

GREAT Partnerships

PEOPLE'S LEASING & FINANCE PLC | ANNUAL REPORT 2023/24



People's Leasing places great importance on fostering strategic partnerships and we're particularly proud of our collaboration with the esteemed Classic Car Club of Ceylon. Through the "Great Partnership" concept, we celebrate the symbiotic nature of such collaborations, showcasing the shared successes and benefits experienced by both parties along the way.

Established in 1992, the Classic Car Club of Ceylon brings together enthusiasts who share a deep passion for classic automobiles. Our partnership with the club, which began in 2023, has been a remarkable journey, from the world of classic cars to aligning our brand with these timeless automotive treasures.

We extend our heartfelt thanks to the club for providing unique automobiles that showcase exceptional craftsmanship and design heritage for this Annual Report, highlighting yet another successful collaboration.

GREAT Partnerships

In this dynamic era, we believe in the strength of alliances that go beyond conventional business norms. Our remarkable journey is marked by the great partnerships we've built with people, all of whom have counted on us to achieve their aspirations and financial endeavours. Today, we have created unprecedented value for everyone who trust us, consistently elevating our service standards with unmatched integrity. With and sustainable initiatives that ensure a better future for all, we ended the year thriving in all facets of our operations.

The chapters ahead are designed to navigate adversities, identifying opportunities, and seizing them with finesse. Through purposeful partnerships, we aim to leverage on innovative solutions and contribute to the prosperity of our partners and the communities we serve.

Together, we will forge a path to greater heights, ensuring that every partnership becomes a testament to the enduring legacy we continue to build.

CONTENTS

Led with Discipline



30

Chairman’s Message



34

Chief Executive Officer’s Message

- 8** About Our Integrated Report
- 14** Built on Strong Foundations
- 16** Our Score of Journey
- 18** Organizational Structure
- 19** Performance Highlights
- 20** Our Sustainable Footprint
- 24** Economic Value Added
- 25** Distribution of Value Added
- 26** Awards



28



78



38

Inspired by Focus (Strategy and Focus)

- 40** PLC’S Value Creation Model
- 44** Operating Environment
- 48** Stakeholder Engagement
- 54** Materiality
- 62** Approach to Sustainability
- 67** Strategy and Resource Allocation

Driven to Succeed (Management Commentary)

- 80** Business Review
- 92** Financial Capital
- 108** Manufactured Capital
- 116** Intellectual Capital
- 124** Human Capital
- 136** Social and Relationship Capital
- 150** Natural Capital



Governance & Risk

- 162** Board of Directors
- 170** Corporate Management
- 177** Corporate Governance Report
- 228** Annual Report of the Board of Directors on the Affairs of the Company
- 235** Board of Directors Communication Policy Report
- 236** Report of the Senior Independent Director
- 237** Board Audit Committee Report

- 240** Report of the Human Resources and Remuneration Committee
- 243** Related Party Transactions Review Committee Report
- 245** Nomination & Governance Committee Report
- 247** Board Integrated Risk Management Committee Report
- 251** Board Credit Committee
- 253** Board Investment Committee
- 255** Compliance Risk Management Statement
- 256** Risk Management Review

Financial Statements

- 272** Financial Calendar
- 273** Statement of Directors' Responsibilities
- 275** Independent Assurance Report on Internal Control Over Financial Reporting
- 276** Directors Statement on Internal Control
- 278** Chief Executive Officer's and Chief Financial Officer's Responsibility Statement
- 279** Independent Auditors' Report

- 282** Financial Statement - Table of Contents
- 283** Statement of Profit or Loss
- 284** Statement of Comprehensive Income
- 285** Statement of Financial Position
- 286** Statement of Changes in Equity - Company
- 287** Statement of Changes in Equity - Group
- 288** Statement of Cash Flows
- 289** Notes to the Financial Statements



Supplementary Reports

- 414** Quarterly Analysis
- 416** Ten Year Summary
- 418** Statement of Profit or Loss in Us \$
- 419** Statement of Financial Position in Us \$
- 420** Horizontal Analysis
- 421** Vertical Analysis
- 422** Independent Assurance Report on Sustainability Reporting
- 424** IR Assurance Report
- 426** GRI Content Index
- 433** TCFD Index
- 435** SASB Index
- 438** TISL Index



- 442** Abbreviation
- 444** Glossary
- 447** Basis of Ratios
- 448** Corporate Information
- 450** Circular to Shareholders
- 451** Guidelines and Registration Process for The Annual General Meeting (AGM) Via Online Meeting Platform
- 452** Registration of Shareholder Details for Online Virtual Meeting
- 453** Request Letter
- 454** Notice of Meeting
- 455** Form of Proxy
- 457** Feedback Form

Progressive

PARTNERSHIP

Our pride lies, active and excited, within the performances and talents of our cricketers. As we watch our players tackle the gentleman's game on the field, we take a special interest in the performance and growth of our capitals, on and off the field, as the year moves forward. We present comprehensive reports on our capitals, as we celebrate each win and learn from each loss.

Pasqual Handi Kamindu Dilanka Mendis

PLAYING ROLE
BATTING STYLE
BOWLING STYLE

Allrounder
Left hand Bat
Right arm Offbreak,
Slow Left arm Orthodox



ACCUMULATING VALUE

Batting Average

TEST MATCHES

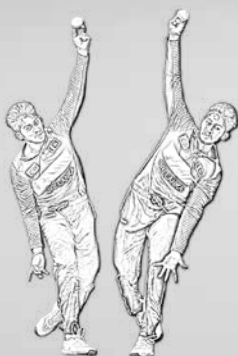
107.00

ONE-DAY INTERNATIONALS

21.16

TWENTY20 INTERNATIONALS

26.12



Bowling Economy

ONE-DAY INTERNATIONALS

6.04

TEST MATCHES

3.20



COMPLEMENTARY EFFORT

Kamindu Mendis and Dhananjaya de Silva's twinning records in Sylhet

3 Number of instances of two players from the same team with twin hundreds in a Test match

3 Number of pairs with two 150-plus partnerships in a Test match, including Dhananjaya and Kamindu with 202 and 177

2 Players with hundreds in both innings of a Test match while batting at No. 6 or lower before Dhananjaya and Kamindu

375 Partnership runs by Dhananjaya and Kamindu in Sylhet - the third-most by any pair for the sixth wicket or lower in a Test match.

Dhananjaya Maduranga de Silva

PLAYING ROLE
BATTING STYLE
BOWLING STYLE

Allrounder
Right hand Bat
Right arm Offbreak

Batting Average

TEST MATCHES

40.70

ONE-DAY INTERNATIONALS

25.90

TWENTY20 INTERNATIONALS

20.84



ADAPