance with the Sri Lanka Accounting Standard LKAS 27 on 'Consolidated and Separate Financial Statements'

Subsidiaries are entities that are controlled by the Group/Company. Subsidiaries are consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date when such control ceases. The Company is presumed to control an investee when it is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-group balances and transactions, income, expenses and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the Consolidated Financial Statements.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Company.

Non-controlling interests are presented separately in the consolidated Statement of Profit or Loss and within equity in the consolidated Statement of Financial Position, but separate from parent shareholders' equity. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in a deficit balance. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

All subsidiaries of the Company have been incorporated in Sri Lanka other than Alliance Finance PLC which is incorporated in Bangladesh. A list of subsidiaries with there principal activities are given in the Note 1.2 on page 292.

As at 31st March	2025			2024		
	Holding	Cost	Directors'/ market valuation	Holding	Cost	Directors'/ market valuation
Company	%	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000
People's Leasing Fleet Management Limited	100.00	175,000	217,016	100.00	175,000	201,797
People's Leasing Property Development Limited	100.00	892,215	2,560,499	100.00	713,625	2,524,509
People's Leasing Havelock Properties Limited	100.00	600,000	1,762,366	100.00	600,000	1,779,117
People's Micro-commerce Ltd	100.00	150,000	770,956	100.00	150,000	628,627
People's Insurance PLC	75.00	663,750	4,352,644	75.00	600,000	3,450,000
Alliance Finance PLC	51.00	1,351,186	1,676,604	51.00	1,216,604	1,667,335
Total		3,832,151	11,340,085		3,455,229	10,251,385

Subsidiaries are not quoted in the Colombo stock exchange except People's Insurance PLC. The directors' valuation of investment in subsidiaries except for People's has been carried out on net asset basis. People's Insurance PLC has been valued at market value basis.

NOTES TO THE FINANCIAL STATEMENTS

29. INVESTMENTS IN SUBSIDIARIES (CONTD...)

The following table summaries the information relating to the Group's subsidiary that has a material non-controlling interest (NCI).

For the year ended 31st March	2025			2024		
	People's Insurance PLC	Alliance Finance PLC	Total	People's Insurance PLC	Alliance Finance PLC	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non-controlling interest (NCI) percentage	25%	49%	-	25%	49%	-
Net operating income	5,190,003	461,827	5,651,830	4,674,252	624,005	5,298,257
Less : Operating expenses	4,521,576	367,578	4,889,154	4,028,321	333,794	4,362,115
Profit before income tax	668,427	94,249	762,676	645,931	290,211	936,142
Less : Income tax expense	287,941	101,717	389,658	208,243	100,227	308,470
Profit for the year	380,486	(7,468)	373,018	437,688	189,984	627,672
Profit allocated to Non-controlling interest (NCI)	95,121	(3,659)	91,462	109,422	93,092	202,514

As at 31st March	2025			2024		
	People's Insurance PLC	Alliance Finance PLC	Total	People's Insurance PLC	Alliance Finance PLC	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	367,750	254,227	621,977	732,308	139,371	871,679
Balances with banks & financial institutions	3,248,407	987,912	4,236,319	3,410,573	884,700	4,295,273
Loans and receivables	163,744	11,035,982	11,199,726	97,634	12,474,999	12,572,633
Insurance and reinsurance receivables	2,298,818	-	2,298,818	2,096,469	-	2,096,469
Financial assets - Fair value through other comprehensive income	535,342	-	535,342	561,806	-	561,806
Debt Instrument at amortised cost	5,283,377	1,116,718	6,400,095	5,033,920	420,538	5,454,458
Property, plant and equipment / intangible assets & ROUA	358,210	133,412	491,622	309,916	138,237	448,153
Other assets	1,233,233	182,948	1,416,181	203,630	284,722	488,352
Total assets	13,488,881	13,711,199	27,200,080	12,446,256	14,342,567	26,788,823
Due to banks	46,076	2,310,221	2,356,297	11,944	2,787,553	2,799,497
Due to customers	-	7,489,978	7,489,978	-	7,756,925	7,756,925
Other financial liabilities	1,553,726	433,654	1,987,380	1,000,130	415,726	1,415,856
Other liabilities	533,351	189,887	723,238	459,526	113,079	572,605
Insurance liabilities and reinsurance payable	5,595,322	-	5,595,322	5,605,452	-	5,605,452
Total liabilities	7,728,475	10,423,740	18,152,215	7,077,052	11,073,283	18,150,335
Net assets value	5,760,406	3,287,459	9,047,865	5,369,204	3,269,284	8,638,488

30. INVESTMENT PROPERTY

Accounting Policy

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the Statement of Financial Position date. Gains or losses arising from changes in fair value are included in the Statement of Profit or Loss in the year in which they arise.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements, and accounted for as per Sri Lanka Accounting Standard - LKAS 16 - "Property, Plant and Equipment".

Derecognition

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Profit or Loss in the year of retirement or disposal.

Subsequent Transfers to/from Investment Property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of Profit or Loss. When the Company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of Profit or Loss.

Fair Value of Investment Property

Investment property of the Group and Company is reflected at fair value. When current market prices of similar assets are available, such evidences are considered in estimating fair values of these assets. In the absence of such information, the Group and Company determines within a reasonable fair value estimates, amounts that can be attributed as fair values, taking into consideration of the discounted cash flow projections based on the estimates, derived from the evidence such as current market rents for similar properties and using discount rates that reflect uncertainty in the amount and timing of cash flows.

Determining Fair Value

External and independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio every year. In financial periods within that period the fair value is determined by the board of directors.

The fair values are based on market values, being the estimated amount for which a property could be sold in an orderly transaction between market participants at the measurement date.

Investment Property Leased within the Group

Any property leased out to parent or subsidiary is considered as owner-occupied from the perspective of the Group and adjustments are made for consolidation purposes.

Owner Occupied Properties and Investment Property:

In determining if a property qualifies as Investment Property the Group/Company makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services are significant, so that a property does not qualify as investment property.

NOTES TO THE FINANCIAL STATEMENTS

30. INVESTMENT PROPERTY (CONTD...)

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	295,465	284,961	1,305,512	1,200,317
Addition during the year	-	-	-	-
Gain from fair value adjustment	6,535	10,504	69,663	105,195
Balance as at 31st March	302,000	295,465	1,375,175	1,305,512

Company

30.1 Valuation of investment properties

Location	Address	Date of Valuation	Method of Valuation	Land Extent (Perches)	Number of Building	Building Area (Sq.ft)	2025 Cost Rs. '000	2025 Revaluation Rs. '000	2024 Revaluation Rs. '000
Penideniya - Kandy	No. 210, Daulagala Road, Penideniya	31.03.2025	MCM	13.5	1	10,948	60,000	63,000	61,340
Uragasmanhandiya - Ambalangoda	No. 490D, Siripura, Nawadagala	31.03.2025	MCM	35.00	-	-	11,961	14,000	13,125
Katugasthota - Kandy	No. 396, Katugasthota Road, Kandy	31.03.2025	MCM	26.45	1	2,355	213,000	225,000	221,000
Total					2		284,961	302,000	295,465

The company carries investment property at Market Value. Valuation of the above company investment properties were carried out as at 31.03.2025 by S.A.M.A. Perera (MRICS.U.K), Chartered valuation Surveyor, who is professional independent valuer. There are three lands located at; Pendeniya – Kandy, Katugasthota – Kandy and Urugasmanhandiya – Ambalangoda.

Group

Land and building at No. 7 and 9, Havelock Road, Colombo 5 is rented to People's Bank, People's Insurance PLC and People's Leasing & Finance PLC by the People's Leasing Havelock Properties Limited during the year. In the Group Financial Statements, such property have separated and part rented to People's Bank has been clarified as Investment Property to the Group. Basis for the separation is based on the number of sq.ft rented.

The Group carries investment property at Market value. Market valuation of the above investment property (except for Company investment property) was carried out as at 31st December 2024 by Mr.K.T.D.Tissera, FRICS (Eng), who is independent valuer not connected with the Company. Details of valuation of Group investment properties other than company included in note 32.4 on page 358.

Rent income recognized in respect to the above investment property is disclosed in Note 10 on page 305..

Direct operational expenses recognized in respect to the above investment property is disclosed in Note 15 on page 311.

31. OTHER ASSETS

Accounting Policy

The Company and the Group classify all their other assets as other financial assets and other non financial assets. Other non financial assets mainly comprises of advance payments, VAT recoverable, inventory and sundry receivables. Advance payments are carried at historical cost.

			Company		Group	
As at 31st March		Page	2025	2024	2025	2024
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other financial assets - Insurance Commission			76,511	69,989	-	-
Non financial assets	31.1	353	964,147	3,911,829	1,065,584	4,166,268
Total			1,040,658	3,981,818	1,065,584	4,166,268

31.1 Non Financial Assets

			Company		Group	
As at 31st March		Page	2025	2024	2025	2024
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Advance payments			205,535	145,494	279,166	139,875
Inventories			47,257	45,404	72,805	81,845
Prepaid Expense			184,623	187,305	62,870	102,919
Unamortised cost on staff loans (Day 1 difference)	31.2	353	263,086	383,859	263,170	384,218
Differed expenses			-	-	(29,144)	1,366
Other receivables			263,646	3,149,767	416,717	3,456,045
Total			964,147	3,911,829	1,065,584	4,166,268

31.2 Unamortised cost on staff loans (Day 1 difference)

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	383,859	370,151	384,218	370,235
Charge for the year	(120,773)	13,708	(121,048)	13,983
Balance as at 31st March	263,086	383,859	263,170	384,218

NOTES TO THE FINANCIAL STATEMENTS

32. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of Recognition

Property, Plant and Equipment are tangible items that are held for servicing, or for administrative purposes, and are expected to be used during more than one year.

Property, Plant and Equipment is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured reliably.

Basis of Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to or replace a part of it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring at the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The Company and Group apply the cost model to property, plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

Repairs & Maintenance

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and Group and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Derecognition

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the Statement of Profit or Loss in the year the asset is derecognised.

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight–line basis over the estimated useful lives of each part of an item of property, plant and equipment since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

32. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

The estimated useful lives are as follows;

Class of asset	% per annum	Period
Freehold buildings	2	50 years
Improvement of leasehold property	25	4 years
Motor vehicles	12.5 - 20	5 - 8 years
Computer hardware	20	5 years
Office equipments	10 - 20	5 -10 years
Furniture's and fittings	20	5 years

The above rates are consistently used by all the Group entities. The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and commence to depreciate when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Useful Lives of Property, Plant and Equipment

The Group and Company depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group and Company intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group/Company would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

32.1 Property, Plant and Equipment - Company

	Freehold Land and Buildings	Improvement of Leasehold Properties	Motor Vehicles	Computer Hardware	Office Equipments	Furniture and Fittings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost							
Balance as at 1st April 2024	723,542	56,872	427,978	803,282	800,035	436,983	3,248,692
Additions	322,456	-		141,545	100,990	20,990	585,981
Disposals	-	-	(126)		(604)	(747)	(1,477)
Transfers/adjustments	-	-	-	316	300	(616)	-
Balance as at 31st March 2025	1,045,998	56,872	427,852	945,143	900,721	456,610	3,833,196
(Less): Accumulated depreciation							
Balance as at 1st April 2024	4,647	56,872	118,452	674,218	629,407	403,714	1,887,310
Charge for the year	471	-	24,848	57,711	63,073	13,020	159,123
Disposals	-	-	(78)		(208)	(747)	(1,033)
Transfers/adjustments	-	-	875	(559)	300	(616)	-
Balance as at 31st March 2025	5,118	56,872	144,097	731,370	692,572	415,371	2,045,400
Net book value at 31st March 2025	1,040,880	-	283,755	213,773	208,149	41,239	1,787,796

	Freehold Land and Buildings	Improvement of Leasehold Properties	Motor Vehicles	Computer Hardware	Office Equipments	Furniture and Fittings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost							
Balance as at 1st April 2023	723,542	56,872	592,523	833,105	699,495	442,805	3,348,343
Additions	-	-	555	44,323	106,306	17,751	168,935
Disposals	-	-	(165,100)	(74,146)	(5,766)	(23,573)	(268,585)
Balance as at 31st March 2024	723,542	56,872	427,978	803,282	800,035	436,983	3,248,693
(Less): Accumulated depreciation							
Balance as at 1st April 2023	4,176	56,872	120,922	688,623	579,519	417,227	1,867,338
Charge for the year	471	-	36,261	59,648	52,584	10,060	159,024
Disposals	-	-	(38,731)	(74,053)	(2,696)	(23,573)	(139,053)
Balance as at 31st March 2024	4,647	56,872	118,452	674,218	629,407	403,714	1,887,309
Net book value at 31st March 2024	718,895	-	309,526	129,064	170,629	33,270	1,361,384

NOTES TO THE FINANCIAL STATEMENTS

32.2 Property, Plant and Equipment - Group

	Freehold Land and Buildings	Improvement of Leasehold Properties	Motor Vehicles	Computer Hardware	Office Equipments	Furniture and fittings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost							
Balance as at 1st April 2024	3,687,089	58,583	270,198	960,045	1,151,476	550,586	6,677,977
Additions	322,456	-	59,213	206,960	142,894	51,934	783,457
Disposals	-	-	(8,575)	-	(1,211)	(807)	(10,593)
Transfers	-	-	-	316	3,981	(4,297)	-
Exchange rate variance	-	-	(1,694)	(7,639)	(2,826)	(1,472)	(13,631)
Balance as at 31st March 2025	4,009,545	58,583	319,142	1,159,682	1,294,314	595,944	7,437,210
(Less): Accumulated depreciation							-
Balance as at 1st April 2024	573,132	57,349	129,809	804,842	844,767	488,389	2,898,288
Charge for the year	63,674	-	36,176	71,168	80,865	19,547	271,430
Additions due to acquisition of subsidiary	-	-	-	-	-	-	-
Disposals	-	-	(4,587)	-	(1,531)	(795)	(6,913)
Transfers	-	-	875	(559)	300	(616)	-
Exchange rate variance	-	-	(720)	(2,850)	(2,647)	(1,079)	(7,296)
Balance as at 31st March 2025	636,806	57,349	161,553	872,601	921,754	505,446	3,155,509
Net book value at 31st March 2025	3,372,739	1,234	157,589	287,081	372,560	90,498	4,281,701

	Freehold Land and Buildings	Improvement of Leasehold Properties	Motor Vehicles	Computer Hardware	Office Equipments	Furniture and fittings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost							
Balance as at 1st April 2023	3,687,089	58,583	449,737	984,343	1,044,769	553,643	6,778,164
Additions	-	-	14,567	53,727	114,087	24,102	206,483
Disposals	-	-	(192,400)	(74,146)	(5,766)	(23,706)	(296,018)
Exchange rate variance	-	-	(1,706)	(3,879)	(1,614)	(3,453)	(10,652)
Balance as at 31st March 2024	3,687,089	58,583	270,198	960,045	1,151,476	550,586	6,677,977
(Less): Accumulated depreciation							
Balance as at 1st April 2023	509,327	57,349	150,522	810,707	781,163	497,877	2,806,945
Charge for the year	63,805	-	40,206	73,772	69,368	15,783	262,934
Disposals	-	-	(60,357)	(77,021)	(3,299)	(24,219)	(164,896)
Exchange rate variance	-	-	(562)	(2,616)	(2,465)	(1,052)	(6,695)
Balance as at 31st March 2024	573,132	57,349	129,809	804,842	844,767	488,389	2,898,288
Net book value at 31st March 2024	3,113,957	1,234	140,389	155,203	306,709	62,197	3,779,689

32.3 Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated property, plant and equipment, which are still in use as at reporting date is as follows.

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Improvement of leasehold properties	56,872	56,872	56,872	56,872
Motor vehicles	107,261	49,745	107,665	50,149
Computer hardware	590,742	534,609	691,159	621,252
Office equipment	555,623	503,641	630,828	565,953
Furniture and fittings	385,185	372,139	446,990	425,832
Total	1,695,683	1,517,006	1,933,514	1,720,058

NOTES TO THE FINANCIAL STATEMENTS

32. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

32.4 Group Freehold lands & buildings

Location	Address	Date of Valuation	Method of Valuation	Land Extent (Perches)	Number of Building	Building Area (Sq.ft)	2025 Cost Rs. '000	2025 Revaluation Rs. '000	2024 Revaluation Rs. '000
People's Leasing & Finance PLC									
Vehicle yards									
Makola	No. 496, Makola North, Makola	31.12.2022	MCM	90	1	11,600	7,632	53,000	53,000
Mabima	No. 225/D, Nayagala Road, Heiyantuduwa, Mabima	31.12.2022	MCM	330.75	1	820	22,532	88,000	88,000
Meegahamulla	Kandepalla, Beligamuwa, Galewala	31.12.2022	MCM	260	1	1,836	27,558	31,000	31,000
Monaragala	No. 10, Pothuwil Road, Monaragala	31.12.2022	MCM	125.9	1	1,376	46,905	100,000	100,000
Administrative purpose									
Bandarawela	No. 35/2D, Welimada Road, Bandarawela	31.12.2022	MCM	8.3	1	5,194	31,257	50,000	50,000
Jaffna	No. 10, Mahathma Gandhi Road, Jaffna	31.12.2022	MCM	44.72	-	-	45,764	155,063	155,063
Matara	No. 367, Anagarika Darmapala Mawatha Matara	31.12.2022	MCM	40	-	-	93,599	120,000	120,000
Kandy	No. 296, Senanayaka Road, Kandy	31.12.2022	MCM	47.1	-	-	142,711	203,700	203,700
Anuradhapura	No. 50, Maithripala Senanayake Road, Anuradhapura	31.12.2022	MCM	40.51	-	-	155,882	182,295	182,295
Colombo	No 10d/8 Kaduwela	31.12.2022	MCM	94.3	-	-	149,702	260,000	260,000
Colombo	No. 1173,Maradana Road,Colombo 08.			27.09	-	-	322,456	322,456	-
Subtotal					5		1,045,998	1,565,514	1,243,058
People's Leasing Property Development Limited									
Borella	No. 1161, Maradana Road, Colombo 08	31.12.2024	MCM	104.9	2	127,621	1,532,414	3,700,000	3,450,000
Subtotal					2		1,532,414	3,700,000	3,450,000
People's Leasing Havelock Properties Limited									
Colombo 05*	No. 07, Havelock Road, Colombo 05	31.12.2024	MCM	111.45	1	84,024	2,059,690	3,400,000	3,200,000
Subtotal					1		2,059,690	3,400,000	3,200,000
Total					8		4,638,102	8,665,514	7,893,058

MCM : Market Comparable Method

* Land and building value of Rs.628,556,600 is classified as investment property and Rs. 1,431,133,056 is clasiffied as property, plant and equipment in the group financial statements.

Market valuation of the above Land & Buildings was carried out by Mr. K.T.D. Tissera, FRICS (Eng), who is independent valuer not connected with the Company. Investment method, Contractor's Test method and Comparison method have been used for the valuation. Freehold land and buildings of the Company are considered under Level 3 of fair value hierarchy.

Temporarily idle property, plant and equipment

There were no property, plant and equipment of the Group/Company idle as at 31st March 2025 and 31st March 2024.

Property, plant and equipment retired from active use

There were no property, plant and equipment of the Group/Company retired from active use as at 31st March 2025 and 31st March 2024.

Title restriction on property, plant and equipment

There were no restriction on the title of property, plant and equipment of the Group/Company as at 31st March 2025 and 31st March 2024.

Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment of the Group/Company pledged as securities for liabilities other than disclosed in Note 54 on page 380. (asset pledged) to the Financial Statements.

Compensation from third parties for items of property, plant and equipment

There were no compensation received during the year from third parties for items of property, plant and equipment of the Group/Company that were impaired, lost or given up (2024 : Nil).

Unobservable input used in measuring fair value

Significant unobservable input used in measuring non-financial assets categorised as level 3 in fair value hierarchy disclosed in to Note - 21.6 on page 319 to the Financial Statements.

33. RIGHT OF USE ASSETS

Accounting Policy

SLFRS 16 – Leases

Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts for branches/head office that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided. Leasehold property comprising of land use rights and is amortised on a straight line basis over the remaining lease term.

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost				
Balance as at 1st April	3,815,915	3,639,518	2,766,130	2,606,244
Transfer from other asset (Prepaid rentals)	28,362	11,747	28,362	11,747
	3,844,277	3,651,265	2,794,492	2,617,991
Additions	996,222	283,704	584,348	293,956
Disposals	-	(119,054)	-	(119,054)
Exchange rate variance	-	-	(8,447)	(26,763)
Balance as at 31st March	4,840,499	3,815,915	3,370,393	2,766,130
(Less): Accumulated amortisation				
Balance as at 1st April	2,455,140	2,023,579	1,479,098	1,233,821
Amortisation	513,191	502,481	343,657	332,642
Disposal		(70,920)	-	(70,920)
Exchange rate variance	-	-	(5,764)	(16,445)
Balance as at 31st March	2,968,331	2,455,140	1,816,991	1,479,098
Net book value at 31st March	1,872,168	1,360,775	1,553,402	1,287,032

NOTES TO THE FINANCIAL STATEMENTS

34. GOODWILL AND INTANGIBLE ASSETS

Accounting Policy

The Group's intangible assets include the goodwill and customer list which acquired in business combination and value of computer software.

Basis of Recognition

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group/Company in accordance with the Sri Lanka Accounting Standard- LKAS 38 - 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated in the Statement of Financial Position at cost less any accumulated amortisation and any accumulated impairment losses if any.

Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Useful Economic Lives, Amortisation and Impairment

The useful economic lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates in accordance with LKAS 8. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight– line method to write down the cost of intangible assets to their residual values over their estimated useful economic lives at the rates as specified below;

Class of asset	% per annum	Period
Computer software	20	5 years

The unamortised balances of intangible assets with finite lives are reviewed for impairment annually and whenever there is an indication for impairment and recognised in Statement of Profit or Loss to the extent that they are no longer probable of being recovered from the expected future benefits.

Goodwill that arises upon the acquisition of subsidiary is included in intangible assets. Goodwill is initially measured at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss in such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

Goodwill with infinite useful lives are assessed for impairment annually. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit or Loss in the year the asset is derecognised.

	Company			Group		
	Computer software	Goodwill	Total	Computer software	Goodwill	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost						
Balance as at 1st April 2024	248,110	308,545	556,655	324,682	417,099	741,781
Additions	4,384	-	4,384	15,768	-	15,768
Exchange rate variance	-	-	-	(3,901)	-	(3,901)
Balance as at 31st March 2025	252,494	308,545	561,039	336,549	417,099	753,648
(Less): Accumulated amortisation						
Balance as at 1st April 2024	207,100	308,545	515,645	247,932	308,545	556,477
Amortisation	10,675	-	10,675	23,168	-	23,168
Exchange rate variance	-	-	-	1,452	-	1,452
Balance as at 31st March 2025	217,775	308,545	526,320	272,552	308,545	581,097
Net book value at 31st March 2025	34,719	-	34,719	63,997	108,554	172,551
Cost						
Balance as at 1st April 2023	217,862	308,545	526,407	259,290	417,099	676,389
Additions	30,248	-	30,248	67,916	-	67,916
Exchange rate variance	-	-	-	(2,524)	-	(2,524)
Balance as at 31st March 2024	248,110	308,545	556,655	324,682	417,099	741,781
(Less): Accumulated amortisation						
Balance as at 1st April 2023	198,669	308,545	507,214	230,408	308,545	538,953
Amortisation	8,431	-	8,431	18,292	-	18,292
Exchange rate variance	-	-	-	(768)	-	(768)
Balance as at 31st March 2024	207,100	308,545	515,645	247,932	308,545	556,477
Net book value at 31st March 2024	41,010	-	41,010	76,750	108,554	185,304

Intangible assets include fully amortised software amounting to Rs. 199,492,821 for the company and Rs. 267,437,368 for the Group as at 31st March 2025 (Rs. 184,373,402 for Company and Rs. 185,272,902 for Group as at 31st March 2024), which are still in use as at the reporting date.

Impairment Tests for Goodwill

The Group undertakes an annual test for impairment, based on value in use computation using cash flow projections based on financial budgets approved by the senior management. The discount rate of 17.86% and the projected growth rate based on GDP are the key assumptions used for this purpose. The discount rate was estimated based on an average percentage of cost of equity of the company. Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the units to exceed their recoverable amount.

There were no restrictions existed on the title of the intangible assets of the Group/Company as at the reporting date. Further, there were no items pledged as securities for liabilities. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year 2024/25.

NOTES TO THE FINANCIAL STATEMENTS

35. DUE TO BANKS

Accounting Policy

Due to banks include bank overdrafts and long term and short term loans obtained from banks. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Statement of Profit or Loss. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognise as well as through the EIR amortisation process.

Company has not had any defaults of principal, interest or other breaches with regard to Due to Banks during 2025 or 2024.

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,433,358	507,748	1,864,818	1,524,995
Term loans	10,003,215	1,755,746	14,964,167	5,656,370
Total	11,436,573	2,263,494	16,828,985	7,181,365
Fair value	11,436,573	2,261,237	16,825,813	7,317,086

35.1 Movement of due to banks

	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	1,755,746	7,671,951	5,656,370	9,925,158
Amount borrowed during the year	24,500,000	-	26,823,963	2,581,519
Repayments during the year	(16,590,843)	(6,598,526)	(18,138,300)	(8,041,178)
Interest expenses during the year	338,312	682,321	622,134	1,190,871
Subtotal	10,003,215	1,755,746	14,964,167	5,656,370
Overdrafts	1,433,358	507,748	1,864,818	1,524,995
Balance as at 31 March	11,436,573	2,263,494	16,828,985	7,181,365

35.2 Long term loan details

Name of the borrower	Granted date	Facility amount Rs. '000	Period	Interest Rate	Security status
Hatton National Bank PLC	27.03.2025	4,000,000	04 years	1-2 year 10.90% 3 year 11.00%	Secured
Seylan Bank PLC	28.03.2025	5,000,000	03 years	10.90%	Secured

* The interest rate for each securitisation is given as the weighted average interest rate.

Details of the securities disclosed in Note 54 on page 388 - 'Asset pledged' to the Financial Statements.

35.3 Contractual Maturity Analysis

35.3.1 Remaining Contractual Maturity Analysis of Due to bank -Company

As at 31st March	2025			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,433,358	-	-	1,433,358
Long term loans	3,670,682	6,332,533	-	10,003,215
Total	5,104,040	6,332,533	-	11,436,573

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	507,748	-	-	507,748
Long term loans	1,755,746	-	-	1,755,746
Total	2,263,494	-	-	2,263,494

35.3.2 Remaining Contractual Maturity Analysis of Due to bank -Group

As at 31st March	2025			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,864,818	-	-	1,864,818
Long term loans	7,385,182	7,578,985	-	14,964,167
Total	9,250,000	7,578,985	-	16,828,985

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,524,995	-	-	1,524,995
Long term loans	3,270,653	2,385,717	-	5,656,370
Total	4,795,648	2,385,717	-	7,181,365

NOTES TO THE FINANCIAL STATEMENTS

36. DUE TO CUSTOMERS

Accounting Policy

Due to customers include fixed deposits and savings deposits. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Statement of Profit or Loss. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised.

Deposits of 7.1 billion (2023/24 Rs.12.1 billion) held as collateral for Loans against deposits were included in Due to customers.

In compliance with the Finance Companies (Insurance of Deposit Liabilities) Direction No. 02 of 2010 all the eligible deposit liabilities have been insured with the Sri Lanka Deposit Insurance and Liquidity Support Scheme, as a safety net measure that will safeguard customer rights and confidence. The company has paid Rs. 134.75 Mn as the premium for the above insurance scheme during the year. (2023/24 -134.22 Mn).

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	117,512,800	92,577,092	123,067,554	99,027,354
Savings Deposits	7,016,884	4,860,634	7,001,159	4,815,700
Total	124,529,684	97,437,726	130,068,713	103,843,054
Fair value	124,806,329	99,373,010	130,118,804	105,426,170

36.1 Remaining Contractual Maturity Analysis of Due to Customers - Company

	2025			
As at 31st March	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	75,874,846	41,637,954	-	117,512,800
Savings Deposits	6,708,757	103,400	204,727	7,016,884
Total	82,583,603	41,741,354	204,727	124,529,684

	2024			
As at 31st March	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	74,366,470	18,210,622	-	92,577,092
Savings Deposits	4,571,920	94,918	193,796	4,860,634
Total	78,938,390	18,305,540	193,796	97,437,726

36.2 Remaining Contractual Maturity Analysis of Due to Customers - Group

As at 31st March	2025			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	82,085,219	40,982,335	-	123,067,554
Savings Deposits	6,692,381	103,400	205,378	7,001,159
Total	88,777,600	41,085,735	205,378	130,068,713

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	81,482,883	17,544,471	-	99,027,354
Savings Deposits	4,526,986	94,918	193,796	4,815,700
Total	86,009,869	17,639,389	193,796	103,843,054

37. DEBT SECURITIES ISSUED

Accounting Policy

Debt Securities issued represent the funds borrowed by the Company and Group for long term and short term liquidity fund requirements. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Statement of Profit or Loss. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised.

			Company		Group	
As at 31st March		Page	2025	2024	2025	2024
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	37.2	366	5,014,652	11,032,248	5,014,652	11,032,248
Total			5,014,652	11,032,248	5,014,652	11,032,248
Fair value			4,866,785	9,178,853	4,866,785	9,178,853

37.1 Movement of debt securities issued

	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	11,032,248	16,706,049	11,032,248	16,564,956
Redemption of debt securities issued	(5,362,869)	(5,295,400)	(5,362,869)	(5,169,620)
Interest expenses on debt securities issued	595,538	920,896	595,538	917,774
Interest paid on debt securities issued	(1,250,265)	(1,299,297)	(1,250,265)	(1,280,862)
Balance as at 31 March	5,014,652	11,032,248	5,014,652	11,032,248

NOTES TO THE FINANCIAL STATEMENTS

37. DEBT SECURITIES ISSUED (CONTD...)

37.2 Listed debentures

						Company		Group	
As at 31st March		Face value	Interest	Repayment	Type	2025	2024	2025	2024
Issued date	Maturity date	Rs. '000	rate	term		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Senior, unsecured,redeemable, A+ rated									
5-Aug-2021	5-Aug-2024	2,942,940	8.00%	Annually	Type A	-	3,091,864	-	3,091,864
5-Aug-2021	5-Aug-2024	2,419,929	8.00%	At Maturity	Type B	-	2,944,024	-	2,944,024
5-Aug-2021	5-Aug-2026	4,272,360	9.00%	Annually	Type C	4,516,284	4,539,490	4,516,284	4,539,490
5-Aug-2021	5-Aug-2026	364,766	9.00%	At Maturity	Type D	498,368	456,870	498,368	456,870
		9,999,995				5,014,652	11,032,248	5,014,652	11,032,248

37.2.1 Utilisation of Funds Raised via Capital Market

Objective as per Prospectus	Amount allocated as per Prospectus	Proposed date of utilisation as per Prospectus	Amount allocated from proceeds in	% of total proceeds	Amounts utilised in Rs.	% of utilisation against allocation	Clarification if not fully utilised including where the funds are invested
	Rs. '000		Rs. '000(A)		(B)	(B/A)	
Issue of listed, senior, unsecured, redeemable, rated debentures during the year 2021/22							
The funds raised through the Debenture Issue will be utilised to expand the lending portfolio of the Company	10,000,000	Within 06 months from the Date of Allotment	10,000,000	100	10,000,000	100	N/A

Remaining Contractual Maturity Analysis of Debt Security -Company

As at 31st March	2025			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	384,977	4,629,675	-	5,014,652
Total	384,977	4,629,675	-	5,014,652

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	6,400,684	4,631,564	-	11,032,248
Total	6,400,684	4,631,564	-	11,032,248

Remaining Contractual Maturity Analysis of Debt Security -Group

As at 31st March	2025			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	384,977	4,629,675	-	5,014,652
Total	384,977	4,629,675	-	5,014,652

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	6,400,684	4,631,564	-	11,032,248
Total	6,400,684	4,631,564	-	11,032,248

38. OTHER FINANCIAL LIABILITIES

Accounting Policy

Other financial liabilities includes amount payable to suppliers, insurance payable, dividend payable and other payables. These liabilities are non interest bearing and recorded at amounts expected to be payable as at the reporting date.

All other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost.

Amount payable to suppliers

Amount payable to suppliers includes obligation to pay for vehicle suppliers in the ordinary course of business.

Insurance payable

Insurance payable includes premium amount payable to insurance companies in relation to vehicles.

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount payable to suppliers	5,167,955	2,009,627	6,038,332	2,347,382
Insurance payable	600,465	509,772	-	-
Other payables	646,651	669,294	2,149,106	1,578,710
Total	6,415,071	3,188,693	8,187,438	3,926,092

NOTES TO THE FINANCIAL STATEMENTS

39. INSURANCE LIABILITIES AND REINSURANCE PAYABLE

Accounting Policy

Provision for net unearned premium

Provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income. At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognised in the Statement of Profit or Loss by setting up a provision for liability adequacy.

As required by SLFRS 4 - Insurance Contracts, the Group performs a liability adequacy test (LAT) in respect of non-life contract liabilities with the assistance of an external actuary.

Provision for gross outstanding claims

Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.

The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are de-recognised when the contract expires, is discharged or is cancelled.

Provision for gross incurred but not reported claims

Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the Statement of Financial Position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method, Bornheutter-Ferguson method and Frequency/Severity method.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium.

Insurance Contract Liabilities

Non-life Insurance Contract Liabilities

Non-life insurance contract liabilities are recognised when contracts are entered and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income. At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the statement of income by setting up a provision for liability adequacy.

De-recognition of Insurance Payable

Insurance payables are derecognised when the obligation under the liability is discharged, canceled or expired.

Unexpired Risk Reserve

The calculation of premium liability requires a comparison between the Company's held unearned premium reserves less deferred acquisition cost with the expected amount decided based on the significant management judgment. In estimating the unexpired risk liability, assumptions are made on the expected net claim ratio for each of business and claim management expenses incurred whilst these policies remain exposed for claims.

Non-life Insurance Contract Liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter- Ferguson methods and Frequency/severity method.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident periods and significant business lines, but can also be further analysed by geographical area and claim types. Large claims may be separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

All general insurance contracts are subject to a Liability Adequacy Test (LAT). The LAT was carried out by M/s. NMG Financial Services Consulting Pte Limited, Singapore.

Reinsurance liabilities represent balances due to insurance companies. Reinsurance assets or liabilities are de-recognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

NOTES TO THE FINANCIAL STATEMENTS

39. INSURANCE LIABILITIES AND REINSURANCE PAYABLE (CONTD...)

As at 31st March	Note	Page No.	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Insurance Liabilities	39.1	370	-	-	4,830,545	4,326,861
Reinsurance payables			-	-	628,243	1,181,832
Total			-	-	5,458,788	5,508,693

39.1 Insurance Liabilities

As at 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Outstanding claims provision	-	-	1,977,060	814,643
Provision for unearned premiums (net)	-	-	2,853,485	3,512,218
Total	-	-	4,830,545	4,326,861

40. LEASE LIABILITIES

Accounting Policy

The Company recognises lease liabilities measured at present value of lease payments to be made over the lease term at the commencement date of the lease. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

The Group applied modified retrospective approach in accordance with SLFRS 16 when adopting the standards and used 13.05% as a weighted average incremental borrowing rate in order to record the right of use assets and lease Liabilities (2024 - 14.91%).

As at 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000	Group 2025 Rs. '000	Group 2024 Rs. '000
Balance as at 1st April	1,636,537	1,753,723	1,554,027	1,477,875
Additions/renewal of operating lease agreements during the year	996,222	283,704	584,348	293,956
Accretion of interest	271,323	245,483	198,363	219,909
Payments to lease creditors	(667,991)	(586,137)	(557,946)	(377,477)
Expiration of operating lease agreements during the year	-	(60,236)	-	(60,236)
Balance as at 31st March	2,236,091	1,636,537	1,778,792	1,554,027

Sensitivity analysis of lease liability

The impact arising from the possible changes in the incremental borrowing rate on the lease liability disclosed in Risk Management Disclosure 56.4.1 on page 410.

Remaining Contractual Maturity Analysis of Lease Liability

Company

As at 31st March	2025			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	561,593	1,380,554	293,944	2,236,091
Total	561,593	1,380,554	293,944	2,236,091

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	397,870	1,013,774	224,893	1,636,537
Total	397,870	1,013,774	224,893	1,636,537

Group

As at 31st March	2025			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	445,665	1,096,350	236,777	1,778,792
Total	445,665	1,096,350	236,777	1,778,792

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	389,352	957,817	206,858	1,554,027
Total	389,352	957,817	206,858	1,554,027

41 CURRENT TAX LIABILITIES

Accounting Policy

The Group and Company is subject to income taxes and other taxes including VAT and SSCL on financial services. Significant judgment is required to determine the total provision for current, deferred and other taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Group and Company recognized assets and liabilities for current deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income, deferred tax amounts in the period in which the determination is made.

			Company		Group	
		Page	2025	2024	2025	2024
As at 31st March	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current tax payable/ receivable	41.1	372	(52,589)	295,474	326,594	536,436
Total			(52,589)	295,474	326,594	536,436

NOTES TO THE FINANCIAL STATEMENTS

41 CURRENT TAX LIABILITIES (CONTD...)

41.1 Current tax liability/ receivable

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	295,474	1,013,703	536,436	1,406,648
Provision for the year	1,428,189	1,525,924	2,008,215	1,876,053
Under/(Over) provision in respect of previous year	(2,157)	(148,168)	(3,924)	(144,939)
Payment of income tax	(1,685,532)	(1,836,478)	(1,969,527)	(2,142,485)
Tax credits(*)	(88,563)	(259,507)	(244,605)	(458,841)
Balance as at 31st March	(52,589)	295,474	326,595	536,436

41.2 Withholding Tax (WHT)/ Advance Income Tax (AIT)

WHT has been reinstated in accordance with Sections 84 and 85 of the Inland Revenue Act No. 24 of 2017 and the amendments thereto (No. 10 of 2021 and No. 45 of 2022). A 5% withholding tax is applied to service fees exceeding Rs. 100,000, 10% to rent exceeding Rs. 100,000, 5% to any amount of interest and 15% to dividends.

42. OTHER LIABILITIES

Accounting Policy

Other liabilities include VAT on financial services payable, Social Security Contribution Levy (SSCL), Value Added Tax (VAT) payable, other tax payable and other payable. These Non-Financial Liabilities should be measured at amounts that would rationally be paid to settle the present obligation or amount to transfer it to a third party on the balance sheet date.

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
VAT on financial services Payable	242,044	249,569	254,754	270,349
SSCL Payable	31,759	31,781	58,518	53,036
Value Added Tax (VAT) Payable	58,115	68,571	186,861	201,942
W.H.T. Payable	36,044	46,627	69,416	48,592
Crop Insurance Levy Payable	8,851	17,806	8,851	17,806
Amount payable to customers	527,615	478,329	530,766	478,618
Stamp Duty Payable	159,024	133,907	162,250	136,554
Other Payable	422,943	366,336	465,620	425,871
Total	1,486,395	1,393,241	1,737,036	1,632,768

GRI 201-3

43. RETIREMENT BENEFIT OBLIGATION

Employee Benefits

Retirement Benefit Obligation - Gratuity

The Group/Company measures the present value of the promised retirement benefits for gratuity, which is a retirement benefit plan with the advice of an independent professional actuary using the 'Projected Unit Credit method' (PUC) as required by the Sri Lanka Accounting Standard- LKAS 19 - 'Employee Benefits'.

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

Recognition of Actuarial Gains and Losses

The Group/Company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in Statement of Comprehensive Income during the period in which it occurs.

Funding Arrangements

The gratuity liability is not externally funded.

Defined Contribution Plans -Employees' Provident Fund & Defined Contribution Plans - Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense when they become due. Unpaid contributions are recorded as a liability.

The Group/Company and employees contribute to the Employees' Provident Fund managed by the Central Bank of Sri Lanka at 12% and 8% respectively on the gross salary of each employee.

The Group/Company contributes to the Employees' Trust Fund at 3% on the gross salary of each employee.

Retirement Benefit Obligation

The cost of the retirement benefit obligation is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future gratuity increases. Due to the long term nature of such obligation, these estimates are subjected to significant uncertainty. All assumptions are reviewed at each reporting date.

			Company		Group	
		Page	2025	2024	2025	2024
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April			778,537	673,659	897,355	756,320
Amount recognise in Statement of Profit or Loss	43.1	374	158,224	175,370	206,602	221,361
Amount recognise in Statement of Comprehensive Income	43.2	374	134,126	17,890	143,496	26,787
Benefits paid during the year			(70,168)	(88,382)	(91,537)	(107,113)
Balance as at 31st March			1,000,719	778,537	1,155,916	897,355

NOTES TO THE FINANCIAL STATEMENTS

43. RETIREMENT BENEFIT OBLIGATION (CONTD...)

43.1 Amount recognise in Statement of Profit or Loss

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current service cost	64,800	54,111	102,887	77,202
Net interest on the net defined benefit liability	93,424	121,259	103,715	144,159
Total amount recognised in Statement of Profit or Loss	158,224	175,370	206,602	221,361

43.2 Amount recognise in Statement of Comprehensive Income

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Losses/(Gains) due to changes in assumptions	94,403	56,806	103,773	63,097
Experience Losses/(Gains) arising during the year	39,723	(38,916)	39,723	(36,310)
Total actuarial (losses)/gain recognised in Statement of Comprehensive Income	134,126	17,890	143,496	26,787

An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2025 by Messrs Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries (31 March 2024 by Messrs Actuarial & Management Consultants (Private) Limited). The valuation method used by the actuaries to value the liability is the 'Projected Unit Credit (PUC)', the method recommended by the Sri Lanka Accounting Standard, LKAS 19 - 'Employee Benefits'.

As at 31st March	2025	2024
Company /Group		
Actuarial assumptions		
Discount rate	10.00%	12.00%
Future salary increment rate	10.00%	10.00%
Mortality	A1967/70 ultimate mortality	A1967/70 ultimate mortality
Disability	Standard RI rates	Standard RI rates
Retirement age	60 Years	60 Years

Expected average working life of the active participants is 6 years for the year ended 31st March 2025. (6 - 2024)

43.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measures.

The sensitivity of the Statement of Comprehensive Income and the Statement of Financial Position is the effect of the assumed changes in discount rate & salary increment rate on the employment benefit obligation for the year.

For the year ended 31st March		2025		2024	
		Effect on Statement of Comprehensive Income increase/ (reduction) in results for the year	Effect on employee benefit obligation increase/ (reduction) in the liability	Effect on Statement of Comprehensive Income increase/ (reduction) in results for the year	Effect on employee benefit obligation increase/ (reduction) in the liability
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Increase/ (decrease) in discount rate					
	1%	953,451	(953,451)	35,693	(35,693)
	-1%	(1,052,656)	1,052,656	(39,166)	39,166
Increase/ (decrease) in salary Increment					
	1%	1,051,807	(1,051,807)	39,246	(39,246)
	-1%	(953,373)	953,373	(36,357)	36,357

43.4 Analysis of retirement benefit obligation by Maturity Profile

Following note analysed the defined benefit obligation by expected future working life time of each individual employee. The expected future working life considers the probability of an exit due to withdrawal, death or disability prior to retirement date.

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Within the next 12 months	149,708	121,465	182,914	138,366
Between 1-5 years	478,888	376,817	536,002	423,931
Beyond 5 years	372,123	280,255	437,000	335,058
Total	1,000,719	778,537	1,155,916	897,355

NOTES TO THE FINANCIAL STATEMENTS

GRI 2- 207-1,207-2

44. DEFERRED TAX LIABILITIES / (ASSETS)

Accounting Policy

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the Statement of Profit or Loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Recognised under assets	213,519	818,949	832,154	(875,915)
Recognised under liabilities	(154,197)	-	(805,585)	46,564
Deferred tax liability/(asset)	59,322	(818,949)	26,569	(829,351)

44. DEFERRED TAX ASSETS/LIABILITIES (CONTD...)

Net deferred tax assets/liabilities of one entity cannot set-off against another entity's assets/liabilities since there is no legally enforceable right to set-off. Therefore net deferred tax assets and liabilities of deferent entities are separately recognised in the Statement of Financial Position.

44.1 Summery of Deferred Tax

44.1.1 Movement in Deferred Tax

			Company				Group			
			2025		2024		2025		2024	
	Note	Page No.	Temporary difference	Tax effect	Temporary difference	Tax effect	Temporary difference	Tax effect	Temporary difference	Tax effect
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April			(2,729,829)	(818,949)	(4,451,533)	(1,335,460)	(2,764,507)	(829,352)	(4,732,787)	(1,419,836)
Temporary differences affect the income statement by changing the tax expense through deferred tax	44.2	378	2,529,756	758,927	1,525,597	457,679	2,616,139	784,842	1,668,930	500,679
The origination and reversal of temporary differences impact the Statement of Profit or Loss and Other Comprehensive Income	44.2	378	2,334	700	196,107	58,832	59,802	17,941	299,350	89,805
Balance as at 31st March			(197,739)	(59,322)	(2,729,829)	(818,949)	(88,566)	(26,570)	(2,764,507)	(829,351)

44.1.2 Reconciliation of effective tax rate between Temporary difference and Differed tax

A reconciliation of the temporary differences set-off by deferred tax is provided below:

			Company				Group			
			2025		2024		2025		2024	
	Note	Page No.	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit before income tax expense			5,788,336	1,736,501	5,375,932	1,612,780	6,879,378	2,063,813	6,429,224	1,928,767
Add :Temporary difference										
Disallowed expenses / Lease Capital recoverable	17.6	314	(876,849)	(263,055)	(269,916)	(80,975)	(1,014,222)	(304,267)	(964,384)	(289,315)
Less:Temporary difference										
Allowable expenses / Exempted income	17.6	314	(1,652,907)	(495,872)	(1,255,592)	(376,678)	(2,078,875)	(623,663)	(1,928,767)	(578,630)
Temporary difference - Taxable income			3,258,580	977,574	3,850,424	1,155,127	3,786,281	1,135,884	3,536,073	1,060,822
Deferred tax adjustment	44.2	378	-	758,927	-	457,679	-	784,842	-	500,679
Total Tax on Temporary difference			-	1,736,501	-	1,612,806	-	1,920,726	-	1,561,501
Effective tax rate on Temporary difference				30%		30%		20%-40%		20%-40%
Current tax rate				30%		30%		20%-40%		20%-40%

NOTES TO THE FINANCIAL STATEMENTS

44.2 Reconciliation of Deferred tax – Company

	Statement of financial position		Profit or loss		Other Comprehensive Income		Statement of Changes in Equity	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at / for the year ended March 31st 2025								
Deferred tax Assets								
Post employment benefit obligation	259,978	233,561	(26,417)	(8,761)	40,238	(5,369)	40,238	(5,369)
Provision for impairment charges	(105,263)	781,223	886,485	542,852	-	-	-	-
Right-of-use assets (SLFRS 16)	58,804	51,342	(7,462)	(570)	-	-	-	-
Carry forward tax losses	-	-	-	-	-	-	-	-
	213,519	1,066,126	852,606	533,521	40,238	(5,369)	40,238	(5,369)
Deferred tax Liabilities								
Accelerated depreciation for tax purposes – Property, Plant and Equipment	71,802	55,880	(15,922)	27,468	-	-	-	-
Accelerated depreciation for tax purposes – Leased assets	42,858	185,881	143,723	48,374	-	-	-	-
Fair value on OCI	39,537	5,416	(34,122)	-	39,537	(64,200)	39,537	(64,200)
	154,197	247,177	93,679	75,842	39,537	(64,200)	39,537	(64,200)
Deferred tax effect on profit or loss for the year	-	-	758,927	457,679	-	-	-	-
Other comprehensive income for the year	-	-	-	-	701	58,831	-	-
Recognised under equity	-	-	-	-	-	-	701	58,831
Net deferred tax asset as at March 31st	59,322	818,949	-	-	-	-	-	-

44.3 Reconciliation of Deferred tax – Group

	Statement of financial position		Profit or loss		Other Comprehensive Income		Statement of Changes in Equity	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at / for the year ended March 31st 2025								
Deferred tax Assets								
Post employment benefit obligation	362,406	264,520	(140,934)	(4,109)	43,049	(8,139)	43,049	(8,139)
Provision for impairment charges	350,735	805,012	454,278	501,110	-	-	-	-
Right-of-use assets (SLFRS 16)	119,013	51,342	(67,671)	(570)	-	-	-	-
Carry forward tax losses	-	63,798	63,798	(25,130)	-	-	-	-
Fair value gain/Loss on Investment property	-	21,594	21,594	32,159				
	832,154	1,206,266	331,065	503,460	43,049	(8,139)	43,049	(8,139)
Deferred tax Liabilities								
Accelerated depreciation for tax purposes – Property, Plant and Equipment	432,488	163,148	(269,340)	(50,297)	-	-	-	-
Accelerated depreciation for tax purposes – Leased assets	92,717	194,226	101,509	53,078	-	-	-	-
Fair value on OCI	280,380	19,541	(285,947)	-	25,108	(97,944)	25,108	(97,944)
	805,585	376,915	(453,778)	2,781	25,108	(97,944)	25,108	(97,944)
Deferred tax effect on profit or loss for the year	-	-	784,843	500,679	-	-	-	-
Other comprehensive income for the year	-	-	-	-	17,941	89,805	-	-
Recognised under equity	-	-	-	-	-	-	17,941	89,805
Net deferred tax asset as at March 31st	26,569	829,351	-	-	-	-	-	-

45. STATED CAPITAL

Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Central Bank of Sri Lanka. The adequacy of the Company's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Sri Lanka .

The Company has complied in full with all its externally imposed capital requirements over the reported period.

Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

	Company/Group		Company/Group	
	2025		2024	
	Number	Rs. '000	Number	Rs. '000
Balance as at 1 April	2,154,375,750	19,230,479	2,041,883,116	18,015,559
Scrip Dividend	-	-	112,492,634	1,214,920
Balance as at 31 March	2,154,375,750	19,230,479	2,154,375,750	19,230,479

Rights, preferences and restrictions of classes of capital

The ordinary shares of the Company are quoted in the Colombo Stock Exchange. The holders of ordinary shares have the right to receive dividend as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Company.

Regulatory capital

As at 31st March	2025		2024	
	Actual	Required	Actual	Required
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tier 1 Capital/ Core capital	41,548,341	2,500,000	40,454,374	2,000,000
Tier 1 Capital Ratio / Core capital ratio	22.94%	10.00%	30.00%	10.00%
Total Capital Ratio / Total risk weighted capital ratio	22.68%	14.00%	29.70%	14.00%

As per Finance Business Act Directions No 3 of 2018, regulatory capital consists of Tier 1 capital, which comprises stated capital, statutory reserved fund, retained earnings including current year profit, general & other reserves less goodwill, other intangible assets, other comprehensive income losses, shortfall of the cumulative impairment to total provisions and interest in suspense and 50% of investment in banking and financial companies.

NOTES TO THE FINANCIAL STATEMENTS

46. STATUTORY RESERVE FUND

	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	2,967,853	2,790,828	3,107,595	2,905,660
Transfer during the year	180,112	177,025	218,340	201,935
Balance as at 31st March	3,147,965	2,967,853	3,325,935	3,107,595

People's Leasing & Finance PLC

According to the Paragraph 3 (a) of Finance Companies (Capital Funds) Direction No.1 of 2003, every finance company shall maintain reserve fund and as per Paragraph 3 (b) (i) of the said direction, so long the capital funds are not less than twenty five (25) per cent of total deposit liabilities, a sum equal to not less than five (5) per cent of the net profits shall be transferred to reserve fund each year.

Since the capital funds are not less than twenty five (25) per cent of total deposit liabilities, company has transferred five (5) per cent of the net profits to reserve fund.

Alliance Finance PLC

As per Financial regulation 1994, every Non-Banking Financial Institution is required to transfer at least 20% of it's current years profit to the fund until such reserve fund equal to its paid up share capital and share premium (if any). In conformity with the above requirement the Company transferred 20% of net profit to statutory reserve before declaration of dividend.

47. RETAINED EARNINGS

	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	19,884,827	19,556,826	23,976,101	23,248,550
Profit for the year	3,603,377	3,540,497	3,998,783	3,994,917
Comprehensive income	(133,426)	(76,722)	(127,523)	(106,681)
Transfers to reserves	(361,913)	(277,136)	(400,140)	(302,047)
Dividend paid	(3,016,126)	(2,858,638)	(3,016,126)	(2,858,638)
Balance as at 31st March	19,976,739	19,884,827	24,431,093	23,976,101

48. OTHER RESERVES

Equity Reserves

The reserves recorded in equity (Statement of Comprehensive Income) on the Statement of Financial Position include;

- The fair value reserve comprises the cumulative net change in fair value of financial assets measured at fair value through other comprehensive income (Refer Note 48.3) on page 381.
- Foreign currency translation reserve
  As at the reporting date, the assets and liabilities of the Alliance Finance PLC a subsidiary of the Company was translated into the presentation currency (Sri Lankan Rupee) at the exchange rate ruling at the reporting date and the Statement of Profit or Loss and Statement of Other Comprehensive Income was translated at the average exchange rate for the period. The exchange differences arising on the translation of these Financial Statement is taken to foreign currency translation reserve through Statement of other comprehensive income (Refer Note 48.4) on page 382.
- Regulatory loss allowance reserve

  In accordance with Section 7.1 of the Finance Business Act Directions (Classification and Measurement of Credit Facilities) No. 01 of 2020, a non-distributable regulatory loss allowance reserve must be established through an appropriation of retained earnings whenever the loss allowance for expected credit loss (impairment) is less than the regulatory provision. Consequently, the company has transferred Rs.100MN from retained earnings to the regulatory loss allowance reserve during the year.

48.1 Current Year 2025

			Company			Group		
	Note	Page No.	Opening balance at 01-04-2024 Rs. '000	Movement transfers Rs. '000	Closing balance at 31-03-2025 Rs. '000	Opening balance at 01-04-2024 Rs. '000	Movement transfers Rs. '000	Closing balance at 31-03-2025 Rs. '000
Regulatory loss allowance reserve			100,111	181,801	281,912	-	281,912	281,912
Fair value reserve	48.3	381	(357,132)	131,792	(225,340)	(326,987)	95,719	(231,268)
Foreign currency translation reserve	48.4	382	-	-	-	658,332	(75,971)	582,361
Total			(257,021)	313,593	56,572	331,345	301,660	633,005

48.2 Previous year 2024

			Company			Group		
	Note	Page No.	Opening balance at 01-04-2023 Rs. '000	Movement transfers Rs. '000	Closing balance at 31-03-2024 Rs. '000	Opening balance at 01-04-2023 Rs. '000	Movement transfers Rs. '000	Closing balance at 31-03-2024 Rs. '000
Regulatory loss allowance reserve	48.3	381	-	100,111	100,111	-	100,111	100,111
Fair value reserve			(571,148)	214,016	(357,132)	(627,839)	300,852	(326,987)
Foreign currency translation reserve	48.4	382	-	-	-	977,219	(318,887)	658,332
Total			(571,148)	314,127	(257,021)	349,380	82,076	431,456

48.3 Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of financial assets measured at fair value through other comprehensive income until such investments are derecognised or impaired.

	Company		Group	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 01st April	(357,132)	(571,148)	(326,987)	(627,839)
Net fair value gains/(losses) on remeasuring financial investments	131,792	214,016	83,694	329,798
Transfer to NCI			12,025	(28,946)
Balance as at 31st March	(225,340)	(357,132)	(231,268)	(326,987)

NOTES TO THE FINANCIAL STATEMENTS

48. OTHER RESERVES (CONTD...)

48.4 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign subsidiary.

	Company		Group	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	-	-	658,332	977,219
Net gains/(losses) arising from translating the Financial Statements	-	-	(148,962)	(625,269)
Transfer to NCI	-	-	72,991	306,382
Balance as at 31st March	-	-	582,361	658,332

49. NON -CONTROLLING INTEREST

Non controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Non controlling interest represents 25% of net assets of the Subsidiary, People's Insurance PLC and 49% of net assets of the subsidiary, Alliance Finance PLC.

	Group	
As at 31st March	2025	2024
	Rs. '000	Rs. '000
Balance as at 01st April	2,400,197	2,485,030
Acquisition of a subsidiary with non-controlling interest	150,554	-
Profit for the year	91,462	202,514
Other comprehensive income	(83,049)	(287,347)
Dividend paid for the year	(154,304)	-
Balance as at 31st March	2,404,860	2,400,197

50. CONTINGENT LIABILITIES AND COMMITMENTS

Commitments and Contingencies

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard- LKAS 37 - 'Provisions, Contingent Liabilities and Contingent Assets'. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

			Company		Group	
As at 31st March		Page	2025	2024	2025	2024
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Contingent liabilities	50.1	383	463,182	353,254	661,516	515,833
Commitments	50.2	383	18,589,432	13,887,062	18,589,432	13,887,062
Total			19,052,614	14,240,316	19,250,948	14,402,895

50.1 Contingent Liabilities

In the normal course of business, the Group and Company makes various irrecoverable commitments and incur certain contingent liabilities with legal recourse to its customers and would be a party to litigation due to its operations. Even though these obligations may not be recognised in the Statement of Financial Position, they do contain operational risk and therefore form a part of the overall risk profile of the Group and Company. However no material losses are anticipated as a result of these transactions.

			Company		Group	
As at 31st March	Note	Page No.	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Litigation against the Company	50.1.1	383	394,026	294,821	394,026	294,821
Guarantees - Others	50.1.2	383	69,156	58,433	69,156	58,433
Assessment received from Inland Revenue Department			-	-	198,334	162,579
Total			463,182	353,254	661,516	515,833

50.1.1 Litigation against the Company

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Company has formal controls and policies for managing legal claims. Pending legal claims where the Company had already made provisions for possible losses in its Financial Statements or has a reasonable security to cover the damages are not included below as the Company does not expect cash outflows from such claims.

As of the date of the Statement of Financial Position, fifty five (55) clients have filed cases against the company. The Company's legal counsel is of the opinion that litigation which is currently pending will not have a material impact on the reported financial results or future operations of the Company.

50.1.2 Guarantees - Other

Guarantee provided by the Company with the request of Fixed deposits customers to third party and assure to make the obligation at the time of customer is unable to settle the payment.

50.2 Commitments

The Group/Company has commitments for acquisition of property, plant and equipment, intangible assets and un-utilised facilities incidental to the ordinary course of business as at 31st March as follows:

	Company		Group	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Capital Commitments				
Approved but not contracted for	1,537,092	1,870,197	1,537,092	1,870,197
Subtotal	1,537,092	1,870,197	1,537,092	1,870,197
Un-utilised facilities				
Margin trading	9,812,170	6,794,683	9,812,170	6,794,683
Fast track	2,073,298	144,472	2,073,298	144,472
Selfy e Cash	5,154,518	5,072,542	5,154,518	5,072,542
Gold Loan- Wadiah	7,482	5,168	7,482	5,168
Gold Loan-Card	4,872	-	4,872	-
Subtotal	17,052,340	12,016,865	17,052,340	12,016,865
Total	18,589,432	13,887,062	18,589,432	13,887,062

In the computation of Expected Credit Loss company consider un utilised amount of revolving facility. Therefore allowance for un utilised facility is included in Note 25.7 on page 341.

NOTES TO THE FINANCIAL STATEMENTS

51. NET ASSETS VALUE PER ORDINARY SHARE

	Company		Group	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Total equity attributable to equity holders of the Company (Rs. '000)	42,411,755	41,826,138	47,620,514	46,745,631
Total number of shares	2,154,375,750	2,154,375,750	2,154,375,750	2,154,375,750
Net assets value per share (Rs.)	19.69	19.41	22.10	21.70

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2025			2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Company	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	18,696,732	-	18,696,732	9,728,132	-	9,728,132
Balances with banks & financial institutions	3,031,551	-	3,031,551	14,288,282	-	14,288,282
Financial assets -Fair value through profit or loss	275,550	-	275,550	1,339,867	-	1,339,867
Loans and receivables	94,366,827	62,725,560	157,092,387	59,170,793	44,479,660	103,650,453
Financial assets - Fair value through other comprehensive income	1,292,130	10	1,292,140	1,158,659	10	1,158,669
Debt instrument - Amortised cost	5,161,177	-	5,161,177	18,372,055	-	18,372,055
Investments in subsidiaries	-	3,832,151	3,832,151	-	3,455,229	3,455,229
Investment property	-	302,000	302,000	-	295,465	295,465
Other assets	889,844	150,814	1,040,658	3,829,337	152,481	3,981,818
Property, plant and equipment	-	1,787,796	1,787,796	-	1,361,384	1,361,384
Right to use assets	-	1,872,168	1,872,168	-	1,360,775	1,360,775
Deferred tax assets	-	59,322	59,322	-	818,949	818,949
Goodwill and intangible assets	-	34,719	34,719	-	41,010	41,010
Current tax receivables	52,589	-	52,589	-	-	-
Total assets	123,766,400	70,764,540	194,530,940	107,887,125	51,964,963	159,852,088
Liabilities						
Due to banks	5,104,040	6,332,533	11,436,573	2,263,494	-	2,263,494
Due to customers	82,583,603	41,946,081	124,529,684	78,938,390	18,499,336	97,437,726
Debt securities issued	384,977	4,629,675	5,014,652	6,400,684	4,631,564	11,032,248
Other financial Liabilities	6,415,071	-	6,415,071	3,188,693	-	3,188,693
Lease Liabilities	561,593	1,674,498	2,236,091	344,617	1,291,920	1,636,537
Current tax Liabilities	-	-	-	295,474	-	295,474
Other Liabilities	1,486,395	-	1,486,395	1,393,241	-	1,393,241
Retirement Benefit Obligation	149,709	851,010	1,000,719	121,465	657,072	778,537
Total liabilities	96,685,388	55,433,797	152,119,185	92,946,058	25,079,892	118,025,950
Net assets	27,028,423	15,383,332	42,411,755	14,941,067	26,885,071	41,826,138

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2025			2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	19,583,402	-	19,583,402	10,636,505	-	10,636,505
Balances with banks & financial institutions	5,694,373	-	5,694,373	17,562,955	-	17,562,955
Financial assets -Fair value through profit or loss	1,290,581	-	1,290,581	1,451,613	-	1,451,613
Loans and receivables	96,915,172	73,536,669	170,451,841	66,223,220	50,696,730	116,919,950
Reinsurance and insurance receivables	1,698,354	-	1,698,354	1,586,697	-	1,586,697
Financial assets - Fair value through other comprehensive income	1,827,472	10	1,827,482	1,720,465	10	1,720,475
Debt instrument - Amortised cost	10,941,728	619,544	11,561,272	22,787,970	1,038,544	23,826,514
Investment properties	-	1,375,175	1,375,175	-	1,305,512	1,305,512
Other assets	914,770	150,814	1,065,584	4,013,787	152,481	4,166,268
Property, plant and equipment	-	4,281,701	4,281,701	-	3,779,689	3,779,689
Right to use assets	-	1,553,402	1,553,402	-	1,287,033	1,287,033
Deferred tax assets	-	26,569	26,569	-	829,351	829,351
Goodwill and intangible assets	-	172,552	172,552	-	185,304	185,304
Total assets	138,865,852	81,716,436	220,582,288	125,983,212	59,274,654	185,257,866
Liabilities						
Due to banks	9,250,000	7,578,985	16,828,985	4,795,648	2,385,717	7,181,365
Due to customers	88,777,600	41,291,113	130,068,713	86,009,869	17,833,185	103,843,054
Debt securities issued	384,977	4,629,675	5,014,652	6,400,684	4,631,564	11,032,248
Other financial liabilities	8,187,438	-	8,187,438	3,926,092	-	3,926,092
Insurance and reinsurance payable	-	5,458,788	5,458,788	-	5,508,693	5,508,693
Lease Liabilities	104,294	1,674,498	1,778,792	341,565	1,212,462	1,554,027
Current tax liabilities	326,594	-	326,594	536,436	-	536,436
Other liabilities	1,737,036	-	1,737,036	1,632,768	-	1,632,768
Retirement benefit obligation	202,913	953,003	1,155,916	138,366	758,989	897,355
Total liabilities	108,970,852	61,586,062	170,556,914	103,781,428	32,330,610	136,112,038
Net assets	29,895,000	20,130,374	50,025,374	22,201,784	26,944,044	49,145,828

NOTES TO THE FINANCIAL STATEMENTS

53. FINANCIAL REPORTING BY SEGMENT

Accounting Policy

The group's segmental reporting is based on the Business Segments.

A segment is a distinguishable component of the Group that is engaged in providing products and services. (Business segment, which is subject to risks and rewards that are different from those of other segments).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The accounting policies adopted for segment reporting are those accounting policies adopted for preparing the Financial Statements of the Group.

Inter-segment transfers are accounted for at competitive fair market prices charged to intercompany counterparts for similar services. Such services are eliminated on consolidation

As per the provision of Sri Lanka Reporting Standard -SLFRS- 8, the operating segment of the group has been identify based on the product and services offered by the group of which level of risk and rewards are significantly differ from one another.

Top management of the Group consider the operating results and condition of its business segments in their decision making process and performance evaluation. Types of products and services from which each operating segment derives its revenues described as follows;

Lease & Hire-purchase

This segment includes Leasing and Hire Purchase products offered to the customers.

Loans

This segment includes Loan products offered to the customers.

Islamic

This segment includes Ijarah, Murabah, Musharakah and Trading Murabah products offered to the customers.

Insurance business

Insurance business segment includes general insurance

Other business

This segment include all other business activities that group engaged other than above segments.

For the year ended 31st March	Lease & HP		Loans		Islamic		Insurance		Other		Eliminations		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest income	15,403,947	12,333,980	9,158,211	10,589,539	1,086,637	828,950	1,108,849	1,391,108	3,185,446	7,530,937	(417,396)	(457,817)	29,525,694	32,216,697
Net earned premium	-	-	-	-	-	-	4,833,404	3,969,415	-	-	(259,005)	(234,090)	4,574,399	3,735,325
Net fee and commission income	1,265,710	936,245	752,511	803,828	89,287	62,924	-	-	290,113	288,531	(1,134,915)	(1,112,133)	1,262,706	979,395
Net trading income	-	-	-	-	-	-	35,393	-	147,005	124,229	-	-	182,398	124,229
Other operating income	166,459	286,042	98,966	245,586	11,742	19,225	130,208	118,785	369,858	178,366	(406,128)	(350,792)	371,105	497,212
Gross income	16,836,116	13,556,267	10,009,688	11,638,953	1,187,666	911,099	6,107,854	5,479,308	3,992,422	8,122,063	(2,217,444)	(2,154,832)	35,916,302	37,552,858
Interest expenses	7,088,059	7,415,894	4,214,110	6,367,036	500,011	498,413	-	-	1,680,822	4,443,135	(417,391)	(457,819)	13,065,611	18,266,659
Total Operating income	9,748,057	6,140,373	5,795,578	5,271,917	687,655	412,686	6,107,854	5,479,308	2,311,600	3,678,928	(1,800,053)	(1,697,013)	22,850,691	19,286,199
Credit loss expenses	827,475	(726,672)	1,083,297	(617,527)	111,819	(1,771)	-	-	(11,474)	(8,234)	-	-	2,011,117	(1,354,204)
Net operating income	8,920,582	6,867,045	4,712,281	5,889,444	575,836	414,457	6,107,854	5,479,308	2,323,074	3,687,162	(1,800,053)	(1,697,013)	20,839,574	20,640,403
Depreciation	346,244	262,673	281,742	238,117	29,271	21,548	116,416	102,678	44,202	157,365	(179,621)	(168,513)	638,254	613,868
Segment result before taxes	4,478,581	3,196,557	2,662,682	2,744,453	315,932	214,836	734,371	627,587	1,062,024	1,915,172	(266,030)	(272,956)	8,987,560	8,425,649
Less : Tax on financial services	1,108,278	841,439	658,912	650,288	78,181	50,905	-	-	262,810	453,793	-	-	2,108,182	1,996,425
Income tax expense	1,389,850	846,707	826,317	726,953	98,044	56,906	227,899	166,236	329,581	507,292	(82,558)	(72,301)	2,789,133	2,231,793
Profit attributable to equity holder	1,980,453	1,592,438	1,177,453	1,367,212	139,707	107,025	506,472	312,647	469,633	954,087	(183,472)	(200,655)	4,090,245	4,197,431
As at 31st March														
Segment assets	105,833,816	69,085,195	86,118,140	62,626,580	8,947,001	5,667,203	13,488,882	12,446,256	13,510,998	41,388,072	(7,316,576)	(5,955,440)	220,582,261	185,257,866
Total assets	105,833, 816	69,085,195	86,118,140	62,626,580	8,947,001	5,667,203	13,488,882	12,446,256	13,510,998	41,388,072	(7,316,576)	(5,955,440)	220,582,261	185,257,866
													-	
Segment liabilities	82,986,610	51,431,804	67,527,113	46,623,559	7,015,539	4,219,058	7,728,475	7,077,051	10,594,268	30,812,144	(5,295,084)	(4,051,578)	170,556,921	136,112,038
Total liability	82,986,610	51,431,804	67,527,113	46,623,559	7,015,539	4,219,058	7,728,475	7,077,051	10,594,268	30,812,144	(5,295,084)	(4,051,578)	170,556,921	136,112,038

NOTES TO THE FINANCIAL STATEMENTS

54. ASSETS PLEDGED

The following assets have been pledged as securities for liabilities.

		Carrying Amount Pledged				
		Company		Group		
		31 March 2025	31 March 2024	31 March 2025	31 March 2024	
Nature of Assets	Nature of Liabilities	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Included under
Rentals receivables on lease	Securitisation	-	-	-	-	Loans and receivables
	Term loan	-	2,179,094	-	2,179,094	Loans and receivables
	Short term loans	20,689,756	23,509,389	20,689,756	23,509,389	Loans and receivables
Rentals receivables on hire-purchase	Securitisation	-	-	-	-	Loans and receivables
	Term loan	-	-	3,781,101	1,037,255	Loans and receivables
	Short term loans	-	-	-	46,705	Loans and receivables
Rentals receivables on loans	Securitisation	-	-	-	-	Loans and receivables
	Short term loans	853,153	-	853,153		Loans and receivables
Fixed deposits	Bank guarantee for assessment	-	-	125,700	125,700	Contingent liabilities and commitments
Fixed deposits	Overdrafts	-	-	150,839	75,000	Balances with banks & financial institutions
Freehold lands and buildings	Term loan	-	-	3,818,007	3,818,007	Property, plant & equipment & investment property

55. RELATED PARTY DISCLOSURE

The Company and the Group out transactions in the ordinary course of business with the parties who are defined as related parties in the Sri Lanka Accounting Standards – LKAS 24 (Related Party Disclosure), the details of which are reported below:

55.1 Parent and ultimate controlling party

The immediate Parent of the Company is People's Bank which is a Government owned entity.

55.2 Transactions with Key Management Personnel (KMP) and their Family Members

As per the Sri Lanka Accounting Standard - LKAS -24) - "Related Party Disclosures", the KMPs include those who are having authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors of the Company, Immediate parent Company and members of the Corporate Management of the Company have been classified as KMPs of the Company.

The Company carries out transactions with KMPs & their close family members in the ordinary course of its business on an arms length basis at commercial rates.

Close family members of KMPs are those family members who may be expected to influence, or be influenced by, those KMPs in their dealing with the entity.

55.2.1 Transactions with Key Management personnel and their Close Family Members

Remuneration to Key Management Personnel

(a) Remuneration to Board of Directors

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	27,668	18,727	50,818	37,865
Total	27,668	18,727	50,818	37,865

(b) Remuneration to Corporate Management

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	260,251	270,450	367,351	342,398
Post employment benefits	17,035	19,647	37,546	22,111
Total	277,286	290,097	404,897	364,509

In addition to the above, the Company has also provided non cash benefits such as Company maintained vehicles to KMPs in line with the approved employment terms of the Company.

55.2.2 Share Transactions with Key management Personnel

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
No. of ordinary shares held	397,340	972,820	399,376	1,078,985
Cash dividend paid (Rs. '000)	455	681	455	681
Scrip dividend (No. of shares)	-	53,588	-	58,088

55.2.3 Transactions, Arrangements and Agreements involving Key Management Personnel (KPMs), includes Key Management personnel, his/her Close Family Members (CFMs) and entities where the Key Management Personnel and his/her Close Family Member have control or joint control.

(a) Items in Statement of Profit or Loss

	Board of Directors		Corporate Management		Total	
For the year ended 31st March	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	-	57	156	806	156	863
Interest expense	10	1,619	26,624	37,031	26,634	38,650

(b) Items in Statement of Financial Position

	Board of Directors		Corporate Management		Total	
As at 31st March	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Loans and receivables	-	-	904	6,475	904	6,475
Total	-	-	904	6,475	904	6,475
Liabilities						
Due to customers	209	10,723	170,167	213,326	170,376	224,049
Total	209	10,723	170,167	213,326	170,376	224,049

NOTES TO THE FINANCIAL STATEMENTS

55. RELATED PARTY DISCLOSURE (CONTD...)

55.3 Net accommodation and Net accommodation as a Percentage of Capital funds

As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 %	2024 %
People's Bank				
People's Leasing Property Development Limited	433,894	462,396	1.02	1.11
People's Leasing Fleet Management Limited	-	-	-	-
People's Leasing Havelock Properties Limited	827,798	843,719	1.95	2.02
People's Micro-commerce Ltd	259,264	80,044	1.00	-
People's Insurance PLC	89,833	47,532	0.21	0.11
Alliance Finance PLC	26,261	26,510	0.06	0.06
Board of Directors	-	-	-	-
Corporate Management	904	6,475	0.00	0.02
Total net accommodation	1,637,954	1,466,676	4.24	3.32

55.4 Transactions with Related Entities

Transactions with Government of Sri Lanka and Government Related Entities

The immediate parent of the Company is People's Bank which is Government owned entity. The Company enters into transactions, arrangements and agreements with Government of Sri Lanka and its related entities. The significant financial dealings during the year and as at the Statement of Financial Position date are as follows:

a. Items in Statement of Profit or Loss

	Company		Group	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest income	91	1,332	91	1,332
Interest expenses	387,721	1,129,126	387,721	1,129,126

b. Items in Statement of Financial Position

	Company		Group	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets				
Loans and receivables	1,052	5,679	1,052	5,679
Total	1,052	5,679	1,052	5,679
Liabilities				
Due to banks	-	-	-	-
Due to customer	4,988,739	3,415,159	4,988,563	3,415,159
Total	4,988,739	3,415,159	4,988,563	3,415,159

Further, transactions as detailed below, relating to the ordinary course of business, are entered into with the Government of Sri Lanka and its related entities

- Investments in Treasury Bills, Treasury Bonds
- Payments of statutory rates and taxes
- Payments for utilities mainly comprising of telephone, electricity and water
- Payments for employment retirement benefits - ETF
- Payment of incidentals such as RMV charges and CRIB fees that are paid based on standard rates.

c. Individual Significant Transactions

There were no individual significant transactions with the Government of Sri Lanka and Government related entities, other than on normal day-to-day business operations.

55.4.1 Company

The Company had the under mentioned financial dealings during the financial year with the following related entities

a. Items in Statement of Profit or Loss

	Parent		Subsidiaries	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	1,974,337	6,201,705	213,801	272,829
Interest expense	431,931	410,497	286,951	226,191
Fee and Commission income	-	-	712,680	690,539
Other operating income	-	-	429,818	377,135
Benefits, claims and underwriting expenditure	-	-	242,960	220,573
Depreciation and amortisation	3,548	4,301	226,020	215,824
Other operating expenses	-	-	1,631	16,986

b. Items in Statement of Financial Position

	Parent		Subsidiaries	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets				
Cash and cash equivalents	12,047,568	2,340,575	-	-
Balances with banks & financial institutions	3,031,551	2,989,538	-	-
Loans and receivables	-	-	1,637,050	1,462,655
Financial assets - Amortised cost	5,161,177	18,372,055	-	-
Investments in subsidiaries / Associate (net of impairment)	-	-	3,832,151	3,455,229
Other assets	-	4,670	252,946	111,842
Right of use asset	22,975	14,430	489,710	152,524
Total	20,263,271	23,721,268	6,211,857	5,182,250
Liabilities				
Due to banks	1,423,816	498,705	-	-
Due to customers	4,988,563	3,415,159	1,949,173	1,350,179
Other Financial liabilities	-	-	731,099	601,598
Other liabilities	-	-	24,108	15,929
Lease liability	26,050	23,962	551,086	189,003
Total	6,438,429	3,937,826	3,255,466	2,156,709

NOTES TO THE FINANCIAL STATEMENTS

55. RELATED PARTY DISCLOSURE (CONTD...)

c. Transactions

For the year ended 31st March	Parent		Subsidiaries	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Building rent paid	600	4,035	284,342	284,342
Building rent received	-	-	12,606	13,217
Cash and cash equivalents - Repo investments	9,250,000	65,410,137	-	-
Cash and cash equivalents - Repo settlements	4,296,613	65,461,426	-	-
Cash and cash equivalents - Money market account investments	83,775,226	33,616,500	-	-
Cash and cash equivalents - Money market account withdrawals	80,034,053	32,924,701	-	-
Cash and cash equivalents - Call Deposit Investments	-	7,662,226	-	-
Cash and cash equivalents - Call Deposit withdrawals	-	10,814,419	-	-
Balances with banks and financial institutions - FD investments	514,803	56,680,782	-	-
Balances with banks and financial institutions - FD withdrawals	1,041,494	82,695,645	-	-
Loans and receivables - Grantings	-	-	383,840	351,395
Loans and receivables - Repayments	-	-	375,552	339,732
Debt instrument - Amortised cost - Investments	30,660,972	64,224,591	-	-
Debt insturment - Amortised cost - Settlements	45,112,787	60,074,968	-	-
Due to banks - Borrowings	-	-	-	-
Due to banks - Repayment	-	295,487	-	-
Due to customers - Investments	5,109,519	3,558,902	2,174,275	1,063,578
Due to customers - Settlements	4,681,511	3,536,263	4,028,275	945,304
Other financial liabilities - Services obtained	-	-	8,258	10,203
Other financial liabilities - Repayment	-	-	8,258	10,910
Dividend paid	4,524,189	2,143,977	-	-
Dividend received	-	-	419,688	367,500
Insurance premium paid in respect of customers introduced by People's Leasing & Finance PLC	-	-	669,928	1,884,034
Total	269,001,767	489,104,058	8,365,022	5,270,215

55.4.2Group

The group had the under mentioned financial dealings during the financial year with the following related entities.

a. Items in Statement of Profit or Loss

As at 31st March	Immediate Parent	
	2025	2024
	Rs. '000	Rs. '000
Interest income	2,112,845	6,463,156
Interest expenses	433,806	419,069
Net earned premiums	365,909	347,954
Fee and commission income	27,783	26,316
Other operating income	125,240	112,227
Benefits, claims and underwriting expenditure	39,373	34,790
Depreciation and amortisation	3,548	4,301

b. Items in Statement of Financial Position

As at 31st March	Immediate Parent	
	2025	2024
	Rs. '000	Rs. '000
Assets		
Cash and cash equivalents	12,382,904	2,584,359
Balances with banks & financial institutions	4,092,113	4,441,178
Insurance and reinsurance receivables	309,017	294,726
Financial assets - Amortised cost	5,161,177	18,372,055
Other assets	4,962	4,670
Right of use assets	22,975	14,430
Total	21,973,148	25,711,418
Liabilities		
Due to banks	1,694,029	540,649
Due to customers	4,988,563	3,415,159
Other liabilities	8,871	7,851
Lease liabilities	26,050	23,962
Total	6,717,513	3,987,621

NOTES TO THE FINANCIAL STATEMENTS

55. RELATED PARTY DISCLOSURE (CONTD...)

55.5 Transactions exceeding 10% of the gross income of the Company.

For the Ended 31st March Name of the Related party	Relationship	Nature of the transaction	Transaction value 2025 Rs. '000	 2024 Rs. '000	Transaction value as a % of gross income 2025 Rs. '000	 2024 Rs. '000	Terms and conditions
People's Bank	Immediate Parent	Repo investments	9,250,000	65,410,137	32.54%	210.75%	Normal terms
		Repo settlements	4,296,613	65,461,426	15.11%	210.92%	Normal terms
		FD investments	514,803	56,680,782	1.81%	182.63%	Normal terms
		FD withdrawals	1,041,494	82,695,645	3.66%	266.45%	Normal terms
		Tbill investments	30,660,972	64,224,591	107.86%	206.93%	Normal terms
		Tbill settlements	45,112,787	60,074,968	158.69%	193.56%	Normal terms
		Call deposit investments	-	7,662,226	0.00%	24.69%	Normal terms
		Call deposit Withdrawals	-	10,814,419	0.00%	34.84%	Normal terms
People's Insurance PLC	Subsidiary	Insurance premium	669,928	1,884,034	2.36%	6.07%	Normal terms

56. RISK MANAGEMENT (COMPANY/GROUP)

56.1 Introduction

Risk is inherent in the Group's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability, sustainability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is primarily exposed to credit risk, liquidity risk and market risk. It is also subject to various operating risks. Detailed risk analysis is given in risk management section.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has appointed a subcommittee, Integrated Risk Management (IRM) Committee, which has the responsibility to monitor the overall risk process within the Company.

The IRM Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The IRM Committee is responsible for managing risk decisions and monitoring risk levels and reports on a periodical basis to the Board.

The Risk Management & Control Unit is responsible for monitoring compliance with risk principles, policies and limits across the Company.

Assets and Liabilities Committee (ALCO)

ALCO is chaired by the Chief Executive Officer. Other permanent members of the ALCO include, Senior Deputy General Managers-Operations, Deputy General Manager-Risk & Control, Deputy General Manager- Recoveries & Administration, Deputy General Manager-Marketing, Head of Deposits, Head of Finance, Head of Treasury and the Committee Secretary. The Committee meetings should be held at least once a month to monitor and manage the assets and liabilities of the Company and also overall liquidity position to keep the Company's liquidity at healthy levels, whilst satisfying regulatory requirements. The Chairman of ALCO upon a request of any permanent member may convene a special meeting of the Committee when an issue arises that cannot wait until the next regularly scheduled meeting.

Integrated Risk Management Operating Committee (IRMOC)

Integrated Risk Management Operating Committee ("IRMOC" or "the Committee") has been formed as a management level committee to further strengthen the Risk Governance Structure of the Company and support the Board, Board Sub-Committees and the Corporate Management in managing the risks associated with the business operations of the Company in an integrated manner.

The TOR of the Committee clearly set out the authority, constitution, meeting frequency, accountability and responsibilities, quorum, reporting and other procedures of the Committee. This TOR has been adopted by the Board in March 2019.

IRMOC is chaired by the Head of Risk. The members of the Committee include the members of Corporate Management, Chief Managers-Operations and Senior Managers (except the Senior Managers attached to Branches). All business managers that involved in the operations of the Company can be recognised as "Risk Owners" as they negotiate to assume risk exposures with potential customers within the Board approved Risk Management policies and Risk Tolerance limits. Accordingly, Members of Senior Management involved in business operations can be considered as Senior Risk Owners. Therefore, At IRMOC, it is mandatory to have a higher level of involvement by the Senior Risk Owners of the Company.

The Committee shall focus on reviewing assumed risks at the front-line, specifically focusing on Credit Risk, Operational Risk and Compliance Risk.

The IRMOC shall meet at least quarterly or more frequently as and when required. The Committee met four (04) times quarterly during the year under review. The IRMOC is accountable to the Integrated Risk Management Committee (IRMC). The Committee submitted the highlights of the Minutes of IRMOC Meetings to the IRMC for seeking the Committee's views, concurrence and or specific directions.

56.2 Credit risk

Credit risk refers to the potential loss a company may incur if its customers or counterparties fail to fulfill their contractual obligations. To manage and control this risk, the company establishes limits on the level of risk it is willing to accept from individual and group counterparties, as well as from specific geographical regions and industries. The company also monitors exposures to ensure they remain within these predetermined limits.

56.2.1 Credit Risk Management

Recognising the critical importance of managing Default Risk, the Company employs a comprehensive array of tools and techniques. The process begins with rigorous credit evaluation, guided by a Board-approved Credit Policy and Standard Operating Procedures (SOPs). Credit proposals undergo thorough review by the Central Credit Department, with high-limit cases scrutinised by the Management Credit Committee. Retail and SME exposures are assessed using CRIB data, while corporate borrowers undergo individual evaluation.

Post-disbursement, the Company conducts independent monthly reviews, ensuring any identified gaps are promptly addressed. The focus on vehicle leasing/mortgages necessitates maintaining a pool of registered property values. Monitoring Default Risk is a shared responsibility, with Corporate Management providing oversight to ensure adherence to internal controls and SOPs. Recovery structures guide branch teams, and centralised units monitor early warning signals and handle litigation.

Credit Concentration Risk is managed within Board-approved thresholds. Regular monitoring by the Risk and Control Department ensures adherence to these limits, with a robust credit stress testing program in place. In FY 2023/24, the Company maintained a cautious lending stance initially, gradually expanding into low-risk lending in response to economic recovery. A new Credit Evaluation System and dedicated Credit Department were implemented to streamline processes and enhance credit quality. Post-disbursement reviews were expanded, providing greater insights into concentration risks, which were closely monitored and reported to executive committees for review and action

Impairment assessment

At each reporting date, an allowance for expected credit losses (ECL) is recorded. This allowance is determined based on either 12-month ECLs or lifetime ECLs, contingent upon whether there has been a significant increase in credit risk for the financial instrument since its initial recognition. Any changes to the ECL allowance are recognized in the profit and loss statement as an impairment gain or loss.(Explained in Note 25.6).

Definition of Default

The company defines default and classification as Stage 3 (credit-impaired) for ECL calculations for collective purpose when contractual payments are overdue by more than 90 days or exceed the sanctioned limit for a similar duration. Additionally, any credit facilities classified as Stage 3 under SLFRS 9 are considered defaulted.

Reschedule and Refinance Facilities

Rescheduled and refinance contracts undergo an upgrade only after demonstrating satisfactory performance throughout the relevant monitoring period, during which the customer adheres to the applicable terms of repayment.

Significant Increase in Credit Risk

The Company continuously monitors assets for Expected Credit Losses (ECL). To determine whether an instrument or portfolio falls under 12-month ECL or Lifetime ECL (LTECL), the Company assesses if there has been a significant increase in credit risk since initial recognition.
Additionally, the Company uses qualitative methods to identify significant increases in credit risk, such as moving an account to the watch list due to restructuring or refinancing or/and other qualitative indicators

For estimating ECLs collectively, the Company categorises credit exposures into below stages:
Stage 1: Accounts with no signs of deterioration since origination, considered Low Credit Risk (LCR), and less than or equal to 30 days past due. A 12-month ECL is applied

Stage 2: Accounts showing significant credit deterioration since origination, 31 to 90 days past due. Lifetime ECLs are applied.
Stage 3: Impaired assets, including those more than 90 days past due. Lifetime ECLs are applied

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

Individual Impairment

As detailed in Note 25.6 on page 339, the Company calculates Expected Credit Losses (ECLs) either collectively or individually based on certain factors. An individual impairment assessment is conducted for exposures exceeding the Individually Significant Threshold of LKR 50 Million.
The company performs both qualitative and quantitative evaluations of default for its individually significant customers. This involves analysing a variety of indicators that signal the likelihood of payment default, which could result in the reclassification of a customer to either Stage 3 or Stage 2.

Exposures assessed individually and recognised with an impairment provision are excluded from the collective impairment assessment. If no objective evidence of expected loss is found for an individually assessed exposure, it is included in a group of similar credit risk exposures for collective impairment assessment.

56.2.2 Maximum exposure to credit risk

Credit quality by class of financial assets

The Company manages the credit quality of financial assets using internal credit evaluation system. The tables below show the credit quality by the class of asset for all financial assets exposed to credit risk, based on the Company's internal credit evaluation system. The amounts presented are gross of impairment allowances.

Definition of Past Due

The Company considers that any amounts uncollected one day or more beyond their contractual due date as 'past due'.

Company As at 31st March 2025	Neither past due nor impaired	Past due but not impaired				Individually impaired	Total
		1-30 Days	31-60 days	61-90 days	Over 90 days		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	17,170,048	-	-	-	-	-	17,170,048
Balances with banks & financial institutions	3,031,551	-	-	-	-	-	3,031,551
Financial assets -Fair value through profit or loss	275,550	-	-	-	-	-	275,550
Loans and receivables - Amortised cost	122,704,211	20,708,901	7,499,810	2,229,659	6,126,543	3,854,434	163,123,558
Financial assets - Fair value other comprehensive income	1,292,140	-	-	-	-	-	1,292,140
Debt instrument - Amortised cost	5,161,177	-	-	-	-	-	5,161,177
Other financial assets	76,511	-	-	-	-	-	76,511
Total	149,711,188	20,708,901	7,499,810	2,229,659	6,126,543	3,854,434	190,130,535

Company As at 31st March 2024	Neither past due nor impaired	Past due but not impaired				Individually impaired	Total
		1-30 Days	31-60 days	61-90 days	Over 90 days		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	8,553,600	-	-	-	-	-	8,553,600
Balances with banks & financial institutions	14,288,282	-	-	-	-	-	14,288,282
Financial assets -Fair value through profit or loss	1,339,867	-	-	-	-	-	1,339,867
Loans and receivables - Amortised cost	69,528,050	14,711,770	7,068,333	3,822,291	13,123,549	4,251,247	112,505,240
Financial assets - Fair value other comprehensive income	1,158,669	-	-	-	-	-	1,158,669
Debt instrument - Amortised cost	18,372,055	-	-	-	-	-	18,372,055
Other financial assets	69,989	-	-	-	-	-	69,989
Total	113,310,512	14,711,770	7,068,333	3,822,291	13,123,549	4,251,247	156,287,702

Group As at 31st March 2025	Neither past due nor impaired	Past due but not impaired				Individually impaired	Total
		1-30 Days	31-60 days	61-90 days	Over 90 days		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	18,007,629	-	-	-	-	-	18,007,629
Balances with banks & financial institutions	5,694,373	-	-	-	-	-	5,694,373
Financial assets -Fair value through profit or loss	1,290,581	-	-	-	-	-	1,290,581
Loans and receivables - Amortised cost	133,864,139	21,457,221	9,129,951	3,078,215	6,887,828	3,000,561	177,417,915
Insurance and reinsurance receivables	1,698,354	-	-	-	-	-	1,698,354
Financial assets - Fair value other comprehensive income	1,827,482	-	-	-	-	-	1,827,482
Debt instrument - Amortised cost	11,561,272	-	-	-	-	-	11,561,272
Total	173,943,830	21,457,221	9,129,951	3,078,215	6,887,828	3,000,561	217,497,606

Group As at 31st March 2024	Neither past due nor impaired	Past due but not impaired				Individually impaired	Total
		1-30 Days	31-60 days	61-90 days	Over 90 days		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	9,425,325	-	-	-	-	-	9,425,325
Balances with banks & financial institutions	17,562,955	-	-	-	-	-	17,562,955
Financial assets - Held-for-trading	1,451,613	-	-	-	-	-	1,451,613
Loans and receivables - Amortised cost	80,563,974	14,560,800	7,475,834	4,935,743	16,178,828	2,917,288	126,632,467
Insurance and reinsurance receivables	1,586,697	-	-	-	-	-	1,586,697
Financial assets - Fair value other comprehensive income	1,720,475	-	-	-	-	-	1,720,475
Debt instrument - Amortised cost	23,826,514	-	-	-	-	-	23,826,514
Total	136,137,553	14,560,800	7,475,834	4,935,743	16,178,828	2,917,288	182,206,046

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.2.3 Analysis of Risk Concentration by Industry

The following table shows the risk concentration by industry for the components of the statement of financial position.

Industry analysis

Company

31 March 2025	Financial Services*	Agriculture	Manufacturing	Tourism	Transport	Construction	Traders	Services	Industry	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	18,696,732	-	-	-	-	-	-	-	-	-	18,696,732
Balances with banks & financial institutions	3,031,551	-	-	-	-	-	-	-	-	-	3,031,551
Financial assets -Fair value through profit or loss	-	-	-	-	-	-	-	275,550	-	-	275,550
Loans and receivables - Amortised cost	12,117,847	20,271,319	7,119,867	3,185,110	24,747,085	10,601,352	20,126,980	14,624,830	1,886,864	48,442,304	163,123,558
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	6,031,171
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	157,092,387
Financial assets - Fair value other comprehensive income	277,095	-	-	-	-	-	-	1,015,045	-	-	1,292,140
Debt instrument - Amortised cost	5,161,177	-	-	-	-	-	-	-	-	-	5,161,177
Other financial assets	76,511	-	-	-	-	-	-	-	-	-	76,511

Company

31 March 2024	Financial Services*	Agriculture	Manufacturing	Tourism	Transport	Construction	Traders	Services	Industry	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	9,728,132	-	-	-	-	-	-	-	-	-	9,728,132
Balances with Banks & financial institutions	14,288,282	-	-	-	-	-	-	-	-	-	14,288,282
Financial assets -Fair value through profit or loss	1,059,150	-	-	-	-	-	-	280,717	-	-	1,339,867
Loans and receivables - Amortised cost	7,482,293	24,068,961	7,097,228	2,478,577	20,245,475	7,357,034	15,198,784	18,050,647	2,261,527	8,264,713	112,505,240
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	8,854,787
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	103,650,453
Financial assets - Fair value other comprehensive income	202,382	-	-	-	-	-	-	956,287	-	-	1,158,669
Debt instrument - Amortised cost	18,372,055	-	-	-	-	-	-	-	-	-	18,372,055
Other financial assets	69,989	-	-	-	-	-	-	-	-	-	69,989

* Financial services include banks, finance institutions, insurance companies, stock brokering companies and fund management companies, venture capital companies and investment advisory services companies.

Industry analysis

Group

31 March 2025	Financial Services*	Agriculture	Manufacturing	Tourism	Transport	Construction	Traders	Services	Industry	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	19,583,402	-	-	-	-	-	-	-	-	-	19,583,402
Balances with banks & financial institutions	5,694,373	-	-	-	-	-	-	-	-	-	5,694,373
Financial assets -Fair value through profit or loss	968,993	-	-	-	-	-	-	321,588	-	-	1,290,581
Loans and receivables - Amortised cost	14,614,966	21,214,126	11,143,734	3,587,488	24,921,854	11,054,435	21,550,252	18,350,047	1,974,972	49,006,041	177,417,915
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	6,966,074
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	170,451,841
Reinsurance and insurance receivable	-	-	-	-	-	-	-	-	-	1,698,354	1,698,354
Financial assets - Fair value other comprehensive income	812,437	-	-	-	-	-	-	1,015,045	-	-	1,827,482
Debt instrument - Amortised cost	11,561,272	-	-	-	-	-	-	-	-	-	11,561,272

31 March 2024	Financial Services*	Agriculture	Manufacturing	Tourism	Transport	Construction	Traders	Services	Industry	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	10,636,505	-	-	-	-	-	-	-	-	-	10,636,505
Balances with banks & financial institutions	17,562,955	-	-	-	-	-	-	-	-	-	17,562,955
Financial assets -Fair value through profit or loss	1,090,960	-	-	-	-	-	-	360,653	-	-	1,451,613
Loans and receivables - Amortised cost	10,357,850	24,631,279	12,396,221	2,491,645	20,346,201	7,308,784	15,618,303	19,946,958	3,408,020	10,127,205	126,632,467
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	9,712,517
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	116,919,950
Reinsurance and insurance receivable	-	-	-	-	-	-	-	-	-	1,586,697	1,586,697
Financial assets - Fair value other comprehensive income	764,188	-	-	-	-	-	-	956,287	-	-	1,720,475
Debt instrument - Amortised cost	23,826,514	-	-	-	-	-	-	-	-	-	23,826,514

* Financial services include banks, finance institutions, insurance companies, stock brokering companies and fund management companies, venture capital companies and investment advisory services companies.

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

Geographical distribution of loans and receivables

Provincial breakdown for loans and receivable within Sri Lanka is as follows;

Company	Lease/Ijarah receivable	Hire-Purchase/ Murabah receivable	Term Loan and receivables	Related party receivables	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 March 2025					
Central	10,864,346	3,822	4,126,451	-	14,994,619
Eastern	3,998,032	861	2,232,065	-	6,230,958
North Central	5,840,842	1,003	1,812,859	-	7,654,704
Northern	3,705,808	-	2,089,370	-	5,795,178
North Western	9,175,979	2,063	2,763,319	-	11,941,361
Sabaragamuwa	7,617,274	3,347	3,016,592	-	10,637,213
Southern	12,803,300	3,018	6,526,299	-	19,332,617
Uva	6,476,366	1,355	2,227,912	-	8,705,633
Western	29,747,357	25,836	46,421,032	1,637,050	77,831,275
Total	90,229,304	41,305	71,215,899	1,637,050	163,123,558
As at 31 March 2024					
Central	7,408,537	11,142	3,744,741	-	11,164,420
Eastern	2,923,457	8,370	2,444,336	-	5,376,164
North Central	3,681,503	7,955	1,376,644	-	5,066,102
Northern	5,800,516	13,753	2,422,502	-	8,236,770
North Western	2,348,189	2,065	2,454,552	-	4,804,806
Sabaragamuwa	4,983,146	7,917	1,822,552	-	6,813,615
Southern	9,147,608	19,536	4,585,224	-	13,752,368
Uva	4,431,732	11,151	1,627,351	-	6,070,234
Western	21,228,576	103,103	28,499,371	1,389,711	51,220,760
Total	61,953,264	184,992	48,977,273	1,389,711	112,505,240

Geographical distribution of loans and receivables

Group	Lease/Ijarah receivable	Hire-Purchase/ Murabah receivable	Term Loan and receivables	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 March 2025				
Central	10,864,346	715,038	4,144,150	15,723,534
Eastern	3,998,032	533,480	2,268,775	6,800,287
North Central	5,840,842	787,188	1,832,820	8,460,850
Northern	3,705,808	4,222	2,089,370	5,799,400
North Western	9,175,979	153,057	2,786,265	12,115,301
Sabaragamuwa	7,617,274	335,606	3,030,256	10,983,136
Southern	12,803,300	439,805	6,607,676	19,850,781
Uva	6,476,366	842,319	2,276,081	9,594,766
Western	29,747,549	605,983	46,587,141	76,940,673
Bangladesh	-	-	11,149,379	11,149,379
Total	90,229,496	4,416,698	82,771,913	177,418,107
As at 31 March 2024				
Central	7,408,537	440,260	3,747,875	11,596,672
Eastern	2,923,457	436,760	2,447,146	5,807,364
North Central	3,681,503	452,817	1,378,918	5,513,238
Northern	5,800,516	13,753	2,422,502	8,236,771
North Western	2,348,189	103,476	2,455,541	4,907,206
Sabaragamuwa	4,983,146	223,634	1,824,148	7,030,928
Southern	9,147,608	259,383	4,587,105	13,994,096
Uva	4,431,732	650,373	1,631,473	6,713,578
Western	21,226,122	440,237	28,581,293	50,247,651
Bangladesh	-	-	12,584,963	12,584,963
Total	61,950,810	3,020,693	61,660,964	126,632,467

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.2.4 Fair value of collateral and credit enhancements held

As a general principle, the Company endeavours to obtain adequate collateral to secure its credit portfolios. The Company focuses on quality and responsibility of such collateral to mitigate potential credit losses. Management monitors the market value of collateral, and requests additional collateral in accordance with the underlying agreement. A reasonable margin of safety is maintained in collateral values.

The main types of collateral obtained are, as follows:

- For commercial lending, charges over real estate properties, inventory and trade receivables and transfer of ownership over the vehicles.
- For retail lending, mortgages over residential properties and transfer of ownership over the vehicles.

The general creditworthiness of significant customers tends to be the most relevant indicator of credit quality of a facility extended to those parties. However, collateral provides additional security and the Company generally requests large borrowers to provide same. The Company may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. As Company's focus on corporate customers is mainly based on their credit worthiness, business standing and reputation, Company does not insist on updated valuation of collateral from corporate clients. Such valuations will only be called for from corporate clients only if there is a foreseeable deterioration in credit standing or evidence of possible credit risk. Accordingly, the Company does not routinely update the valuation of collateral held against all facilities to significant customers. For impaired facilities, the Company usually obtains the current market value of the collateral, since it may be an input to the impairment measurement.

The following tables show the fair value of collateral and credit enhancements held by the Company & the Group.

	31 March 2025		31 March 2024	
	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
Company	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	17,170,048	17,170,048	8,553,600	8,553,600
Balances with banks & financial institutions	3,031,551	3,031,551	14,288,282	14,288,282
Financial assets -Fair value through profit or loss	275,550	275,550	1,339,867	1,339,867
Loans and receivables - Amortised cost	157,092,387	82,728	103,650,453	201,752
Financial assets - Fair value through other comprehensive income	1,292,140	1,292,140	1,158,669	1,158,669
Debt instrument - Amortised cost	5,161,177	5,161,177	18,372,055	18,372,055
Other financial assets	76,511	76,511	69,989	69,989
Total	184,099,364	27,089,705	147,432,915	43,984,214

	31 March 2025		31 March 2024	
	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	18,007,629	18,007,629	9,425,325	9,425,325
Balances with banks & financial institutions	5,694,373	5,694,373	17,562,955	17,562,955
Financial assets -Fair value through profit or loss	1,290,581	1,290,581	1,451,613	1,451,613
Loans and receivables - Amortised cost	170,451,841	82,728	116,919,950	201,752
Reinsurance and insurance receivable	1,698,354	1,698,354	1,586,697	1,586,697
Financial assets - Fair value through other comprehensive income	1,827,482	1,827,482	1,720,475	1,720,475
Debt instrument - Amortised cost	11,561,272	11,561,272	23,826,514	23,826,514
Total	210,531,532	40,162,419	172,493,529	55,775,331

The below table provides an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even if the future value of collateral is forecasted using multiple economic scenarios. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is expected to decline.

Type of collateral or credit enhancement	Fair value of collateral and credit enhancements held under the base case scenario					
Rs.'000	Maximum exposure to credit risk	Movable securities	Immovable securities	Total collateral	Net exposure	Associated ECL
Company						
As at 31 March 2025						
Loans and receivables	9,559,365	6,924,407	9,460,900	16,385,307	(6,825,942)	5,110,953
As at 31 March 2024						
Loans and receivables	17,826,158	11,926,818	9,111,034	21,037,852	(3,211,694)	8,299,041
Group						
As at 31 March 2025						
Loans and receivables	9,888,389	7,324,498	9,994,974	21,406,794	(11,518,405)	5,487,823
As at 31 March 2024						
Loans and receivables	19,096,116	12,294,550	9,112,244	21,406,794	(2,310,678)	8,668,685

56.2.5 Offsetting financial assets & liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when the group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

56.2.6 Financial assets & liabilities not subject to offsetting

Amounts that do not qualify for offsetting include netting arrangements that only permit outstanding transactions with the same counterparty to be offset in an event of default or occurrence of other predetermined events. Such netting arrangements include repurchase agreements and other similar secured lending and borrowing arrangements.

The amount of the financial collateral received or pledged subject to netting arrangements but not qualified for offsetting are disclosed below.

	2025			2024		
As at 31st March	Gross amount	Amount subject to netting but do not qualify for offsetting	Net amount	Gross amount	Amount subject to netting but do not qualify for offsetting	Net amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets						
Loans & receivables	12,109,103	3,820,825	8,288,278	12,109,103	4,767,983	7,341,120

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.2.7 Sensitivity of impairment provision on loans and receivables

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1 (Rs. '000)	Stage 2 (Rs. '000)	Stage 3 (Rs. '000)	Total (Rs. '000)	Rs. '000
Company - As at 31 March 2025					
PD 1% increase across all age buckets	4,180	1,523	-	5,703	5,703
PD 1% decrease across all age buckets	(4,180)	(1,523)	-	(5,703)	(5,703)
LGD 5% increase	20,899	7,998	77,116	106,013	106,013
LGD 5% decrease	(20,899)	(7,998)	(77,116)	(106,013)	(106,013)
Probability weighted Economic Scenarios					
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	1,276	233	-	1,509	1,509
– Base case 10% decrease, worst case 5% increase and best case 5% increase	(1,276)	(233)	-	(1,509)	(1,509)

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1 (Rs. '000)	Stage 2 (Rs. '000)	Stage 3 (Rs. '000)	Total (Rs. '000)	Rs. '000
Company - As at 31 March 2024					
PD 1% increase across all age buckets	2,917	2,236	-	5,153	5,153
PD 1% decrease across all age buckets	(2,917)	(2,236)	-	(5,153)	(5,153)
LGD 5% increase	13,308	10,651	98,370	122,329	122,329
LGD 5% decrease	(13,308)	(10,651)	(98,370)	(122,329)	(122,329)
Probability weighted Economic Scenarios					
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	(91)	(173)	-	(264)	(264)
– Base case 10% decrease, worst case 5% increase and best case 5% increase	91	173	-	264	264

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	Rs. '000
Group - As at 31 March 2025					
PD 1% increase across all age buckets	4,421	1,611	-	6,032	6,032
PD 1% decrease across all age buckets	(4,421)	(1,611)	-	(6,032)	(6,032)
LGD 5% increase	22,571	8,638	83,285	114,494	114,494
LGD 5% decrease	(22,571)	(8,638)	(83,285)	(114,494)	(114,494)
Probability weighted Economic Scenarios					
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	1,295	236	-	1,531	1,531
– Base case 10% decrease, worst case 5% increase and best case 5% increase	(1,295)	(236)	-	(1,531)	(1,531)

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	Rs. '000
Group - As at 31 March 2024					
PD 1% increase across all age buckets	3,085	2,365	-	5,450	5,450
PD 1% decrease across all age buckets	(3,085)	(2,365)	-	(5,450)	(5,450)
LGD 5% increase	14,373	11,503	106,240	132,115	132,115
LGD 5% decrease	(14,373)	(11,503)	(106,240)	(132,115)	(132,115)
Probability weighted Economic Scenarios				-	-
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	(92)	(176)	-	(268)	(268)
– Base case 10% decrease, worst case 5% increase and best case 5% increase	92	176	-	268	268

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.3 Liquidity Risk and Funding Management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, the management has arranged diversified funding sources in addition to its deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

In compliance with Finance Companies (Liquid Assets) Direction No: 4 of 2013 which shall not as the close of the business on any day, be less than the total of;

(a) 10% of the outstanding value of the time deposits and accrued interest payable at the close of the business on such day and

(b) 15% of outstanding value of the saving deposit and accrued interest payable at the close of the business on such day and

(c) 10% of the total outstanding borrowings

Further the company shall maintaining liquid assets in the form of Sri Lankan government Treasury Bills & Government securities equivalent to 7.5% of the average of its month end total deposit liabilities and borrowings of the 12 months preceding financial year.

The Company stresses the importance of savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of customer savings accounts and fixed deposits.

The ratios at the end of the year was as follows:

	Company		Group	
As at 31 March	2025	2024	2025	2024
Liquidity ratios	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Advances to deposit ratios (Times)	1.26	1.06	1.31	1.13
Liquidity Assets to Deposit (%)	12	36	14	38

56.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

The table below summaries the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2025.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date the Company could be required to pay and the table does not reflect the expected cash flows indicated by the Company's deposit retention history.

56.3.2 Remaining Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities

Company As at 31st March 2025	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	8,574,096	10,122,636		-	-	-	18,696,732
Balances with banks & financial institutions	-		-	7,478	4,778,041	-	4,785,519
Financial assets -Fair value through profit or loss	-	275,550	-	-	-	-	275,550
Loans and receivables - Amortised cost	8,742,875	43,302,563	51,303,361	72,661,981	20,832,941	376,113	197,219,834
Financial assets - Fair value through other comprehensive income	-	400,846	-	1,003,931	-		1,404,777
Debt instrument - Amortised cost	-	5,192,759	-	-	-	-	5,192,759
Other financial assets	-	76,511	-	-	-	-	76,511
Total undiscounted financial assets	17,316,971	59,370,865	51,303,361	73,673,390	25,610,982	376,113	227,651,682
Financial liabilities							
Due to banks	1,431,684	1,896,741	2,595,947	6,173,580	1,056,501	-	13,154,453
Due to customers	6,777,490	35,770,419	45,564,217	46,639,776	5,917,491	204,727	140,874,120
Debt securities issued	-	554	384,512	5,218,138	-	-	5,603,204
Other financial liabilities	-	6,415,071	-	-	-	-	6,415,071
Lease Liabilities	-	178,840	543,902	1,197,180	612,390	330,876	2,863,188
Total undiscounted financial liabilities	8,209,174	44,261,625	49,088,578	59,228,674	7,586,382	535,603	168,910,036
Net undiscounted financial assets/(liabilities)	9,107,797	15,109,240	2,214,782	14,444,716	18,024,601	(159,491)	58,741,646

Company As at 31st March 2024	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	3,519,033	6,276,202	-	-	-	-	9,795,235
Balances with banks & financial institutions	-	11,913,537	-	-	4,785,519	-	16,699,056
Financial assets -Fair value through profit or loss	-	1,339,867	-	-	-	-	1,339,867
Loans and receivables - Amortised cost	13,751,137	28,274,112	39,597,951	43,027,687	8,868,749	204,166	133,723,802
Financial assets -Fair value through profit or loss	-	1,158,659	-	-	-	10	1,158,669
Debt instrument - Amortised cost	-	9,123,110	9,736,373	-	-	-	18,859,483
Other financial assets	-	69,989	-	-	-	-	69,989
Total undiscounted financial assets	17,270,170	58,155,476	49,334,324	43,027,687	13,654,268	204,176	181,646,101
Financial liabilities							
Due to banks	507,748	604,341	1,179,341	-	-	-	2,291,430
Due to customers	4,652,100	42,133,884	37,162,583	11,101,283	15,431,220	193,796	110,674,866
Debt securities issued	-	-	6,611,425	5,602,650	-	-	12,214,075
Other financial liabilities	-	3,188,693	-	-	-	-	3,188,693
Lease Liabilities	-	171,599	346,687	915,909	472,468	262,692	2,169,354
Total undiscounted financial liabilities	5,159,848	46,098,517	45,300,036	17,619,842	15,903,688	456,488	130,538,418
Net undiscounted financial assets/(liabilities)	12,110,322	12,056,959	4,034,288	25,407,845	(2,249,419)	(252,312)	51,107,684

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.3.2 Remaining Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities

Group As at 31st March 2025	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	9,460,766	10,122,636	-	-	-	-	19,583,402
Balances with banks & financial institutions	37,210	513,920	2,549,868	7,478	5,437,241	-	8,545,717
Financial assets -Fair value through profit or loss	-	1,290,581	-	-	-	-	1,290,581
Loans and receivables - Amortised cost	8,897,939	46,789,997	56,393,445	80,075,646	23,360,970	3,025,133	218,543,130
Reinsurance and insurance receivable	-	1,268,209	572,030	-	-	-	1,840,239
Financial assets - Fair value through other comprehensive income	-	1,827,472	-	-	-	10	1,827,482
Debt instrument - Amortised cost	-	6,702,844	3,395,336	1,188,195	-	-	11,286,375
Total undiscounted financial assets	18,395,915	68,515,659	62,910,679	81,271,319	28,798,211	3,025,143	262,916,926
Financial liabilities							
Due to banks	1,863,144	2,486,590	4,058,867	8,997,942	1,999,945	-	19,406,488
Due to customers	6,777,490	42,743,045	47,498,899	46,690,254	5,950,755	213,455	149,873,898
Debt securities issued	-	554	384,512	5,218,138	-	-	5,603,204
Other financial liabilities	-	8,187,438	-	-	-	-	8,187,438
Insurance and reinsurance payable	5,420,071	38,717	-	-	-	-	5,458,788
Lease Liabilities	-	109,137	336,403	910,141	485,158	191,776	2,032,615
Total undiscounted financial liabilities	14,060,705	53,565,481	52,278,680	61,816,476	8,435,858	405,231	190,562,431
Net undiscounted financial assets/(liabilities)	4,335,210	14,950,178	10,631,999	19,454,844	20,362,353	2,619,912	72,354,495

Group As at 31 March 2024	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	4,185,051	6,451,454	-	-	-	-	10,636,505
Balances with banks & financial institutions	15,416	12,427,457	2,446,656	-	5,444,719	-	20,334,248
Financial assets -Fair value through profit or loss	-	1,451,613	-	-	-	-	1,451,613
Loans and receivables - Amortised cost	13,906,202	31,798,085	44,646,300	49,933,073	11,387,952	2,870,292	154,541,904
Reinsurance and insurance receivable	-	1,268,209	572,030	-	-	-	1,840,239
Financial assets - Fair value through other comprehensive income	-	1,720,465	-	-	-	10	1,720,475
Debt instrument - Amortised cost	-	10,633,195	13,131,709	1,188,195	-	-	24,953,099
Total undiscounted financial assets	18,106,669	65,750,478	60,796,695	51,121,268	16,832,671	2,870,302	215,478,083
Financial liabilities							
Due to banks	1,530,087	1,110,899	2,349,865	2,075,379	491,063	-	7,557,293
Due to customers	4,652,100	49,106,510	39,097,265	11,151,761	15,464,484	202,524	119,674,644
Debt securities issued	-	-	6,611,425	5,602,650	-	-	12,214,075
Other financial liabilities	-	3,926,092	-	-	-	-	3,926,092
Reinsurance and insurance payable	5,469,976	38,717	-	-	-	-	5,508,693
Lease Liabilities	-	109,137	336,403	910,141	485,158	191,776	2,032,615
Total undiscounted financial liabilities	11,652,163	54,291,355	48,394,958	19,739,931	16,440,705	394,300	150,913,412
Net undiscounted financial assets/(liabilities)	6,454,506	11,459,123	12,401,737	31,381,337	391,966	2,476,002	64,564,671

56.3.3 Commitments and Guarantees

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Company	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2025						
Guarantees	-	27,800	41,093	263	-	69,156
Assessment received from Inland Revenue Department	-	-	-	-	-	-
Litigation against the Company	-	214,005	180,021	-	-	394,026
Capital commitment	-	17,436,613	1,152,819	-	-	18,589,432
Total commitments and guarantees	-	17,678,418	1,373,933	263	-	19,052,614
As at 31st March 2024						
Guarantees	-	16,910	41,225	298	-	58,433
Assessment received from Inland Revenue Department	-	-	-	-	-	-
Litigation against the Company	-	226,650	68,171	-	-	294,821
Capital commitment	-	12,484,415	1,402,648	-	-	13,887,063
Total commitments and guarantees	-	12,727,975	1,512,044	298	-	14,240,316

Group	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2025						
Guarantees	-	27,800	41,093	263	-	69,156
Assessment received from Inland Revenue Department	-	-	-	198,334	-	198,334
Litigation against the Company	-	214,005	180,021	-	-	394,026
Capital commitment	-	17,436,613	1,152,819	-	-	18,589,432
Total commitments and guarantees	198,334	17,678,418	1,373,933	263	-	19,250,948
As at 31st March 2024						
Guarantees	-	16,910	41,225	298	-	58,433
Assessment received from Inland Revenue Department	-	-	-	162,579	-	162,579
Litigation against the Company	-	226,650	68,171	-	-	294,821
Capital commitment	-	12,484,415	1,402,648	-	-	13,887,062
Total commitments and guarantees	-	12,727,974	1,512,044	162,877	-	14,402,895

The Company expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.3.4 Total liquid assets

The table below sets out the components of the Company's liquid assets;

As at 31st March	2025 Amount Rs. '000	2024 Amount Rs. '000
Cash in hand	1,518,172	1,167,062
Balances in current accounts	454,062	577,194
Deposits in commercial banks	7,977,781	15,264,738
Securities under reverse repurchase agreement	10,122,636	6,209,999
Treasury bills and Treasury Bonds	5,161,108	18,460,778
Total liquidity assets	25,233,759	41,678,871

56.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately.

Currently, increased volatility and decline in value of many financial asset classes may impact the trading books of most company due to the increased market risk. The uncertainty caused by the pandemic could lead to increased pressure on the local currency resulting in higher foreign exchange risk.

Company estimate how the reduction in interest rates will impact their rate sensitive assets and liabilities and the subsequent implication on profitability.

56.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company policy is to continuously monitor interest rates on regular basis. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate financial assets and financial liabilities.

The following table demonstrates the sensitivity of the Company's Statement of Profit or Loss for the year ended 31st March 2025 and 31st March 2024 to a reasonable possible change in interest rates, with all other variable constant.

As at 31st March	2025 Rs. '000	2024 Rs. '000
Impact on Statement of Profit or Loss due to interest rate shocks		
0.50%	(79,492)	(30,211)
1%	(158,985)	(60,421)
-0.50%	79,492	30,211
-1%	158,985	60,421

Sensitivity of Lease Liability to Key Assumption

Sensitivity to Incremental Borrowing Rates

As at 31st March	2025 Rs. '000	2024 Rs. '000
Impact on Company's Statement of Financial Position due to interest rate shocks		
1%	(285,687)	(32,520)
-1%	285,687	33,677

Interest Rate Risk Exposure on Financial Asset and Liabilities

The table below analyses the Company's interest rate risk exposure on non–trading financial assets and liabilities. The Company's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Company As at 31st March 2025	Carrying amount	On demand	Less than 3 'months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Non–interest bearing
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets								
Cash and cash equivalents	18,696,732	4,946,230	10,122,636	-	-	-	-	3,627,866
Balances with banks & financial institutions	3,031,551	1,028,481	-	-	3,070	2,000,000	-	-
Financial assets -Fair value through profit or loss	275,550	-	-	-	-	-	-	275,550
Loans and receivables - Amortised cost	163,123,558	14,458,978	39,682,780	46,256,240	48,803,776	13,628,433	293,351	-
Less - Impairment charges	6,031,171	-	-	-	-	-	-	-
Net loans and receivables	157,092,387	-	-	-	-	-	-	-
Financial assets - Fair value through other comprehensive income	1,292,140	-	-	-	977,135	-	-	315,005
Debt instrument - Amortised cost	5,161,177	-	5,161,177	-	-	-	-	-
Other financial assets	76,511	-	-	-	-	-	-	76,511
Total	191,657,219	20,433,689	54,966,593	46,256,240	49,783,981	15,628,433	293,351	4,294,932
Liabilities								
Due to banks	11,436,573	1,431,683	1,671,757	2,000,600	5,334,933	997,600	-	-
Due to customers	124,529,684	7,742,239	34,385,693	40,455,671	38,191,668	3,549,686	204,727	-
Debt securities issued	5,014,652	384,977	-	-	4,629,675	-	-	-
Other Financial liabilities	6,415,071	-	-	-	-	-	-	6,415,071
Lease Liabilities	2,236,091	-	198,431	363,162	898,290	482,264	293,944	-
Total	149,632,071	9,558,899	36,255,881	42,819,433	49,054,566	5,029,550	498,671	6,415,071
Total interest sensitivity gap	42,025,148	10,874,790	18,710,712	3,436,807	729,415	10,598,883	(205,320)	-

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

Interest Rate Risk Exposure on Financial Asset and Liabilities

Company As at 31st March 2024	Carrying amount	On demand	Less than 3 'months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Non–interest bearing
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets								
Cash and cash equivalents	9,728,132	976,455	6,209,099	-	-	-	-	2,542,578
Balances with banks & financial institutions	14,288,282	714,865	11,570,347	-	-	2,003,070	-	-
Financial assets -Fair value through profit or loss	1,339,867	-	-	-	-	-	-	1,339,867
Loans and receivables - Amortised cost	112,505,240	17,542,913	24,841,576	31,122,411	33,052,043	5,872,083	74,214	-
Less - Impairment charges	8,854,787	-	-	-	-	-	-	-
Net loans and receivables	103,650,453	-	-	-	-	-	-	-
Financial assets - Fair value through other comprehensive income	1,158,669	-	924,177	-	-	-	-	234,492
Debt instrument - Amortised cost	18,372,055	738,656	8,517,164	9,116,235	-	-	-	-
Other financial assets	69,989	-	-	-	-	-	-	69,989
Total	148,607,447	19,972,889	52,062,363	40,238,646	33,052,043	7,875,153	74,214	4,186,926
Liabilities								
Due to banks	2,263,494	1,513,884	249,870	499,740	-	-	-	-
Due to customers	97,437,726	10,797,794	37,093,264	31,047,332	6,268,895	12,036,645	193,796	-
Debt securities issued	11,032,248	1,044,248	-	5,356,436	4,631,564	-	-	-
Other financial liabilities	3,188,693	-	-	-	-	-	-	3,188,693
Lease Liability	1,636,537	72,062	119,449	206,359	654,952	358,822	224,893	-
Total	115,558,698	13,427,988	37,462,583	37,109,867	11,555,411	12,395,467	418,689	3,188,693
Total interest sensitivity gap	33,048,749	6,544,902	14,599,780	3,128,779	21,496,632	(4,520,314)	(344,475)	

Interest Rate Risk Exposure on Financial Asset and Liabilities (Contd...)

The table below analyses the Group's interest rate risk exposure on non–trading financial assets and liabilities. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Group As at 31st March 2025	Carrying amount	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Non–interest bearing
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets								
Cash and cash equivalents	19,583,402	5,070,127	10,297,888	-	-	-	-	4,215,387
Balances with banks & financial institutions	5,694,373	1,331,368	1,434,608	387,012	421,385	2,120,000	-	-
Financial assets -Fair value through profit or loss	1,290,581	-	-	-	-	-	-	1,290,581
Loans and receivables - Amortised cost	177,417,915	14,120,019	43,545,766	48,336,036	54,124,145	15,286,474	2,005,475	-
Less-Impairment charges	6,966,074	-	-	-	-	-	-	-
Net loans and receivables	170,451,841	-	-	-	-	-	-	-
Reinsurance and insurance receivable	1,698,354	-	-	-	-	-	-	1,698,354
Financial assets - Fair value through other comprehensive income	1,827,482	-	535,342	-	977,135	-	-	315,005
Debt instrument - Amortised cost	11,561,272	957,298	6,317,314	3,667,117	619,544	-	-	-
Total	212,107,305	21,478,813	62,130,918	52,390,165	56,142,209	17,406,474	2,005,475	7,519,326
Liabilities								
Due to banks	16,828,985	1,863,143	2,185,787	3,308,785	7,936,029	1,535,242	-	-
Due to customers	130,068,713	7,374,502	39,445,425	41,957,675	37,534,251	3,551,484	205,378	-
Debt securities issued	5,014,652	384,977	-	-	4,629,675	-	-	-
Other financial liabilities	8,187,438	-	-	-	-	-	-	8,187,438
Insurance liabilities and reinsurance payables	5,458,788	-	-	-	-	-	-	5,458,788
Lease Liability	1,778,792	75,870	139,914	229,882	716,018	380,332	236,777	-
Total	167,337,368	9,698,492	41,771,126	45,496,342	50,815,973	5,467,058	442,155	13,646,226
Total interest sensitivity gap	44,769,937	11,780,321	20,359,792	6,893,823	5,326,236	11,939,416	1,563,320	

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

Group As at 31st March 2024	Carrying amount	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Non–interest bearing
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets								
Cash and cash equivalents	10,636,505	1,245,885	6,384,351	-	-	-	-	3,006,269
Balances with banks & financial institutions	17,562,955	1,386,051	13,577,631	596,203	-	2,003,070	-	-
Financial assets -Fair value through profit or loss	1,451,613	-	-	-	-	-	-	1,451,613
Loans and receivables - Amortised cost	126,632,467	17,691,869	27,831,216	35,120,002	35,872,665	7,311,688	2,069,390	-
Less-Impairment charges	9,712,517	-	-	-	-	-	-	-
Net loans and receivables	116,919,950	-	-	-	-	-	-	-
Reinsurance and insurance receivable	1,586,697	-	-	-	-	-	-	1,586,697
Financial assets - Fair value through other comprehensive income	1,720,475	-	1,485,983	-	-	-	-	234,492
Debt instrument - Amortised cost	23,826,514	1,240,724	9,703,668	11,843,578	1,038,544	-	-	-
Total	173,704,709	21,564,529	58,982,849	47,559,783	36,911,209	9,314,758	2,069,390	6,279,071
Liabilities								
Due to banks	7,181,365	2,536,223	711,040	1,548,385	1,907,032	478,685	-	-
Due to customers	103,843,054	10,514,019	42,823,652	32,672,198	6,302,623	11,336,766	193,796	-
Debt securities issued	11,032,248	1,044,248	-	5,356,436	4,631,564	-	-	-
Other financial liabilities	3,926,092	-	-	-	-	-	-	3,926,092
Lease Liability	1,554,027	66,283	122,235	200,834	625,543	332,274	206,858	-
Insurance liabilities and reinsurance payables	5,508,693	-	-	-	-	-	-	5,508,693
Total	133,045,479	14,160,773	43,656,927	39,777,853	13,466,762	12,147,725	400,654	9,434,785
Total interest sensitivity gap	40,659,230	7,403,756	15,325,922	7,781,930	23,444,447	(2,832,967)	1,668,736	

56.4.2 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Since investments in USD deposits were low, the currency risk of the Company/Group is minimal.

The tables below indicate the currencies to which the Company had significant exposures as at 31st March 2025 and the effect to the Gains/Losses in case of a market exchange rates up/drop by 1%. The analysis calculates the effect of a reasonably possible movement of the currency rate against the LKR, with all other variables held constant, on the Statement of Profit or Loss (due to the fair value of currency sensitive non trading monetary assets and liabilities).

Impact on Statement of Profit or Loss due to Exchange Rate Shocks

		Company		Group	
		2025	2024	2025	2024
For the year ended 31st March	Change in currency rate in %	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
USD	1	-	-	330	1,927
USD	-1	-	-	(330)	(1,927)

56.4.3 Equity Price Risk

The sensitivity analysis for equity risk reflects how changes in the fair value of equity securities at the reporting date will fluctuate in response to assumed changes in equity market prices. The movements in the fair value of equity securities monitored by assessing the projected changes in the fair value of equity securities held by the portfolios in response to assumed equity price movements of +/- 1%.

As at 31st March	2025			2024		
	Effect on net asset value	Effect on profit before tax	Effect on comprehensive income	Effect on net asset value	Effect on profit before tax	Effect on comprehensive income
1% increase/decrease in equity market prices	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Company						
Financial assets - FVTPL	3,150	-	-	2,807	2,807	-
Financial assets - FVOCI	-	-	3,150	3,665	-	3,665
Group						
Financial assets - FVTPL	3,339	3,339	-	3,924	3,924	-
Financial assets - FVOCI	3,150	-	3,150	3,665	-	3,665

56.4.4 Commodity price risk

Commodity price risk refers to the uncertainty of future market value and future income scale caused by commodity price fluctuations. Given the importance of the gold loan to the group, volatility in gold prices may adversely affect Statement of Profit or Loss. Fluctuations in gold prices lead to market risk, which is the main source of credit risk associated with this product.

Following strategies are used to manages the credit and market risks arising from adverse changes in gold prices by the Group.

- LTV - The Group implements a process of revising the advance payments for each gold sovereign to reflect market value volatility to maintain an ideal loan-to-value ratio.
- Product Lifetime - As a credit risk management strategy, the Group deliver services in less time, enabling a faster recovery process.

56.5 Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss.

Operational risk of the Company are managed through a Board approved operational risk management policy control framework which consists of monitoring and responding to potential risks.

56.6 Insurance Risks

People's Insurance PLC (PIL) is a subsidiary of the Company whose principle line of business is carrying out general insurance business. The following are the risks and their management arising from PI for its statutory year ended 31 March 2025.

56.6.1 Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the PI is satisfactorily managing affairs for policyholders' benefit. At the same time, regulators are also interested in ensuring that the PI maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

As an insurer, the operations of the PI are subject to regulatory supervision of the Insurance Board of Sri Lanka (IBSL). PI has taken necessary action to comply with and complied with applicable regulations throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.6.2 Nature and Extent of Risks Arising from Insurance Contracts

Objectives, Policies and Processes for Managing Risks Arising from Insurance Contracts

PI willingly assumes risks of other organisations as its prime value creation activity. This is the core of the insurance business and there is no perfect way of measuring the potential impact on insured risk. For non-life insurance business, most significant risks arise from climate changes, natural disasters and terrorist activities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. PI's risk management framework focuses on strategic risk, assumed risks and the potential risks. PI identifies and categorises risks in terms of their source, their impact on PI and preferred strategies for dealing with them.

Method used to Manage Risks

Risk Appetite and Risk Tolerance

PI has made a strategic decision to maintain a risk appetite moderately above the average of the insurance market, since it allows the best potential for creating shareholder value at an acceptable risk level. PI manages the volatility and potential downward risk through diversification.

Identification of Shock Losses

There are three areas of risk which have the potential to materially damage economic value that PI identified at present as having the greatest potential for shock losses. They are catastrophe, reserving and equity investment risk. PI manages the risk of shock losses by setting limits on the tolerance for specific risks and on the amount of capital that PI is willing to expose.

The table below sets out the concentration of non-life insurance contract liabilities by type of contract.

	31-Mar-25			31-Mar-24		
	Gross liabilities	Reinsurance receivable	Net liabilities	Gross liabilities	Reinsurance receivable	Net liabilities
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Motor	4,505,311	770,102	3,735,209	654,585	110,140	544,445
Marine	58,990	42,374	16,616	16,261	9,621	6,640
Fire	727,937	503,947	223,990	111,737	87,117	24,620
Miscellaneous	1,024,896	443,236	581,660	303,370	138,591	164,779
Total	6,317,134	1,759,659	4,557,475	1,085,953	345,469	740,484

Claims Development Table

The following tables show the estimates of cumulative incurred claims for each quarter, together with cumulative payments to date

Gross Non-Life Insurance Outstanding Claims Provision for 2025

Accident Period	Current estimate of cumulative claims incurred															
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Q1	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2011	213,653	2,762	4,224	3,148	1,465	1,703	(945)	(844)	(120)	-	193	-	(1,253)	(650)	(150)	223,187
2012	-	1,396,938	(58,704)	50,297	1,577	6,377	(113)	4,738	11,385	42,085	10,771	558	(5,240)	(23,893)	6,150	1,442,927
2013	-	-	2,042,934	(167,837)	28,391	(5,165)	(17,006)	(608)	51	5,515	2,942	(1,319)	(4,004)	(10,190)	9,027	1,882,731
2014	-	-	-	2,042,094	(15,126)	35,874	(8,555)	8,298	(8,584)	1,591	1,485	(600)	560	(4,891)	4,318	2,056,464
2015	-	-	-	-	2,040,473	31,044	5,397	5,704	4,918	1,014	705	(7)	8,045	(14,099)	1,470	2,084,665
2016	-	-	-	-	-	2,182,704	50,267	21,071	(9,647)	2,662	2,602	(907)	(7,319)	(8,967)	11,474	2,243,940
2017	-	-	-	-	-	-	2,635,203	33,255	21,099	4,183	7,258	2,629	(9,297)	(21,790)	2,640	2,675,179
2018	-	-	-	-	-	-	-	2,792,805	73,912	31,282	7,573	6,465	(2,855)	(19,128)	7,244	2,897,298
2019	-	-	-	-	-	-	-	-	3,165,480	92,881	32,132	4,197	(11,824)	(15,073)	5,700	3,273,492
2020	-	-	-	-	-	-	-	-	-	3,803,005	(27,248)	47,351	(5,845)	(10,124)	1,003	3,808,141
2021	-	-	-	-	-	-	-	-	-	-	2,738,130	67,214	53,369	4,504	(14,858)	2,848,359
2022	-	-	-	-	-	-	-	-	-	-	-	3,014,295	347,744	76,409	13,640	3,452,088
2023	-	-	-	-	-	-	-	-	-	-	-	-	3,517,983	316,981	64,745	3,899,709
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	3,013,747	218,107	3,231,854
2025 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,686,747	3,686,747
Current estimated of cumulative claims incurred	213,653	1,399,700	1,988,454	1,927,702	2,056,780	2,252,537	2,664,248	2,864,420	3,258,495	3,984,217	2,776,543	3,139,875	3,880,064	3,282,834	4,017,259	39,706,782

Accident Period	Cumulative Payments to date															
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Q1	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2011	(134,902)	(72,227)	(5,154)	(3,495)	(2,329)	(1,718)	(390)	(2,129)	-	-	(193)	-	(650)	-	-	(223,187)
2012	-	(893,615)	(311,763)	(57,574)	(19,215)	(16,664)	(8,262)	(8,627)	(16,329)	(84,791)	(3,154)	(58)	(387)	(4,357)	(4,594)	(1,429,390)
2013	-	-	(1,465,582)	(252,384)	(29,760)	(53,691)	(16,478)	(10,057)	(5,532)	(9,222)	(7,835)	(2,569)	(10,807)	(300)	(10,289)	(1,874,504)
2014	-	-	-	(1,621,312)	(329,993)	(28,525)	(12,958)	(10,447)	(14,079)	(4,101)	(4,584)	(2,428)	(11,439)	(2,194)	(8,488)	(2,050,549)
2015	-	-	-	-	(1,586,379)	(395,617)	(23,979)	(13,186)	(15,396)	(13,820)	(6,434)	(5,012)	(10,011)	(1,450)	(2,733)	(2,074,017)
2016	-	-	-	-	-	(1,743,315)	(389,878)	(30,768)	(26,780)	(21,259)	(10,697)	(3,402)	6,738	(1,832)	(13,731)	(2,234,924)
2017	-	-	-	-	-	-	(2,129,944)	(468,923)	(26,927)	(15,975)	(11,924)	(8,644)	10,175	(3,414)	(3,620)	(2,659,196)
2018	-	-	-	-	-	-	-	(2,267,584)	(515,478)	(39,809)	(12,594)	(12,075)	(3,340)	(10,694)	(10,559)	(2,872,133)
2019	-	-	-	-	-	-	-	-	(2,646,682)	(551,787)	(29,128)	(10,880)	1,316	(9,915)	(6,640)	(3,253,716)
2020	-	-	-	-	-	-	-	-	-	(2,956,804)	(737,058)	(41,866)	(7,386)	(13,410)	(18,018)	(3,774,542)
2021	-	-	-	-	-	-	-	-	-	-	(2,214,578)	(534,897)	(24,130)	(17,166)	(8,454)	(2,799,225)
2022	-	-	-	-	-	-	-	-	-	-	-	(2,397,109)	(846,549)	(114,455)	(29,628)	(3,387,741)
2023	-	-	-	-	-	-	-	-	-	-	-	-	(2,831,414)	(824,727)	(108,523)	(3,764,664)
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,396,800)	(734,492)	(3,131,292)
2025 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,856,598)	(2,856,598)
Cumulative payments to date	(134,902)	(965,842)	(1,782,499)	(1,934,765)	(1,967,676)	(2,239,530)	(2,581,889)	(2,811,721)	(3,267,202)	(3,697,567)	(3,038,180)	(3,018,940)	(3,727,883)	(3,400,716)	(3,816,368)	(38,385,678)
Total Gross claims outstanding	78,751	433,858	205,955	(7,063)	89,104	13,007	82,359	52,699	(8,707)	286,650	(261,636)	120,935	152,180	(117,882)	200,892	1,321,104

NOTES TO THE FINANCIAL STATEMENTS

Claims Development Table

The following tables show the estimates of cumulative incurred claims for each quarter, together with cumulative payments to date

Net Non-Life Insurance Outstanding Claims Provision for 2025

Accident Period	Current estimate of cumulative claims incurred															
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Q1	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2011	209,132	4,621	4,239	3,157	1,465	1,599	(945)	(844)	(120)	-	193	-	(2,589)	(650)	(150)	219,109
2012	-	1,224,086	(15,515)	51,344	2,382	6,454	(128)	9,001	11,400	321	10,793	58	(16,234)	(21,398)	20,954	1,283,518
2013	-	-	1,976,422	(158,485)	28,151	(3,982)	(16,949)	(608)	51	5,515	2,942	(1,387)	(37,642)	(9,190)	14,767	1,799,605
2014	-	-	-	2,034,121	(15,127)	34,203	(10,511)	14,290	(11,575)	1,591	1,485	428	(24,812)	(4,644)	5,421	2,024,871
2015	-	-	-	-	2,023,094	16,076	6,864	5,742	5,037	1,014	705	718	(10,677)	(13,495)	6,171	2,041,248
2016	-	-	-	-	-	2,100,737	59,287	15,721	(3,500)	2,667	2,602	2,126	72,430	(8,812)	11,474	2,254,732
2017	-	-	-	-	-	-	2,549,666	37,716	24,501	4,325	6,735	4,019	(12,733)	(13,169)	5,362	2,606,423
2018	-	-	-	-	-	-	-	2,692,279	77,270	37,666	8,961	7,482	(3,403)	(9,527)	18,135	2,828,864
2019	-	-	-	-	-	-	-	-	3,106,289	79,873	33,117	8,701	(17,256)	(5,143)	10,169	3,215,750
2020	-	-	-	-	-	-	-	-	-	3,398,413	58,000	50,064	(9,480)	327	24,456	3,521,781
2021	-	-	-	-	-	-	-	-	-	-	2,601,103	121,616	(1,385)	13,362	30,216	2,764,913
2022	-	-	-	-	-	-	-	-	-	-	-	2,719,396	420,682	81,006	49,386	3,270,471
2023	-	-	-	-	-	-	-	-	-	-	-	-	3,067,091	246,771	235,759	3,549,621
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	2,860,159	90,629	2,950,788
2025 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,292,463	3,292,463
Current estimated of cumulative claims incurred	209,132	1,228,707	1,965,146	1,930,137	2,039,965	2,155,087	2,587,284	2,773,296	3,209,354	3,531,385	2,726,638	2,913,221	3,423,993	3,115,597	3,815,213	37,624,156

Accident Period	Cumulative Payments to date															
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Q1	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2011	(131,282)	(71,904)	(5,123)	(3,495)	(2,329)	(1,614)	(390)	(2,129)	-	-	(193)	-	(650)	-	-	(219,109)
2012	-	(881,711)	(248,760)	(32,280)	(17,417)	(16,664)	(8,244)	(8,627)	(16,329)	(13,201)	(3,154)	(58)	(387)	(4,357)	(4,594)	(1,255,783)
2013	-	-	(1,424,239)	(226,969)	(29,152)	(31,860)	(16,282)	(10,057)	(5,532)	(9,222)	(7,835)	(2,569)	(10,807)	(300)	(10,289)	(1,785,112)
2014	-	-	-	(1,593,260)	(329,883)	(27,883)	(12,833)	(10,432)	(11,079)	(4,101)	(4,584)	(2,428)	(11,439)	(2,194)	(8,488)	(2,018,605)
2015	-	-	-	-	(1,564,956)	(369,486)	(23,866)	(13,132)	(15,396)	(13,820)	(6,434)	(5,012)	(10,011)	(1,450)	(2,733)	(2,026,295)
2016	-	-	-	-	-	(1,756,890)	(387,579)	(30,608)	(26,799)	(21,259)	(10,697)	(3,402)	6,738	(1,832)	(13,731)	(2,246,060)
2017	-	-	-	-	-	-	(2,075,965)	(446,918)	(25,385)	(15,969)	(11,371)	(8,644)	10,190	(3,414)	(3,620)	(2,581,097)
2018	-	-	-	-	-	-	-	(2,209,836)	(492,761)	(32,630)	(12,311)	(12,075)	(3,340)	(10,694)	(10,559)	(2,784,208)
2019	-	-	-	-	-	-	-	-	(2,619,040)	(521,977)	(15,045)	(10,872)	1,316	(9,915)	(6,640)	(3,182,175)
2020	-	-	-	-	-	-	-	-	-	(2,902,120)	(487,549)	(37,663)	(3,707)	(13,410)	(18,018)	(3,462,468)
2021	-	-	-	-	-	-	-	-	-	-	(2,149,086)	(505,153)	(23,120)	(15,402)	(8,333)	(2,701,093)
2022	-	-	-	-	-	-	-	-	-	-	-	(2,331,752)	(774,441)	(94,330)	(27,730)	(3,228,253)
2023	-	-	-	-	-	-	-	-	-	-	-	-	(2,666,268)	(774,098)	(73,404)	(3,513,770)
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,309,670)	(680,316)	(2,989,986)
2025Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,604,135)	(2,604,135)
Cumulative payments to date	(131,282)	(953,615)	(1,678,122)	(1,856,004)	(1,943,737)	(2,204,397)	(2,525,159)	(2,731,738)	(3,212,322)	(3,534,299)	(2,708,260)	(2,919,629)	(3,485,927)	(3,241,066)	(3,472,590)	(36,598,148)
Total net claims outstanding	77,850	275,092	287,024	74,133	96,228	(49,310)	62,125	41,558	(2,967)	(2,915)	18,378	(6,407)	(61,934)	(125,469)	342,623	1,026,008

Sensitivity analysis on claim handling expenses, loss development factors and provision for adverse deviation is provided below.

Table 1: Impact on claim liability to changes in key variables

Variable	Change in variable	75% claim liabilities Change in 75% claim liabilities	Change in 75% claim liabilities
		Rs. '000	Rs. '000
Original		1,703,990	-
Claim handling expenses (CHE)	10%	1,710,529	6,539
Claim handling expenses (CHE)	-10%	1,697,450	(6,539)
Accident year-2024 ultimate loss ratio (ULR)	10%	2,042,815	338,825
Accident year-2024 ultimate loss ratio (ULR)	-10%	1,365,164	(338,825)
Provision for adverse deviation (PRAD)	100%	1,864,267	160,277
Provision for adverse deviation (PRAD)	50%	1,623,851	(80,139)

Table 2: Impact on premium liability to changes in key variables

Variable	Change in variable	URR at 75% confidence level	Premium liabilities (PL)	Change in premium liabilities
		Rs. '000	Rs. '000	Rs. '000
Original		2,509,659	2,568,663	-
Unexpired risk reserves (URR)	10%	2,718,053	2,718,053	149,390
Unexpired risk reserves (URR)	-10%	2,301,265	2,568,663	-
Claim handling expenses (CHE)	10%	2,560,228	2,568,663	-
Claim handling expenses (CHE)	-10%	2,459,089	2,568,663	-
Provision for adverse deviation (PRAD)	100%	2,828,335	2,828,335	259,672
Provision for adverse deviation (PRAD)	50%	2,350,321	2,568,663	-

57. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue no circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the Financial Statements.

Linking Insights and & Innovation

KNOWLEDGE IS THE KEY TO INFORMED DECISION-MAKING. BY HARNESSING DATA, ANALYSIS, AND EMERGING TRENDS, WE STRENGTHEN OUR ABILITY TO CONNECT PEOPLE WITH CUTTING EDGE FINANCIAL SOLUTIONS ENSURING A FUTURE WHERE BOTH TECHNOLOGY AND HUMAN RELATIONSHIPS DRIVE SUCCESS.





SUPPLEMENTARY REPORTS

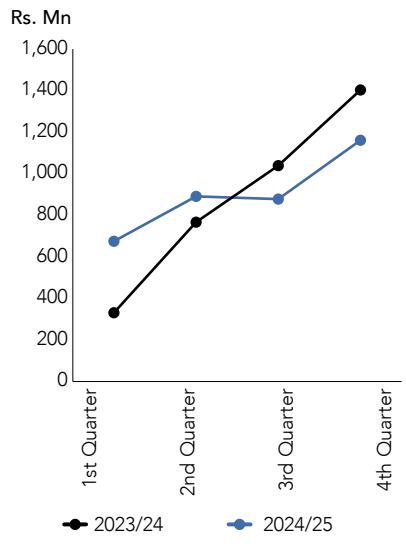
422 Quarterly Analysis
424 Ten Year Summary
426 Statement of Profit or Loss In US $
427 Statement of Financial Position in US $
428 Horizontal Analysis
429 Vertical Analysis
430 Independent Assurance Report on Sustainability Reporting
432 IR Assurance Report
434 GRI Content Index
440 SASB Index
443 Abbreviation
445 Glossary
448 Basis of Ratios
449 Corporate Information
451 Circular to Shareholders
453 Request Letter
455 Notice of Meeting
457 Form of Proxy
459 Feedback Form

QUARTERLY ANALYSIS

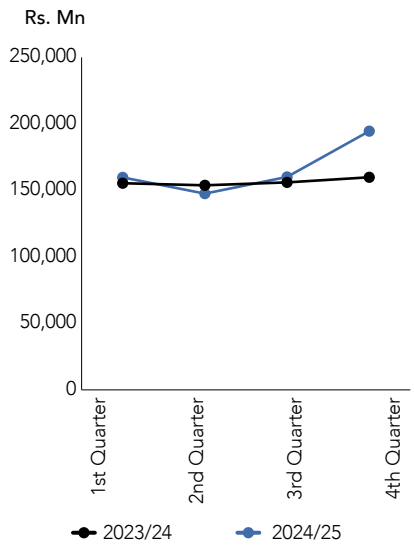
INCOME STATEMENT

Rs.Million	Company									
	1st Quarter Apr-Jun		2nd Quarter July-Sep		3rd Quarter Oct-Dec		4th Quarter Jan-Mar		Total	
	2024	2023	2024	2023	2024	2023	2025	2024	2024/25	2 023/24
Interest income	6,3893	7,465	6,293	7,249	6,378	7,179	7,035	6,960	26,088	28,853
Less: Interest expense	3,375	4,948	2,883	4,395	2,724	4,110	3,035	3,748	12,017	17,201
Net interest income	3,007	2,517	3,410	2,854	3,654	3,069	4,000	3,212	14,071	11,652
Fee and commission income	364	299	451	396	464	464	478	386	1,757	1,545
Net gains/(losses) on financial assets - FVTPL	57	15	33	60	86	20	(30)	41	146	136
Other operating income	79	70	137	(5)	2	393	219	45	437	503
Total operating income	3,508	2,901	4,030	3,305	4,206	3,946	4,667	3,684	16,411	13,836
Less: Impairment charges and other losses for loans and receivables	51	442	9	(280)	(4)	(276)	(459)	(1,042)	(403)	(1,156)
Net operating income	3,457	2,459	4,021	3,585	4,210	4,222	5,126	4,726	16,814	14,992
Less: Expenses							-		-	-
Personnel expenses	1,042	870	1,098	1,085	1,244	1,151	1,481	1,142	4,865	4,248
Depreciation and amortisation	166	172	166	169	168	163	183	166	683	670
Other operating expenses	768	624	870	632	901	766	932	755	3,471	2,777
Total operating expenses	1,976	1,666	2,134	1,886	2,313	2,080	2,596	2,063	9,019	7,695
Operating profit before tax on financial services	1,481	793	1,887	1,699	1,897	2,142	2,530	2,663	7,795	7,297
Less: Tax on financial services	411	272	473	455	504	536	619	658	2,007	1,921
Profit before income tax expense	1,071	521	1,413	1,244	1,393	1,606	1,911	2,005	5,788	5,376
Less: Income tax expense	397	190	523	477	515	567	750	601	2,185	1,835
Profit for the period	673	331	891	767	878	1,039	1,161	1,403	3,603	3,540

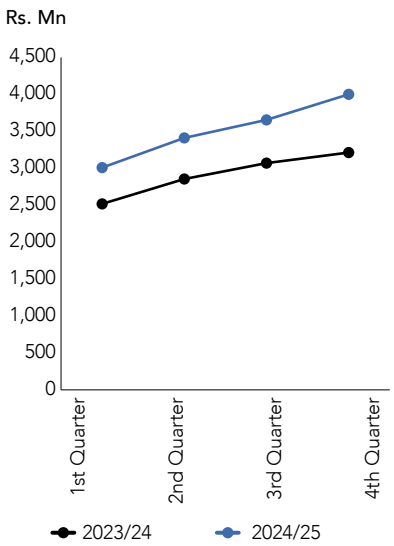
Profit After Tax



Total Assets



Net Interest Income



STATEMENT OF FINANCIAL POSITION

	Company							
Rs.Million	1st Quarter As at 30 June		2nd Quarter As at 30 Sep		3rd Quarter As at 31 Dec		4th Quarter As at 31 Mar	
As at	2024	2023	2024	2023	2024	2023	2025	2024
Assets								
Cash and cash equivalents	13,518	6,920	7,106	4,764	7,326	2,595	18,697	9,728
Balances with banks and financial institutions	9,396	23,482	5,123	17,650	3,159	10,991	3,032	14,288
Financial assets -Fair value through profit or loss	2,397	219	260	279	329	1,299	276	1,340
Loans and receivables - Amortised cost	106,751	104,051	113,889	100,833	130,565	102,275	157,092	103,650
Financial assets - Fair value through other comprehensive income	1,137	909	1,151	1,046	1,299	1,101	1,292	1,159
Debt Instrument - Amortised cost	18,331	10,866	11,182	19,911	8,229	28,899	5,161	18,372
Investments in subsidiaries	3,519	3,292	3,519	3,292	3,519	3,455	3,832	3,455
Investment property	295	285	295	285	295	285	302	296
Other assets	999	1,087	1,180	1,671	1,276	1,215	1,041	3,982
Property, plant and equipment	1,343	1,425	1,335	1,405	1,718	1,342	1,788	1,361
Right-of-use assets	1,236	1,500	1,674	1,374	1,599	1,250	1,872	1,361
Deferred tax assets	806	1,327	809	1,292	771	1,282	59	819
Goodwill and intangible assets	38	17	36	15	33	18	35	41
Current tax receivables	-	-	-	-	-	-	53	-
Total assets	159,766	155,380	147,559	153,817	160,118	156,007	194,532	159,852
Liabilities								
Due to banks	3,606	5,874	1,997	4,320	5,688	3,656	11,437	2,263
Due to customers	95,623	93,228	91,357	93,197	96,834	94,105	124,530	97,438
Debt securities issued	11,260	10,988	4,802	10,589	4,909	10,809	5,015	11,032
Other financial liabilities	4,218	1,171	3,157	2,333	5,357	2,943	6,415	3,189
Lease liabilities	1,537	1,732	2,012	1,642	1,934	1,526	2,236	1,637
Current tax liabilities	614	839	532	432	493	545	-	295
Other liabilities	1,111	712	1,001	1,039	1,207	1,097	1,486	1,393
Retirement Benefit Obligation	775	691	794	699	822	698	1,001	779
Total liabilities	118,744	115,235	105,652	114,251	117,244	115,379	152,120	118,026
Equity								
Stated capital	19,230	18,016	19,230	18,016	19,230	18,016	19,230	19,230
Statutory reserve fund	2,968	2,791	2,968	2,791	2,968	2,791	3,148	2,968
Retained earnings	18,774	19,879	19,225	19,185	20,045	18,785	19,977	19,885
Other reserves	50	(541)	484	(426)	631	1,036	57	(257)
Total equity	41,022	40,145	41,907	39,566	42,874	40,628	42,412	41,826
Total liabilities and equity	159,766	155,380	147,559	153,817	160,118	156,007	194,532	159,852

TEN YEAR SUMMARY

	2024/2025	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
FINANCIAL CAPITAL										
Operating Result										
Gross Income (Rs. Mn)	28,428	31,037	32,018	26,741	27,104	33,599	32,736	28,603	23,859	19,186
Interest income (Rs. Mn)	26,088	28,853	30,197	23,882	24,983	31,459	30,836	26,705	22,041	17,876
Interest expenses (Rs. Mn)	12,017	17,201	18,207	10,832	13,064	15,787	15,646	14,500	11,830	7,941
Net interest income (Rs. Mn)	14,071	11,652	11,990	13,049	11,919	15,672	15,190	12,204	10,212	9,935
Non-interest income (Rs. Mn)	2,340	2,183	1,822	2,860	2,120	2,140	1,899	1,898	1,818	1,310
Impairment and other losses (Rs. Mn)	(403)	(1,156)	568	777	1,143	4,752	1,955	1,430	216	258
Other operating expenses [Note 1] (Rs. Mn)	11,026	9,616	8,901	8,482	7,024	8,509	8,549	6,903	6,338	4,844
Profit before tax (PBT) (Rs. Mn)	5,788	5,376	4,342	6,650	5,873	4,552	6,585	5,770	5,476	6,143
Income tax expense (Rs. Mn)	2,185	1,835	1,324	1,991	1,840	1,609	2,169	1,460	1,467	1,796
Profit after tax (PAT) (Rs. Mn)	3,603	3,540	3,018	4,659	4,033	2,943	4,416	4,309	4,009	4,347
Return on assets (ROA) (%)	3.27	3.25	2.47	3.85	3.49	2.64	3.95	3.71	3.99	5.19
Cost to income (%)	54.96	55.61	52.64	43.74	42.03	36.53	37.81	39.73	45.01	37.24
Net Interest Margin (NIM) (%)	8.64	7.69	7.35	8.10	7.58	9.68	9.70	8.38	7.89	8.92
Total Assets to Equity Ratio (Times)	4.59	3.82	4.3	4.66	4.79	5.68	6.03	5.94	6.09	5.46
Price to Book Value (PBV) (Times)	0.91	0.57	0.41	0.39	0.59	0.66	0.74	0.92	1.00	1.11
Financial Position										
Cash, balances with banks & reverse repo (Rs. Mn)	21,728	24,016	35,685	9,787	8,102	10,372	6,699	8,783	7,681	4,054
Loans & receivables (Rs. Mn)	157,092	103,650	114,278	151,274	141,388	147,748	151,708	140,165	134,055	109,872
Investments in subsidiaries (Rs. Mn)	3,832	3,455	3,292	3,214	3,214	3,214	3,214	3,214	2,075	1,875
Investments in government treasury bills and bonds (Rs. Mn)	5,161	18,372	10,904	9,827	6,994	4,107	8,003	4,890	2,968	4,930
Total assets (Rs. Mn)	194,531	159,852	171,073	180,765	164,546	171,660	172,541	160,694	150,457	124,336
Borrowings (Rs. Mn)	16,451	13,296	24,431	28,994	20,265	26,417	48,549	55,705	74,258	60,819
Deposits from customers [Note 2] (Rs. Mn)	124,530	97,438	100,935	103,368	101,503	106,701	88,369	69,763	44,723	33,836
Total equity (Rs. Mn)	42,412	41,826	39,792	38,818	34,341	30,247	28,603	27,030	24,697	22,772
Total liabilities and shareholders' funds (Rs. Mn)	194,531	159,852	171,073	180,765	164,546	171,660	172,541	160,694	150,457	124,336
Financial Cash Inflows /(Outflows)										
Operating activities (Rs. Mn)	9,707	18,011	9126	(3,602)	4,264	31,615	15,944	27,691	(998)	(8,533)
Investing activities (Rs. Mn)	(590)	37	(221)	(382)	60	(106)	302	(802)	(159)	(397)
Financing activities (Rs. Mn)	(1,075)	(14,619)	(7,712)	6,596	(9,477)	(27,310)	(16,452)	(28,716)	2,926	9,156
Net cash flows (Rs. Mn)	8,043	3,428	1193	2,612	(5,153)	4,198	(206)	(1,827)	1,769	227
HUMAN CAPITAL										
Employees (Numbers)	2,679	2,052	2,114	2,245	2,343	2,401	2,329	2,085	2,085	1,834
PBT per employee (Rs.Mn)	2.45	2.58	1.99	2.90	2.48	1.92	2.98	2.77	2.79	3.51
Total assets per Employee (Rs. Mn)	72.61	77.90	80.92	80.52	70.23	71.50	74.08	77.07	72.16	67.79
Employees' salaries & benefits (Rs. Mn)	4,865	4,248	4489	3,738	3,465	3,701	3,438	2,974	2,556	1,807
NATURAL CAPITAL										
Investment in environmental conservation initiatives (Rs. Mn)	0.36	1.98	1.01	1.87	2.77	3.32	1.94	2.19	3.37	3.36
Carbon footprint (tonnes of CO_2 equivalent)	5,664	3,974	4,493	4,382	3,811	5,836	5,338	6,046	6,236	3,059

	2024/2025	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
SOCIAL AND RELATIONSHIP CAPITAL										
Shareholders (Number)	9,896	9,983	10,770	10,926	10,027	8,644	8,961	8,801	9,176	9,407
Number of ordinary shares (Nos.Mn)	2,154	2,154	2,042	1,887	1,705	1,628	1,580	1,580	1,580	1,580
Earnings per share (EPS) (Rs.)	1.67	1.64	1.48	2.47	2.37	1.73	2.80	2.73	2.54	2.75
Net assets per share (NAPS) (Rs.)	19.69	19.41	19.49	20.57	20.15	18.58	18.10	17.11	15.63	14.41
Market price per share (Rs.) [Note 5]										
Highest	18.70	13.00	9.30	13.80	15.40	18.30	17.30	19.20	20.10	26.50
Lowest	16.20	7.00	4.90	8.00	9.10	12.00	12.90	15.50	15.30	15.40
Closing	17.90	11.00	7.90	8.10	11.80	12.20	13.40	15.80	15.60	16.00
Market capitalization (Rs. Mn)	38,563	23,698	16,131	15,286	20,114	19,858	21,170	24,962	24,646	25,278
Price Earnings ratio (PE) (Times)	10.72	6.69	5.34	3.28	4.99	6.67	4.79	5.79	6.14	5.82
Dividend per share (DPS) (Rs.)	1.40	1.40	0.50	1.25	0.60	1.20	1.25	1.25	1.25	1.25
Dividend paid (Rs. Mn)	3,016	2,859	944	2,180	977	1,929	1,975	1,975	1,975	1,975
Dividend yield (%)	7.82	12.73	6.33	15.43	5.08	9.84	9.33	7.91	8.01	7.81
Dividend cover (times)	1.19	1.24	3.20	2.14	4.13	1.53	2.24	2.18	2.03	2.20
Dividend payout (%)	83.70	80.74	31.28	46.79	24.22	65.57	44.72	45.83	49.26	45.43
Return on equity (ROE) (%)	8.56	8.68	7.68	12.74	12.49	10.00	15.88	16.66	16.89	19.80
Return on capital employed (ROCE) (%)	10.60	14.21	13.41	10.68	11.86	12.37	13.98	13.69	12.04	11.99
Debt to equity (Excluding deposits) (Times)	0.39	0.32	0.61	0.75	0.59	0.87	1.70	2.06	3.01	2.67
Debt to equity with contingent liabilities and commitments (Times)	0.84	0.66	0.76	0.92	0.91	1.05	1.97	2.34	3.25	2.77
Current ratio (Times)	1.28	1.04	1.17	0.79	0.76	0.83	0.82	0.80	0.84	0.85
Interest cover (Times)	1.48	1.31	1.24	1.61	1.45	1.29	1.42	1.40	1.46	1.77
Taxes paid to governments (Rs. Mn)	3,740	3,845	6,003	2,792	4,203	5,712	2,942	2,109	2,828	2,915
Taxes collected on behalf of government (Rs.Mn)	2,309	1,854	479	322	294	1,137	1,434	1,151	1,048	1,313
Investment on community outreach initiatives (Rs. Mn)	0.71	0.71	5.57	27.53	17.60	55.53	120.29	101.53	187.64	76.25
CAPITAL ADEQUACY RATIOS										
Tier 1 Capital/ Core capital ratio [Note 4]	22.94	30.00	25.76	18.77	17.72	15.12	14.36	18.38	17.56	19.56
Required minimum Tier 1 Capital/Core capital ratio (%) [Note 4]	10.00	10.00	10.00	8.00	7.00	7.00	6.00	5.00	5.00	5.00
Total Capital Ratio / Total risk weighted capital ratio (%) [Note 4]	22.68	29.70	26.61	19.68	18.58	15.99	15.20	16.46	16.37	18.14
Required minimum total capital ratio/Total risk weighted capital ratio (%) [Note 4]	14.00	14.00	14.00	12.00	11.00	11.00	10.00	10.00	10.00	10.00
MANUFACTURED AND INTELLECTUAL CAPITAL										
Branches (Number)	110	109	111	111	104	103	103	103	103	92
CREDIT RATINGS & KEY ACCOLADES										
Fitch Ratings Lanka	A(lka)	A-(lka)	A+ (lka)	A+ (lka)	A+ (lka)	A- (lka)	AA-(lka)	AA-(lka)	AA-(lka)	AA-(lka)
Business Today - Top 40 Listed Corporate Entities [Note 5]	36th Position	31th Position	29th Position	27th Position	18th Position	13th Position	13th Position	15th Position	14th Position	17th Position

[1] Figures include total operating expenses and Tax on financial services (excluding impairment charges for loans and receivables and other losses)

[2] Central Bank of Sri Lanka introduced Finance Business Act Directions No 3 of 2018 Capital Adequacy Requirements with effect from 01 July 2018.

[3] Expand in to Business Today -Top 40 Listed Corporate Entities in 2024

STATEMENT OF PROFIT OR LOSS IN US $

	Company		Group	
For the year ended 31st March	2025	2024	2025	2024
	US$'000	US$'000	US$'000	US$'000
Gross Income	95,935	103,050	121,207	124,685
Interest income	88,040	95,801	99,641	106,968
Less: Interest expenses	40,553	57,112	44,093	60,650
Net interest income	47,487	38,689	55,548	46,318
Net earned premiums	-	-	15,437	12,402
Fee and commission income	5,928	5,129	4,261	3,252
Net trading income	493	451	616	412
Other operating income	1,474	1,669	1,252	1,651
Total operating income	55,382	45,938	77,114	64,035
Less: Impairment charges for loans and receivables and other losses	(1,361)	(3,836)	(1,294)	(4,496)
Net operating income	56,743	49,774	78,408	68,531
Less: Expenses				
Personnel expenses	16,417	14,105	21,761	18,400
Depreciation of property, plant and equipment	2,305	2,224	2,154	2,038
Benefits, claims and underwriting expenditure	-	-	9,914	8,859
Other operating expenses	11,715	9,220	14,249	11,259
Total operating expenses	30,437	25,549	48,078	40,556
Operating profit before taxes on financial services	26,306	24,225	30,330	27,975
Less : Tax on financial services	6,773	6,378	7,115	6,629
Operating profit after taxes on financial services	19,533	17,847	23,215	21,346
Profit before income tax expense	19,533	17,847	23,215	21,346
Less : Income tax expense	7,374	6,094	9,413	7,409
Profit for the year	12,159	11,753	13,802	13,937

Exchange rate of US$ was Rs 296.32 as at 31st March 2025 (Rs 301.18 as at 31st March 2024).

The Statement of Profit or Loss is solely for the convenience of Stakeholders (shareholders, investors, bankers and other users of Financial Statements) and do not form part of the Financial Statements..

STATEMENT OF FINANCIAL POSITION IN US $

	Company		Group	
As at 31st March	2025	2024	2025	2024
	US $ '000	US $ '000	US $ '000	US $ '000
Assets				
Cash and cash equivalents	63,096	32,300	66,089	35,316
Balances with banks & financial institutions	10,231	47,441	19,217	58,314
Financial assets -Fair value through profit or loss/ Held-for-trading	930	4,449	4,355	4,820
Loans and receivables	530,144	344,148	575,229	388,204
Insurance and reinsurance receivables	-	-	5,731	5,268
Financial assets - Fair Value other comprehensive income/ Available-for-sale	4,361	3,847	6,167	5,712
Debt Instrument at amortised cost/Held to maturity	17,418	61,000	39,016	79,111
Investments in subsidiaries	12,932	11,472	-	-
Other assets	3,512	13,221	3,596	13,833
Investment property	1,019	981	4,641	4,335
Property, plant and equipment	6,033	4,520	14,450	12,550
Right of use assets	6,318	4,518	5,242	4,273
Deferred tax assets	200	2,719	90	2,754
Goodwill and intangible assets	118	136	582	615
Total assets	656,489	530,752	744,405	615,105
Liabilities				
Due to banks	38,595	7,515	56,793	23,844
Due to customers	420,254	323,520	438,947	344,787
Debt securities issued	16,923	36,630	16,923	36,630
Other financial liabilities	21,649	10,587	27,630	13,036
Insurance liabilities and reinsurance payable	-	-	18,422	18,290
Lease Liabilities	7,546	5,434	6,003	5,160
Current tax liabilities	-	981	1,102	1,781
Other liabilities	5,016	4,626	5,862	5,421
Retirement Benefit Obligation	3,377	2,585	3,901	2,979
Total liabilities	513,360	391,878	575,583	451,928
Equity				
Capital	64,898	63,850	64,898	63,850
Statutory reserve fund	10,624	9,854	11,224	10,318
Retained earnings	67,416	66,023	82,448	79,607
Other reserves	191	(853)	2,136	1,433
Total shareholders' equity	143,129	138,874	160,706	155,208
Non -controlling interest	-	-	8,116	7,969
Total equity	143,129	138,874	168,822	163,177
Total liabilities and equity	656,489	530,752	744,405	615,105
Contingent liabilities and commitments	64,297	47,282	64,967	47,822

Exchange rate of US$ was Rs 296.32 as at 31st March 2025 (Rs 301.18 as at 31st March 2024).

The above Statement of Financial Position is solely for the convenience of Stakeholders (shareholders, investors, bankers and other users of Financial Statements) and do not form part of the Financial Statements.

HORIZONTAL ANALYSIS

Statement of Financial Position as at 31 March	Current Year (Rs. 000)	Percentage Change (%)				Base Year (Rs. 000)
	2025	2025	2024	2023	2022	2021
Assets						
Cash and cash equivalents	18,696,732	591.70	259.90	116.23	72.73	2,703,031
Balances with banks & financial institutions	3,031,551	(43.85)	164.64	452.69	(5.21)	5,399,071
Financial assets-Fairvalue through profit or loss	275,550	150.99	1120.42	85.79	(77.10)	109,787
Loans and receivables-Amortised cost	157,092,387	11.11	(26.69)	(19.17)	6.99	141,387,907
Financial assets - Fair value through other comprehensive income	1,292,140	318.01	274.83	205.60	331.32	309,118
Debt instrument-Amortised cost	5,161,177	(26.21)	162.68	55.89	40.51	6,994,206
Investments in subsidiaries	3,832,151	19.24	7.51	2.42	0	3,213,788
Investment property	302,000	5.98	3.69	-	-	-
Other assets	1,040,658	80.91	592.23	79.09	30.24	575,220
Property, plant and equipment	1,787,796	70.39	29.75	41.15	34.74	1,049,250
Right of use assets	1,872,168	(16.51)	(39.32)	(27.94)	(12.04)	2,242,444
Deferred tax assets	59,322	(85.73)	96.94	221.15	175.76	415,841
Goodwill and intangible assets	34,719	(76.29)	(72.00)	(86.89)	(85.00)	146,446
Total assets	194,478,351	18.22	(2.85)	3.97	9.86	164,546,109
Liabilities						
Due to banks	11,436,573	77.61	(64.85)	19.96	82.46	6,439,310
Due to customers	124,529,684	22.69	(4.01)	(0.56)	1.84	101,502,931
Debt securities issued	5,014,652	(63.73)	(20.20)	20.83	24.73	13,825,553
Other financial liabilities	6,415,071	55.27	(22.82)	(64.73)	(11.98)	4,131,671
Operating lease liabilities	2,236,091	(2.20)	(28.42)	(23.30)	(9.94)	2,286,386
Other liabilities	1,486,395	39.03	30.32	(4.89)	28.05	1,069,120
Retirement Benefit Obligation	1,000,719	70.41	32.57	14.71	13.82	587,257
Deferred tax liabilities	-	-	-	-	-	-
Current tax receivables	-	(100.00)	(18.48)	179.68	410.88	362,450
Total Liabilities	152,066,596	17.16	(9.33)	0.33	7.90	129,842,228
Equity						
Stated Capital	19,230,479	29.13	29.13	20.97	14.64	14,892,036
Statutory reserve fund	3,147,965	30.78	23.30	15.95	9.68	2,406,995
Retained earnings	19,976,739	16.42	15.88	13.97	13.53	17,159,777
Other reserves	56,572	(148.20)	118.97	386.59	219.66	(117,377)
Total equity attributable to equity holders of the Company	42,411,755	23.50	21.79	15.87	13.04	34,341,431
Total equity	42,411,755	23.50	21.79	15.87	13.04	34,341,431
Total liabilities and equity	194,478,351	18.48	(2.64)	3.58	8.97	164,183,659

Statement of Profit or Loss for the year ended 31 March	Current Year (Rs. 000)	Percentage Change (%)				Base Year (Rs. 000)
	2025	2025	2024	2023	2022	2021
Gross income	28,427,584	4.88	14.51	18.13	(1.34)	27,103,798
Interest Income	26,088,017	4.42	15.49	20.87	(4.41)	24,983,445
Interest Expenses	12,016,685	(191.98)	31.66	39.36	(17.09)	(13,064,310)
Net Interest Income	14,071,332	18.06	(2.24)	0.59	9.48	11,919,135
Other Operating Income	2,339,567	10.34	2.97	(14.08)	34.88	2,120,353
Total Operating Income	16,410,899	16.89	(1.45)	(1.62)	13.32	14,039,488
Impairment Charges	(403,301)	(64.72)	1.11	(50.27)	(32.02)	(1,143,046)
Total Operating Expenses	9,018,937	(255.47)	(232.64)	25.31	17.85	(5,801,226)
Operating profit before taxes on financial services	7,795,260	9.87	2.84	(15.81)	16.91	7,095,216
Tax on financial services	2,006,924	(264.15)	(257.11)	33.44	34.56	(1,222,628)
Profit before income tax expense	5,788,339	(1.43)	(8.46)	(26.07)	13.24	5,872,588
Income Tax Expense	2,184,959	(218.78)	(0.22)	(28.02)	8.24	(1,839,568)
Profit for the Year	3,603,380	(10.65)	(12.21)	(25.18)	15.52	4,033,020

VERTICAL ANALYSIS

Statement of Financial Position as at 31 March		Percentage Change (%)			
	2025	2024	2023	2022	2021
Assets					
Cash and cash equivalents	9.61	6.09	3.42	2.58	1.64
Balances with banks & financial institutions	1.56	8.94	17.44	2.83	3.28
Financial assets-Fair value through profitor loss	0.14	0.84	0.12	0.01	0.07
Loans and receivables-Amortised cost	80.75	64.84	66.80	83.69	85.93
Financial assets - Fair value through other comprehensive income	0.66	0.72	0.55	0.74	0.19
Debt instrument-Amortised cost	2.65	11.49	6.37	5.44	4.25
Investments in subsidiaries	1.97	2.16	1.92	1.78	1.95
Investment property	0.16	0.18	0.17	-	-
Other assets	0.53	2.49	0.60	0.41	0.35
Property, plant and equipment	0.92	0.85	0.87	0.78	0.64
Right of use assets	0.96	0.85	0.94	1.09	1.36
Deferred tax assets	0.03	0.51	0.78	0.63	0.25
Good will and intangible assets	0.02	0.03	0.01	0.01	0.09
Current tax receivables	0.03	0.00	0.00	0.00	0.00
Total assets	100.00	100.00	100.00	100.00	100.00
Liabilities					
Due to banks	5.88	1.42	4.52	6.50	3.91
Due to customers	64.02	60.95	59.00	57.18	61.69
Debt securities issued	2.58	6.90	9.77	9.54	8.40
Other financial liabilities	3.30	1.99	0.85	2.01	2.51
Operating lease liabilities	1.15	1.02	1.03	1.14	1.39
Other liabilities	0.76	0.87	0.59	0.76	0.65
Retirement Benefit Obligation	0.51	0.49	0.39	0.37	0.45
Total Liabilities	78.20	73.65	76.74	78.53	79.13
Equity					
Stated Capital	9.89	12.03	10.53	9.44	9.05
Statutory reserve fund	1.62	1.86	1.63	1.46	1.46
Retained earnings	10.27	12.44	11.43	10.78	10.43
Other reserves	0.03	(0.16)	(0.33)	(0.21)	(0.07)
Total equity attributable to equity holders of the Company	21.80	26.17	23.26	21.47	20.87
Total equity	21.80	26.17	23.26	21.47	20.87
Total liabilities and equity	100.00	100.00	100.00	100.00	100.00

Statement of Profit or Loss for the year ended 31 March		Percentage Change (%)			
	2025	2024	2023	2022	2021
Gross income	100.00	100.00	100.00	100.00	100.00
Interest Income	91.77	92.97	94.31	89.31	92.18
Interest Expenses	42.27	55.42	56.86	40.51	48.20
Net Interest Income	49.50	37.54	37.45	48.80	43.98
Other Operating Income	8.23	7.03	5.69	10.69	7.82
Total Operating Income	57.73	44.58	43.14	59.49	51.80
Impairment Charges	1.42	3.72	1.78	2.91	4.22
Total Operating Expenses	31.73	24.79	22.70	25.57	21.40
Operating profit before taxes on financial services	27.42	23.51	18.66	31.02	26.18
Tax on financial services	7.06	6.19	5.10	6.15	4.51
Profit before Income Tax	20.36	17.32	13.56	24.87	21.67
Income Tax Expense	7.69	5.91	4.14	7.45	6.79
Profit for the Year	12.68	11.41	9.42	17.42	14.88

INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORTING

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of People's Leasing & Finance PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

SCOPE

We have been engaged by People's Leasing & Finance PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on People's Leasing & Finance PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in People's Leasing & Finance PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY PEOPLE'S LEASING & FINANCE PLC

In preparing the Subject Matter, People's Leasing & Finance PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

PEOPLE'S LEASING & FINANCE PLC'S RESPONSIBILITIES

People's Leasing & Finance PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the People's Leasing & Finance PLC on 28 May 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to

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

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

A member firm of Ernst & Young Global Limited

Shape the future with confidence

base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of People's Leasing & Finance PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

Ernst + Young

4 June 2025
Colombo

IR ASSURANCE REPORT

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of People's Leasing & Finance PLC on the Integrated Annual Report 2024/25

SCOPE

We have been engaged by People's Leasing & Finance PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on People's Leasing & Finance PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in People's Leasing & Finance PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY PEOPLE'S LEASING & FINANCE PLC

In preparing the Subject Matter, People's Leasing & Finance PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

PEOPLE'S LEASING & FINANCE PLC'S RESPONSIBILITIES

People's Leasing & Finance PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the People's Leasing & Finance PLC on 28 May 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on

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

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

A member firm of Ernst & Young Global Limited

Shape the future with confidence

which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social and Intellectual capital management data/ information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of People's Leasing & Finance PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

Ernst + Young

4 June 2025
Colombo

GRI CONTENT INDEX

Statement of use	People's Leasing & Finance PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	292			
	2-2 Entities included in the organization's sustainability reporting	8			
	2-3 Reporting period, frequency and contact point	8,13			
	2-4 Restatements of information	13			
	2-5 External assurance	13, 430			
	2-6 Activities, value chain and other business relationships	38-39, 106,134,138			
	2-7 Employees	122			
	2-8 Workers who are not employees	130			
	2-9 Governance structure and composition	57,158-163, 173,175,182			
	2-10 Nomination and selection of the highest governance body	177,248-249			
	2-11 Chair of the highest governance body	183			
	2-12 Role of the highest governance body in overseeing the management of impacts	56,179,182, 183,185			
	2-13 Delegation of responsibility for managing impacts	56,182			
	2-14 Role of the highest governance body in sustainability reporting	56,182			
	2-15 Conflicts of interest	175,246-247			
	2-16 Communication of critical concerns	180			
	2-17 Collective knowledge of the highest governance body	179			
	2-18 Evaluation of the performance of the highest governance body	185			
	2-19 Remuneration policies	179,243-245			
	2-20 Process to determine remuneration	179,243-245			
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	Due to the confidentiality constraints data cannot be disclosed
	2-22 Statement on sustainable development strategy	27-29			
	2-23 Policy commitments	56,179,180-181			
	2-24 Embedding policy commitments	56,180-181			
	2-25 Processes to remediate negative impacts	129,138			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-26 Mechanisms for seeking advice and raising concerns	138,180-181			
	2-27 Compliance with laws and regulations	180			
	2-28 Membership associations	119			
	2-29 Approach to stakeholder engagement	45-51			
	2-30 Collective bargaining agreements	125			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	52-55			
	3-2 List of material topics	52-55			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	90			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	24			
	201-3 Defined benefit plan obligations and other retirement plans	373			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	120			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	125-126			
	202-2 Proportion of senior management hired from the local community	123			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	132			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	139			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	180-181			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	180			
	205-2 Communication and training about anti-corruption policies and procedures	180-181			
	205-3 Confirmed incidents of corruption and actions taken	180			

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	90			
GRI 207: Tax 2019	207-1 Approach to tax	94,299,376			
	207-2 Tax governance, control, and risk management	94,299,376			
	207-3 Stakeholder engagement and management of concerns related to tax	49			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	146			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	149			
	302-2 Energy consumption outside of the organization	149			
	302-3 Energy intensity	149			
	302-4 Reduction of energy consumption	149			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	146			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	152			
	303-2 Management of water discharge-related impacts	152			
	303-3 Water withdrawal	152			
	303-5 Water consumption	152			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	146			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	150			
	305-2 Energy indirect (Scope 2) GHG emissions	150-151			
	305-3 Other indirect (Scope 3) GHG emissions	150-151			
	305-4 GHG emissions intensity	150			
	305-5 Reduction of GHG emissions	150			
	305-6 Emissions of ozone-depleting substances (ODS)	150-151			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	150-151			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	146			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	152			
	306-2 Management of significant waste-related impacts	152			
	306-3 Waste generated	152 - 153			
	306-4 Waste diverted from disposal	152 - 153			
	306-5 Waste directed to disposal	152 - 153			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	132			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	138			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	308-2 Negative environmental impacts in the supply chain and actions taken	138-139			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	120			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	123 - 124			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	125-126			
	401-3 Parental leave	127			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	120			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	129-130			
	403-2 Hazard identification, risk assessment, and incident investigation	129-130			
	403-3 Occupational health services	129-130			
	403-4 Worker participation, consultation, and communication on occupational health and safety	129-130			
	403-5 Worker training on occupational health and safety	129-130			
	403-6 Promotion of worker health	129-130			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	129-130			
	403-8 Workers covered by an occupational health and safety management system	129-130			
	403-9 Work-related injuries	129-130			
	403-10 Work-related ill health	129-130			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	120			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	128			
	404-2 Programs for upgrading employee skills and transition assistance programs	126			
	404-3 Percentage of employees receiving regular performance and career development reviews	126,129			

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	120			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	122			
	405-2 Ratio of basic salary and remuneration of women to men	125			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	120			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	125			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	120, 132			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	125,138-139			
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	120, 132			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	123, 138-139			
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	120, 132			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	125,138-139			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	132			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	139			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	132			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	140-144			
	413-2 Operations with significant actual and potential negative impacts on local communities	140			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	132			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	138			
	414-2 Negative social impacts in the supply chain and actions taken	138-139			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	132			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	134			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	134			
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	132			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	137			
	417-2 Incidents of non-compliance concerning product and service information and labeling	137			
	417-3 Incidents of non-compliance concerning marketing communications	137			
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	132			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	138			

SASB INDEX
(SUSTAINABILITY ACCOUNTING STANDARDS BOARD)

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PEOPLE'S LEASING'S RESPONSE	
					DATA FOR FY 2024/25	MANAGEMENT FRAMEWORK
Customer Privacy	Number of account holders whose information is used for secondary purposes	Quantitative	Number	FN-CF-220a.1	438,579 customers (from lending, gold loan, deposits and savings)	People's Leasing maintains unwavering compliance with data protection laws and continuously strengthens its cybersecurity framework to safeguard customer information. Robust systems and protocols ensure that all sensitive data is securely stored, transmitted, and accessed strictly by authorised personnel for legitimate business purposes. In line with evolving regulatory requirements, the Company introduced a Board-approved Personal Data Protection Policy during the previous year. This comprehensive policy formalised company-wide standards for data storage, retrieval processes, access controls, and authority limits. To ensure effective implementation, a series of awareness workshops were conducted across departments, equipping employees with the knowledge and tools necessary to uphold data privacy standards and reinforce a culture of data responsibility. For more details refer - Social and Relationship Capital - page 132
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Quantitative	Presentation Currency	FN-CF-220a.2	ZERO breaches of customer privacy. N/A	There were no incidents regarding breach of customer privacy reported in the current financial year.
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected 3	Quantitative	Number, Percentage (%)	FN-CF-230a.1		
	Card-related fraud losses from (1) card not-present fraud and (2) card-present and oth er fraud	Quantitative	Presentation currency	FN-CF-230a.2	N/A	People's Leasing does not issue cards to its customers for the purpose of performing transactions

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PEOPLE'S LEASING'S RESPONSE	
					DATA FOR FY 2024/25	MANAGEMENT FRAMEWORK
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CF-230a.3	People's Leasing strictly complies with data protection laws and regularly updates its security protocols to prevent unauthorised access or misuse of customer data. Rigorous measures ensure sensitive customer data is securely stored, transmitted, and accessed only by authorised personnel for legitimate purposes. During the last financial year, a new Board-approved Personal Data Protection policy was implemented, formalising company-wide data storage and retrieval procedures, access controls, and authority limits. For more details refer - Social and Relationship Capital - page 132	
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Quantitative	Percentage (%)	FN-CF-270a.1	Significant portion of the total employee expenses for the year was on account of performance-based rewards	At People's Leasing, the performance management process is designed to ensure that every employee's contribution is directly aligned with the Company's overarching corporate strategy. This is achieved through a structured cascading approach—where strategic objectives are translated into departmental goals, further refined into team targets, and ultimately embedded into individual Key Performance Indicators (KPIs) set annually. Performance monitoring is a continuous and dynamic process, underpinned by structured touchpoints such as the formal mid-year review and annual performance appraisal. During these evaluations, each executive is assessed not only on the achievement of their KPIs but also on their ability to embody and demonstrate the organisation's core values in their daily responsibilities. This holistic approach fosters accountability, drives strategic alignment, and cultivates a performance-driven culture across the organisation. For more details refer - Human Capital - page 120

SASB INDEX (SUSTAINABILITY ACCOUNTING STANDARDS BOARD)

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PEOPLE'S LEASING'S RESPONSE	
					DATA FOR FY 2024/25	MANAGEMENT FRAMEWORK
	Approval rate for (1) credit and (2) prepaid products for applicants 5	Quantitative	Percentage (%)	FN-CF-270a.2	N/A	People's Leasing does not offer any prepaid financial products or services
	(1) Average fees from add-on products, (2) average APR of credit products, (3) average age of credit products, (4) average number of credit accounts, and (5) average annual fees for pre-paid products	Quantitative	Presentation currency, Percentage (%), Months, Number	FN-CF-270a.3	The APR (Average Annual Percentage rate) for lending products vary based on the movement of the AWPLR Leasing products are usually structured over a period of average 36 months, while Gold Loan products are typically short term periods of 12 months. People's Leasing's lending customer base comprised 129,763 customers as at 31 March 2025 People's Leasing does not offer any prepaid financial products or services	
	(1) Number of customer complaints filed, (2) percentage with monetary or non-monetary relief	Quantitative	Number, Percentage (%)	FN-CF-270a.4	A total of 77 customer complaints were received in FY 2024/25 All complaints were resolved to the full satisfaction of the customer as such no monterey relief was provided as recompense	
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Quantitative	Presentation currency	FN-CF-270a.5	No material breaches or penalties recorded during the financial year 2024-25	

ABBREVIATION

ACA	Associate Chartered Accountant
ACMA	Associate Chartered Management Accountant
AFPLC	Alliance Finance PLC
AGM	Annual General Meeting/Assistant General Manager
AIB	Associate of Institute of Bankers
ALCO	Assets and Liability Management Committee
ATM	Automated Teller Machine
AWPLR	Average Weighted Prime Lending Rate
BAC	Board Audit Committee
BCC	Board Credit Committee
BCP	Business Continuity Plan
BHRRC	Board HR & Remuneration Committee
BIC	Board Investment Committee
BIRMC	Board Integrated Risk Management Committee
BNGC	Board Nomination and Governance Committee
CA	Chartered Accountants
CBSL	Central Bank of Sri Lanka
CDM	Cash Deposit Machine
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGMA	Chartered Global Management Accountant
CIA	Chief Internal Auditor
CIM	Chartered Institute of Marketing
CIMA	Chartered Institute of Management Accountants
CIO	Chief Information Officer
CM	Chief Manager
CMA	Certified Management Accountant
COO	Chief Operating Officer
CRIB	Credit Information Bureau of Sri Lanka
CRO	Chief Risk Officer
CSE	Colombo Stock Exchange
CSR	Corporate Social Responsibility
DGM	Deputy General Manager
ECL	Expected Credit Loss
EGM	Extraordinary General Meeting
EIRMC	Executive Integrated Risk Management Committee
EOSD	European Organisation for Sustainability Development
EPF	Employees' Provident Fund
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
ESQR	European Society for Quality Research
ETF	Employees' Trust Fund
EV	Electric Vehicle
EVP	Employee Value Proposition
FBA	Functional Behavioural Assessment
FC	Finance Company
FCA	Fellow Chartered Accountant
FCMA	Fellow Chartered Management Accountant
FD	Fixed Deposit
FTSE	Financial Times Stock Exchange
FVTPL	Fair Value Through Profit or Loss
FY	Financial Year
GDP	Gross Domestic Product
GHG	Green House Gases
GM	General Manager
GRI	Global Reporting Initiative
GWP	Gross Written Premium
HHI	Herfindahl–Hirschman Index
HR	Human Resources
HRIS	Human Resource Information System
IBSL	Institute of Bankers of Sri Lanka
ICT	Information and Communications Technology
IIRC	International Intergrated Reporting Council
IMF	International Monitory Fund
IPO	Initial Public Offering
IR	Integrated Reporting
ISINNo.	International Securities Identification Number
ISO	International Organisation for Standardisation/ Information Security Officer
IT	Information Technology
ITSC	Information Technology Steering Committee
ITSC	IT Steering Committee
IUCN	International Union for Conservation of Nature
KMP	Key Management Personnel
KPI	Key Performance Indicators
KYC	Know Your Customer
LGD	Loss Given Default
LTV	Loan to Value Ratio
MBA	Master of Business Administration
MCC	Management Credit Committee

ABBREVIATION

MSME	Micro, Small, and Medium Enterprise
NASDAQ	National Association of Securities Dealers Automated Quotation
NBFI	Non-Bank Financial Institution
NIBM	National Institute of Business Management
NII	Net Interest Income
NIM	Net Interest Margin
NP	Non Performing
NPL	Non-Performing Loan
OCI	Other Comprehensive Income
PAT	Profit After Tax
PBT	Profit Before Tax
PD	Probability of Default
PIL	People's Insurance PLC
PIM	Postgraduate Institute of Management
PLFML	People's Leasing Fleet Management Limited
PLHPL	People's Leasing Havelock Properties Limited
PLPDL	People's Leasing Property Development Limited
PML	People's Micro-commerce Ltd.
PPE	Property Plant and Equipment
QR	Quick Response
RAS	Risk Appetite Statement
RCD	Risk and Control Department
REMCO	Remuneration Committee
RMV	Department of Motor Traffic
ROA	Return On Assets
ROCE	Return On Capital Employed
ROE	Return On Equity
RPT	Related Party Transactions
RPTRC	Related Party Transactions Review Committee
SAFA	South Asian Federation of Accountants
SASB	Sustainability Accounting Standards Board
SDGM	Senior Deputy General Manager
SDGs	Sustainable Development Goals
SENSEX	Stock Exchange Sensitive Index
SFU	Sustainable Finance Unit
SLFRS/ LKAS	Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards
SLIBFI	Sri Lanka Islamic Banking & Finance Institutions
SLICM	Sri Lanka Institute of Credit Management
SLIPS	Sri Lanka Interbank Payment
SME	Small and Medium Enterprises
SSCI	Sustainability Standards and Certification Initiative
SSCL	Social Security Contribution Levy
TAGS	Transparency, Accountability, Governance and Sustainability
TOR	Terms Of Reference
UNGC	United Nations Global Compact
VAT	Value Added Tax

GLOSSARY

A

ACCOUNTING POLICIES
The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

ACCRUAL BASIS
Recognising the effects of transactions and other events as and when they occur without waiting for receipt or payment of cash or its equivalent.

ALLOWANCE FOR IMPAIRMENT
A provision held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

ASSET AND LIABILITY COMMITTEE (ALCO)
The committee that is responsible for managing assets and liabilities of the Company.

AVERAGE WEIGHTED DEPOSIT RATE (AWDR)
The Central Bank determines AWDR on a monthly basis using the weighted average of all commercial banks' outstanding interest-bearing deposits and the related interest rates.

CAPITAL ADEQUACY RATIO
The relationship between capital and risk-weighted assets as prescribed by the Central Bank of Sri Lanka.

CASH EQUIVALENTS
Short-term, highly liquid investments those are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CASH FLOWS
Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

COLLECTIVE IMPAIRMENT
Impairment assessment on a collective basis for homogeneous groups of loans and receivables that are not considered individually significant and to cover losses which have been incurred but have not yet been identified at the reporting date.

COMMERCIAL PAPER
An unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities, which are debt, is usually issued at a discount, reflecting prevailing interest rates.

COMMITMENTS
Credit facilities approved but not utilised by the customers as at the reporting date.

CONSOLIDATED FINANCIAL STATEMENTS
Financial Statements of a holding (Parent) company and its subsidiaries based on their combined assets, liabilities and operating results.

CONTINGENCIES
A condition or situation existing on the reporting date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

COST METHOD
A method of accounting where by the investment is recorded at cost. The Income Statement reflects income from the investment only to the extent that the investor receives distributions from accumulated net profiles of the investee rising subsequent to the date of acquisition

CORPORATE GOVERNANCE
The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

CORPORATE SUSTAINABILITY
Business approach that creates longterm consumer and employee value by creating a 'green' strategy aimed toward the natural environment and taking into consideration every dimension of how a business operates in the social, cultural and economic environment

COST TO INCOME RATIO
Total operating expenses as a percentage of total operating income.

CREDIT RATINGS
An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

CREDIT RISK
Credit risk is the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

CUSTOMER DEPOSITS
Money deposited by account holders. Such funds are recorded as liabilities.

D

DEFERRED TAXATION
Sum set aside for tax in the Financial Statements that may become payable/ receivable in a financial year other than the current financial year.

DEPRECIATION
The systematic allocation of the depreciable amount of property, plant and equipment over its useful life.

DERECOGNITION
The removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

DISCOUNT RATE
A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

DIVIDEND COVER
Profit attributable to shareholders divided by dividends paid to ordinary shareholders including tax withheld. This ratio measures the number of times dividend is covered by current year's attributable profits.

DIVIDEND PAY-OUT RATIO
Dividend by profit after tax; indicates the percentage of earnings paid out to shareholders as dividends.

DIVIDEND PER SHARE (DPS)
Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; indicates the proportion of current year's dividend attributable to an ordinary share in issue.

DIVIDEND YIELD
Dividend earned per share as a percentage of its market value.

E

EARNINGS PER SHARE (EPS)
Profit attributable to ordinary shareholders divided by the number of ordinary shares in use.

ECONOMIC VALUE ADDED (EVA)
A measure of productivity, which, takes into consideration cost of total invested equity.

EFFECTIVE INTEREST RATE (EIR)
The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

GLOSSARY

EMPLOYEE RETENTION RATIO
Represents the number of employees retained out of the employees attrition during the year as a percentage of average number of employees for the year end.

EQUITY METHOD
Method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss and other comprehensive income of the investor include the investor's share of the profit or loss and other comprehensive income of the investee.

EVENT AFTER REPORTING DATE
Transactions that result in commitments and contingencies but are not recorded as assets or liabilities in the Statement of Financial Position.

EXPOSURE
A claim, contingent claim or position which carries a risk of financial loss.

F

FAIR VALUE
The price that would be received to sell an asset or paid to transfer in an orderly transaction between market participation at the measurement date.

FAIR VALUE THROUGH PROFIT OR LOSS
A financial asset or financial liability that is held-for trading or upon initial recognition designated by the entity as fair value through profit or loss.

FINANCE LEASE
A lease in which, the lessee acquires all the financial benefits and risks attaching to ownership of the asset under lease.

FINANCIAL ASSET
Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT
A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

FINANCIAL LIABILITY
Is a contractual obligation to deliver cash or another financial asset to another entity.

G

GLOBAL REPORTING INITIATIVES(GRI)
GRI is a leading organisation in the sustainability filed. GRI promotes the use of sustainability reporting as a way for organisation to become more sustainable and contribute to sustainable development.

GEARING
Long-term borrowings divided by the total funds available for shareholders.

GROUP
A group is a parent and all its subsidiaries.

GOING CONCERN
The Financial Statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

GROSS DIVIDEND
The portion of profits distributed to the shareholders including the tax withheld.

GUARANTEES
Three party agreement involving a promise by one party (the guarantor) to fulfil the obligations of a person owing a debt if that person fails to perform.

H

HIRE PURCHASE
A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

I

IMPAIRED LOANS
Impaired loans are loans where the company does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

IMPAIRMENT
This occurs when recoverable amount of an asset is less than its carrying amount.

IMPAIRMENT CHARGES AND REVERSALS
An increase/(decrease) of the difference between the carrying value of an asset and the sum of discounted future cash flows generating from the same asset compared to the previous reporting date.

INDIVIDUAL IMPAIRMENT
Exposure to loss is assessed on all individually significant accounts that do not qualify for collective assessment.

INTANGIBLE ASSET
An identifiable non-monetary asset without physical substance.

INTEGRATED REPORTING
A system for reporting an organisation's strategy, governing structure, financial health, and future prospects in terms of the short-, medium-, and long-term generation of value in its economic, social, and environmental context.

INTEREST COVER
Number of times interest expense is covered by earnings before interest and tax.

INTEREST RATE RISK
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

INTEREST SPREAD
This represents the difference between the average interest rate earned assets and the average interest rate paid on interest-bearing liabilities.

INVESTMENT PROPERTIES
A property (land or a building – or part of a building – or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use or sale.

K

KEY MANAGEMENT PERSONNEL (KMP)
Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

L

LENDING PORTFOLIO
Total value of lending products net of unearned income, amounts received in advance and allowance for impairment.

LIQUID ASSETS
Assets held in cash or in a form that can be converted to cash readily, such as short-term deposits with banks, bills of exchange and Treasury Bills.

LIQUIDITY RISK
The risk that an entity will encounter difficulty in meeting short-term obligations associated with financial liabilities.

LOSS GIVEN DEFAULT (LGD)
The actual loss that is experienced by the Company when a customer defaults on a loan from that company.

LOAN TO VALUE RATIO (LTV)
The LTV ratio is a mathematical calculation which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

M

MARKET CAPITALISATION
Total market value of a company's outstanding shares.

MATERIALITY
The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

N

NET ASSETS VALUE PER SHARE
Shareholders' fund excluding preference shares if any, divided by the number of ordinary shares in issue.

NET INTEREST INCOME
The difference between income earned from interest-bearing assets and cost incurred on financial instrument/ facilities used for funding the interest-bearing assets.

NET INTEREST MARGIN
Net interest income expressed as a percentage of average interest earning assets.

NON-PERFORMING LOANS ADVANCES (NPL)
The aggregate value of the advances portfolio that has being delinquent for a period of more than six months.

NON-PERFORMING LOANS COVER
Cumulative loan provision as a percentage of total non-performing loans (net of interest in suspense)

NON-PERFORMING RATIO (NPL RATIO)
Non-performing advance portfolio expressed as a percentage of total advance portfolio.

NON-RECURRING PROFIT
A one time or highly infrequently profit.

O

OFF BALANCE SHEET TRANSACTION
Transactions that are not recognised as assets or liabilities in the Statement of Financial Position, which give rise to the commitment and contingencies in future

OPERATIONAL RISK
This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P

PARENT
A parent is an entity which has one or more subsidiaries.

PRICE EARNINGS RATIO (P/E RATIO)
Shows what the market is willing to pay for a stock based on its current earnings.

PROBABILITY OF DEFAULT (PD)
An internal estimation of the likelihood that a borrower will default on a loan for each borrower grade.

R

RELATED PARTIES
Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RETURN ON AVERAGE ASSETS (ROA)
Profit after tax expressed as a percentage of the average assets; indicates overall effectiveness in generating profits with available assets.

RETURN ON EQUITY (ROE)
Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.

REVERSE REPURCHASE AGREEMENTS
A reverse repurchase agreement with the agreement to sell at a higher price at a specific future date.

RISK- WEIGHTED ASSETS
Sum total of assets as per the Statement of Financial Position and the credit equivalent of assets that are not on the Statement of Financial Position multiplied by the relevant risk weighting factors prescribed by the Central Bank of Sri Lanka.

S

SEGMENTAL ANALYSIS
Disclosure of Company's assets, income and other information; broken down by activity and geographical area.

SHAREHOLDERS' FUNDS
Consist of issued and fully-paid up ordinary shares, redeemable preference shares and other reserves.

STAFF TURNOVER RATIO
Represents the number of employees attrition during the year as a percentage of average number of employees for the year-end.

STATUTORY RESERVE FUND
A capital reserve created as per the provisions of Finance Companies (Capital Funds) Direction No. 1 of 2003.

SUBSIDIARY
An entity that is controlled by another entity which is known as the parent.

TIER I CAPITAL
Represents core capital of the company representing shareholders' equity and reserves.

TIER II CAPITAL
Represents supplementary capital such as instruments containing characteristics of equity and debt, revaluation gains and general provisioning/impairment allowances.

U

USEFUL LIFE
The length of time that an asset is anticipated to be available for use by an entity or the anticipated yield in terms of production or similar units from the asset.

V

VALUE ADDED
Value of wealth created by providing financial and other- related services less the cost of providing such services.

Y

YIELD
Rate of return on an investment in percentage terms, taking into account annual income and any change in capital value.

BASIS OF RATIOS

Claims ratio (%)	Net claims * 100/ Net earned premium
Cost to income ratio (%)	Total operating expenses * 100/ Total operating income
Current ratio (Times)	Currents assets / Current liabilities
Debt to equity (Excluding deposits) (Times)	(Due to banks + Debt securities issued)/ Total equity attributable to equity holders of the Company
Debt to equity with contingent liabilities and commitments (Times)	(Due to banks + Debt securities issued + Contingent liabilities and commitments)/ Total equity attributable to equity holders of the Company
Dividend cover (Times)	Profit attributable to equity holders of the Company/ Total dividend paid to ordinary shareholders
Dividend payout (%)	Total dividend paid to ordinary shareholders * 100 / Profit attributable to equity holders of the Company
Dividend yield (%)	Dividend per ordinary share *100 / Closing market price per share
Earnings per ordinary share (Rs.)	Profit attributable to equity holders of the Company/ Weighted average number of ordinary shares outstanding
Employee turnover (%)	Number of attritions during the year * 100/ Average number of employees during the year
Gross non-performing advances to total advances (NPA) (%)	Gross non-performing loans and advances * 100 / Loans and advances
Impairment coverage ratio (%)	Impairment allowance * 100/ Non-performing loans and receivables
Interest cover (Times)	Profit before interest and tax expenses/ Interest expenses
Market capitalisation (Rs.)	Market price per share * Number of ordinary shares
Net assets per ordinary share (Rs.)	Total equity attributable to equity holders of the Company/ Number of ordinary shares
Net interest margin (NIM) (%)	Net interest income * 100/ Average interest earning assets
Net non-performing advances to total advances (%)	(Non-performing loans and advances - Interest in suspense - Loan loss provisions) * 100/Loans and advances
Operating profit margin (%)	Operating profit before taxes on financial services * 100/ Interest income
Price earnings ratio (PE) (Times)	Market price per share/ Earnings per share
Price to book value (PBV) (Times)	Market price per share/ Net assets per ordinary share
Provision coverage ratio (%)	Loan loss provisions * 100/ Non-performing loans and advances
Retention ratio (%)	Number of employees with more than 1 year of service at year end * 100/ Number of employees at the beginning of the year
Return on assets (ROA) (%)	Profit before income tax expense * 100/ Average total assets
Return on capital employed (ROCE) (%)	Profit before interest and tax expenses * 100 / (Due to banks + Due to customers + Debt securities issued + Total equity)
Return on equity (ROE) (%)	Profit attributable to equity holders of the Company *100 / Average equity attributable to equity holders of the Company
Tier 1 capital ratio (%)	Tier 1 capital * 100/ Total risk weighted assets amount
Total capital ratio (%)	Total capital * 100/ Total risk weighted assets amount
Total assets to equity ratio (%)	Total assets/ Shareholders' Equity
Total net advances to total assets (%)	(Loans and advances - Interest in suspense - Loan loss provisions) * 100/ Total assets

CORPORATE INFORMATION

NAME OF COMPANY

People's Leasing & Finance PLC

(Subsidiary of People's Bank)

LEGAL FORM

Public Limited Liability Company

(Incorporated and domiciled in Sri Lanka) quoted in the Colombo Stock Exchange

DATE OF INCORPORATION

22nd August 1995

COMPANY REGISTRATION NUMBER

PB 647 PQ

ACCOUNTING YEAR-END

31st March

STOCK EXCHANGE LISTING

The Ordinary shares of the Company were quoted on the Main Board of the Colombo Stock Exchange (CSE) on 24th November 2011.

47,840,906 Ordinary shares of the company were listed with effect from 9th August 2019, pursuant to a scrip dividend.

76,899,372 Ordinary shares of the company were listed with effect from 24th December 2020, pursuant to a scrip dividend.

98,342,466 Ordinary shares of the company were listed with effect from 13th August 2021, pursuant to a scrip dividend.

84,249,776 Ordinary shares of the company were listed with effect from 13th January 2022, pursuant to a scrip dividend.

154,688,114 Ordinary shares of the company were listed with effect from 21st September 2022, pursuant to a scrip dividend.

112,492,634 Ordinary shares of the company were listed with effect from 23rd January 2024, pursuant to a scrip dividend.

Senior, Unsecured, Redeemable, four year (2018/22) and five year (2018/23) Debentures were listed on the Debt Securities Main Board of Colombo Stock Exchange on 27th April 2018.

Senior, Unsecured, Redeemable, three year (2021/24) and five year (2021/26) Debentures were listed on the Debt Securities Main Board of Colombo Stock Exchange on 18th August 2021.

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

1161, Maradana Road, Borella

Colombo 08, Sri Lanka.

Postal Code: 00800

Telephone +94 11 2631631

Fax +94 11 2631980/81

Email: info@plc.lk

Web Address: www.plc.lk

COMPLIANCE OFFICER

Ms. Zairaa Kaleel

COMPANY SECRETARY

Ms. Nirosha Kannangara

REGISTRAR

SSP Corporate Services (Pvt) Ltd

No. 101, Inner Flower Road,

Colombo 03, Sri Lanka.

Telephone: +94 11 2573894, +94 11 2576871

Fax: +94 11 2573609

E-mail: sspsec@sltnet.lk

CREDIT RATING

The Company has been assigned A(lka); Outlook (Stable) by Fitch Ratings Lanka Limited

AUDITOR

Auditor General

Auditor General's Department,

No. 306/72, Polduwa Road,

Battaramulla.

Bankers

People's Bank

Bank of Ceylon

Sampath Bank PLC

National Development Bank PLC

Pan Asia Banking Corporation PLC

Commercial Bank of Ceylon PLC DFCC Bank PLC

Hatton National Bank PLC

Habib Bank Limited

Nations Trust Bank PLC

Seylan Bank PLC

Standard Chartered Bank

Indian Bank

Indian Overseas Bank

Citi Bank N.A.

HEAD OFFICE & BRANCH OFFICES

Head Office, Akuressa, Ambalangoda, Aluthgama, Ambalanthota, Ampara, Anamaduwa, Anuradapura, Awissawella, Badulla, Balangoda, Bandarawela, Battaramulla, Batticaloa, Chilaw, Chunnakam, Colombo 07, Dambulla, Dehiwala, Deniyaya, Digana, Divulapitiya, Galle,Embilipitiya, Galenbindunuwewa, Elpitiya, Gampaha, Gampola, Giriulla, Godakawela, Grandpass, Hambantota, Hanwella, Hatton, Havelock, Hingurakgoda, Homagama, Horana, Ja-Ela, Jaffna, Kadawatha, Kaduwela, Kalawana, Kalawanchikudi, Kalmunai, Kalutara, Katugasthota, Kamburupitiya, Kandy, Kandy Alsafa, Kanthale, Kattandudy, Kegalle, Kekirawa, Kelaniya, Kilinocchi, Kiribathgoda, Kirindiwela, Kodikamam, Kuliyapitiya, Kurunegala, Mahaiyawa, Maharagama, Mahiyanganaya, Mannar, Matale, Matara, Mathugama, Mawanella, Medawachchiya, Melsiripura, Merigama, Metropolitan (Vauxhall Street), Minuwangoda, Monaragala, Moratuwa, Mutur, Narammala, Nattandiya, Nawalapitiya, Negombo, Negombo City, Nelliady, Neluwa, Nittambuwa, Nugegoda, Nuwara Eliya, Panadura, Pelmadulla, Pettah, Pilimathalawa, Piliyandala, Polonnaruwa, Puttalam, Ragama, Ratnapura, Tangalle, Thabuttegama, Thissamaharama, Trincomalee, Udugama, Union Place, Urubokka, Vavuniya, Walasmulla, Warakapola, Wariyapola, Wattala, Welimada, Wellawattha, Wellawaya, Wennappuwa

CORPORATE INFORMATION

BOARD OF DIRECTORS

Prof. S.M.A.K. Samarakoon - Chairman
Mr. K.C.J.C. Fonseka
Mr. P.D. Samarasinghe
Mr. K.J.D.G. Perera
Ms. P.G.U. Gallage
Mr. R.B.R.P. Emerson
Mr. P.G.A.C. Perera
Mr. S. Sudarshan
Ms. K.S.R.S. Loku Kaluge
Mr. M.J. Thilakarathne

BOARD AUDIT COMMITTEE

Mr. Pravir Dhanoush Samarasinghe - Chairman
Mr. S. Sudarshan - Member
Mr. K.C.J.C. Fonseka - Member

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

Mr. S. Sudarshan - Chairman
Prof. S.M.A.K. Samarakoon - Member
Mr. P.G.A.C. Perera - Member

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Mr. Pravir Dhanoush Samarasinghe - Chairman
Mr. S. Sudarshan - Member
Mr. R.B.R. Emerson - Member

NOMINATION & GOVERNANCE COMMITTEE

Mr. S. Sudarshan - Chairman
Mr. Pravir Dhanoush Samarasinghe - Member
Mr. R.B.R. Emerson - Member

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Ms. P.G.U. Gallage - Chairman
Mr. S. Sudarshan - Member
Mr. K.J.D.G. Perera - Member

BOARD INVESTMENT COMMITTEE

Mr. P.G.A.C. Perera - Chairman
Mr. S. Sudarshan - Member
Ms. K.S.R. Senaratne Loku Kaluge – Member

BOARD CREDIT COMMITTEE

Mr. M.J. Thilakarathne – Chairman
Mr. S. Sudarshan - Member
Mr. K.J.D.G. Perera - Member

INFORMATION TECHNOLOGY AND DIGITAL MARKETING COMMITTEE

Mr. K.J.D.G. Perera - Chairman
Mr. R.B.R. Emerson - Member
Ms. P.G.U. Gallage - Member

LOCAL SUBSIDIARY COMPANIES

People's Leasing Fleet Management Limited
People's Leasing Property Development Limited
People's Leasing Havelock Properties Limited
People's Insurance PLC
People's Micro-Commerce Ltd.

FOREIGN SUBSIDIARY COMPANIES

Alliance Finance PLC

CORPORATE MEMBERSHIPS

The Financial Houses Association of Sri Lanka
Credit Information Bureau of Sri Lanka
The Financial Ombudsman, Sri Lanka
The Leasing Association of Sri Lanka
The Association of Margin Providers
Biodiversity Sri Lanka (Patron Member)

VEHICLE YARDS

No. 496, Makola North, Makola, Sri Lanka.
No. 225/D, Nayagala Road, Heiyanthuduwa,
Mabima, Sri Lanka.
No.8, Pothuvil Road, Monaragala, Sri Lanka
Ketalagolla, Beligamuwa, Galewela, Sri Lanka

TAX PAYER IDENTITY NUMBER (TIN)

114 156396

INCOME TAX IDENTITY NUMBER

114 156396 0000

VAT REGISTRATION NUMBER

114 156396 7000

CENTRAL BANK REGISTRATION NUMBER

046 (Under the Finance Business Act No.42 of 2011)

CREDIT AGENCY STATUS

An approved Credit Agency under the Mortgage Act No.6 of 1949 and the Trust Receipt Ordinance No.12 of 1947 by the Department of Commerce.

PEOPLE'S LEASING & FINANCE PLC

[Company Registration No. PB 647 PQ]
No: 1161, Maradana Road, Colombo 08, Sri Lanka
PB 647 PQ
Tel: +94 11 2206 300, Fax: +94 11 263 1109, Web: www.plc.lk

CIRCULAR TO SHAREHOLDERS

Dear Shareholder/s,

ANNUAL GENERAL MEETING OF THE COMPANY

The Board of Directors of People's Leasing & Finance PLC, is honoured to present the Company's Annual Report for the Financial Year ended 31st March 2025 at the Twenty Ninth (29th) Annual General Meeting (AGM) of People's Leasing & Finance PLC (the Company) scheduled to be held on Monday, 30th June 2025 at 3.00p.m. in the Auditorium at the Staff Training College, 11th floor, People's Insurance Building, No. 7 Havelock Road, Colombo 05.

In accordance with Rule 7.5 of the Listing Rules of the Colombo Stock Exchange (CSE), the Annual Report for the financial year ended 31st March 2025, together with the following documents are made available to the Shareholders, and is hereby published on the Company's Website (https://www.plc.lk/)) and the Website of the CSE (www.cse.lk). The documents include:

1. A Circular to shareholders
2. A Notice of Annual General Meeting
3. A Form of Proxy
4. A Form of Request (for a printed copy of the Annual Report)

Please forward a duly perfected form of request to the following mailing address/email address, if you wish to have a printed version of the Annual Report. Upon receipt of your request, the printed Annual Report will be forwarded within 8 market days.

PEOPLE'S LEASING & FINANCE PLC
[Company Registration No. PB 647 PQ]
Company Secretarial Department
No: 1161, Maradana Road, Colombo 08,
Email: arruquests@plc.lk

If you wish to obtain assistance relating to your request for a printed copy of the Annual Report, you may contact Mr. B. Ravishan on Telephone 0112631105/ email: ravishanb@plc.lk anytime between 10.00 am. to 4.00 p.m. on any working day.

If you are unable to attend the AGM, you may appoint a proxy to represent you. Kindly complete and submit the Form of Proxy to reach the Registered Office of the Company, No: 1161, Maradana Road, Colombo 08, not later than 48 hours prior to the time scheduled for the meeting.

By Order of the Board,

Nirosha Kannangara
Company Secretary
People's Leasing & Finance PLC

30th May 2025.

REQUEST LETTER

To:
Company Secretary,
People's Leasing & Finance PLC,
No. 1161, Maradana Road,
Colombo 08.

Madam,

REQUEST FOR A PRINTED COPY OF THE ANNUAL REPORT 2024/25

With reference to the Circular to Shareholders dated 30th May 2025, I /we kindly request you to forward me/us a printed copy of the Annual Report of People's Leasing & Finance PLC for the financial year ended 2024/25.

SHAREHOLDER'S DETAILS

Full Name	
National Identity Card / Passport/ Company Registration No.	
Address	
Contact Telephone Number	

.....

Shareholder's signature Date

Notes:

1. Please complete the request letter by legibly filling in all required information, signing in the space provided, and including the date of signature.
2. Kindly send the duly completed Request Letter by email/or deliver it to the Company Secretary at the address provided above or forward it via facsimile to +94 11 263 1109 (via email to arrequest@plc.lk).
3. If the shareholder is a company, the Request Letter should be signed either under its Common Seal or by a duly authorized officer of the Company.
4. In the case of Joint Holders, the request letter shall be executed by the Registered principle holder.
5. If you have any queries regarding this request letter, please contact Mr. B. Ravishan via telephone No. +94 11 263 1105 between 10.00 a.m. to 4.00 p.m. on any working day or via email to arrequest@plc.lk.

NOTICE OF MEETING

PEOPLE'S LEASING & FINANCE PLC,
No. 1161, Maradana Road, Colombo 08, Sri Lanka.
PB 647 PQ

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Ninth (29th) Annual General Meeting (AGM) of People's Leasing & Finance PLC (the Company) will be held on Monday, 30th June 2025 at 3.00p.m. in the Auditorium at the Staff Training College, 11th floor, People's Insurance Building, No. 7 Havelock Road, Colombo 05 for the following purposes;

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company together with the Financial Statements of the Company for the year ended 31st March 2025 and the Report of the Auditors thereon.
2. To re-elect as a Director, Prof. Samarakoon Mudiyansela Ajantha Kumara Samarakoon, who was appointed to the Board during the year, in terms of Articles 27(2) of the Articles of Association of the Company.
3. To re-elect as a Director, Mr. Kurugamage Jude Dulinda Gregory Perera, who was appointed to the Board during the year, in terms of Articles 27(2) of the Articles of Association of the Company.
4. To re-elect as a Director, Ms. Polwattha Gallage Udeni Gallage, who was appointed to the Board during the year, in terms of Articles 27(2) of the Articles of Association of the Company.
5. To re-elect as a Director, Mr. Sathananthan Sudarshan, who was appointed to the Board during the year, in terms of Articles 27(2) of the Articles of Association of the Company.
6. To re-elect as a Director, Mr. Pugoda Gallage Anura Chandana Perera, who was appointed to the Board during the year, in terms of Articles 27(2) of the Articles of Association of the Company.
7. To re-elect as a Director, Mr. Robert Bradley Rajapoopalan Emerson, who was appointed to the Board during the year, in terms of Articles 27(2) of the Articles of Association of the Company.
8. To re-elect as a Director, Ms. Kospelawattage Shameela Ransrini Senaratne Loku Kaluge, who was appointed to the Board during the year, in terms of Articles 27(2) of the Articles of Association of the Company.
9. To re-elect as a Director Mr. Moraendage Jayantha Thilakarathne, who was appointed to the Board during the year, in terms of Articles 27(2) of the Articles of Association of the Company.
10. To authorize the Board of Directors to determine contributions to charities and other donations for the financial year ending 31st March 2026.
11. To consider any other business of which due notice has been given.

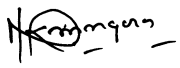
NOTICE OF MEETING

Auditors of the Company

According to Section 55 of the National Audit Act No. 19 of 2018, People's Leasing & Finance PLC falls under the definition of "Auditee Entity" and the Auditor General or any person authorized by the Auditor General shall carry out the audit of the Company.

By Order of the Board,

Nirosha Kannangara



Company Secretary
People's Leasing & Finance PLC
30th May 2025
Colombo

NOTE

- Circular to the Shareholders, Notice of Meeting, the Proxy form, and form of request are available on the Corporate website of the Company "http//www.plc.lk" and the website of the Colombo Stock Exchange (CSE) – https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=PLC.N0000
- The Annual Report of the Company, is also available on the: Corporate Website of the Company "http//www.plc.lk" and the website of CSE - https:// www.cse.lk/pages/company-profile/company-profile.component. html?symbol=PLC.N0000
- A Shareholder unable to attend the AGM is/are entitled to appoint a proxy to attend and vote in his/her/it's place by completing and sending the form of proxy, a copy of which can be downloaded from the above websites.
- The completed form of proxy must be deposited at the Registered office of the Company at No.1161, Maradana Road, Colombo 08, Sri Lanka or be emailed to the email address - arrequests@plc.lk or facsimile to +94 11-2631109 not less than forty eight (48) hours before the time appointed for the holding of the meeting.
- Shareholders are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy.

FORM OF PROXY

FORM OF PROXY

I/We.....of.....

.....being a shareholder/s of People's Leasing & Finance

PLC hereby appoint Mr/Mrs/Miss .....

(holder of N.I.C. No. .....) of whom failing:

1.	Professor. Samarakoon Mudiyansela Ajantha Kumara Samarakoon	whom failing
2.	Mr Kurukulasuriya Canicious Joachim Clive Fonseka	whom failing
3.	Mr. Pravir D. Samarasinghe	whom failing
4.	Mr. Kurugamage Jude Dulinda Gregory Perera	whom failing
5.	Ms Polwattha Gallage Udeni Gallage	whom failing
6.	Mr Sathananthan Sudarshan	whom failing
7.	Mr. Pugoda Gallage Anura Chandana Perera	whom failing
8.	Mr Robert Bradley Rajapoopalan Emerson	whom failing
9.	Ms. Kospelawattage Shameela Ransrini Senaratne Loku Kaluge	whom failing
10.	Mr. Moraendage Jayantha Thilakarathne	

as my/our proxy to represent me/us and to speak and vote whether on a show of hands or on a poll for me/us on my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Monday, 30th June 2025 at 3.00 p.m. in the Auditorium at the Staff Training College, 11th floor, People's Insurance Building, No. 7 Havelock Road, Colombo 05, and at any adjournment thereof.

Please indicate your preference by placing a "✓" against the Resolution number.

		FOR	AGAINST
1.	To receive and consider the Annual Report of the Board of Directors on the affairs of the Company together with the Financial Statements of the Company for the year ended 31st March 2025 and the Report of the Auditors thereon.		
2.	To re-elect Prof. Samarakoon Mudiyansela Ajantha Kumara Samarakoon, who was appointed to the Board during the year as a Director in terms of Articles 27(2) of the Articles of Association of the Company.		
3.	To re-elect Mr. Kurugamage Jude Dulinda Gregory Perera, who was appointed to the Board during the year as a Director, in terms of Articles 27(2) of the Articles of Association of the Company.		
4.	To re-elect Ms. Polwattha Gallage Udeni Gallage, who was appointed to the Board during the year as a Director, in terms of Articles 27(2) of the Articles of Association of the Company.		
5.	To re-elect Mr. Sathananthan Sudarshan, who was appointed to the Board during the year as a Director, in terms of Articles 27(2) of the Articles of Association of the Company.		
6.	To re-elect Mr. Pugoda Gallage Anura Chandana Perera, who was appointed to the Board during the year as a Director, in term of Articles 27(2) of the Articles of Association of the Company.		
7.	To re-elect Mr. Robert Bradley Rajapoopalan Emerson, who was appointed to the Board during the year as a Director, in terms of Articles 27(2) of the Articles of Association of the Company.		
8	To re-elect Ms. Kospelawattage Shameela Ransrini Senaratne Loku Kaluge, who was appointed to the Board during the year as a Director, in terms of Articles 27(2) of the Articles of Association of the Company.		
9	To re-elect Mr. Moraendage Jayantha Thilakarathne, who was appointed to the Board during the year as a Director, in terms of Articles 27(2) of the Articles of Association of the Company		
10	To authorise the Board of Directors to determine contributions to charities and other donations for the financial year ending 31 March 2026.		

FORM OF PROXY

AUDITORS OF THE COMPANY

According to Section 55 of the National Audit Act No. 19 of 2018, People's Leasing & Finance PLC falls under the definition of "Auditee Entity" and the Auditor General or any person authorized by the Auditor General shall carry out the audit of the Company.

Signed on this ……..……. day of ……..……. 2025.

.....	.....
Shareholder's signature	Shareholder's N.I.C./ P. P./ Co. Reg. No.

Notes:

1. Proxy need not be a shareholder of the Company.
2. Instructions as to completion of this Proxy form can be found on the following page.

INSTRUCTIONS AS TO COMPLETION

1. As provided for in Article 19(3) of the Articles of Association of the Company the instrument appointing a proxy should be in writing.
2. The full name and the address of the shareholder appointing the proxy should be legibly entered in the Form of Proxy and duly signed and dated.
3. The Proxy shall –
   a) in the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy, if it has not already been registered with the Company.
   b) in the case of a company or corporate body, either be under its Common Seal or signed by its attorney or by an officer on behalf of that company or corporate body in accordance with the Articles of Association or the Constitution of that company or corporate body.
   c) in the case of joint holders, be signed by the joint holder whose name appears first in the Register of Members.
4. The completed Form of Proxy, and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority must be deposited at the Registered office of the Company, No.1161, Maradana Road, Colombo 08, Sri Lanka or be emailed to arrequests@plc.lk or facsimile +94 11-263 1109 not less than forty eight (48) hours before the time appointed for the holding of the meeting.
5. Every alteration or addition to the Proxy must be duly authenticated by the full signature of the shareholder, signing the Proxy.
6. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her/its discretion as to how he/she/it votes or, whether or not he/she/it abstains from voting.

FEEDBACK FORM

We welcome your valuable feedback on this Integrated Annual Report 2024/25.

1. Your interest in People's Leasing performance is as a (n)

- Employee
- Customer
- Supplier
- Shareholder
- Investor
- Finance analyst
- Journalist
- Local resident
- Educator/Student
- Special interest group
- Regulatory body
- Other

2. Please rate your answer on the scale from excellent to poor for 2.1 to 2.5

1 Meeting your information

- Excellent
- Very good
- Good
- Average
- Poor

2.2 Openness and transparency

- Excellent
- Very good
- Good
- Average
- Poor

2.3 Clarity and ease of understanding

- Excellent
- Very good
- Good
- Average
- Poor

2.4 Appearance and layout

- Excellent
- Very good
- Good
- Average
- Poor

2.5 Overall impression of the report

- Excellent
- Very good
- Good
- Average
- Poor

3. Which sections did you find least useful?

- Organisational overview
- Value creation model
- Management discussion and analysis
- Stewardship
- Financial reports
- Other

4. Which section did you find most useful?

- Organisational overview
- Value creation model
- Management discussion and analysis
- Stewardship
- Financial reports
- Other

5. In your opinion what are the sustainability topics/areas People's Leasing needs to have better focus on?

6. How do you think we could improve?

7. Please provide your overall impressions and comments about the Integrated Annual Report 2024/25

Your Name:

.....

.....

Your email:

.....

.....

.....

Senior Manager – Finance

People's Leasing & Finance PLC

No. 1161, Maradana Road, Colombo 08.
Sri Lanka.
Postal Code :00800
Phone: +94 11 2631 631
Fax : +94 11 2631 980

Designed & produced by
emagewise
Digital Plates & Printing by Aitken Spence Printing & Packaging (Pvt) Ltd
Photography by Rasika Surasena

www.plc.lk

PEOPLE'S LEASING & FINANCE PLC

No. 1161, Maradana Road, Borella, Colombo 08, Sri Lanka, Postal Code: 00800
Telephone: +94 11 263 1631
Fax: +94 11 263 1980/81
Email: info@plc.lk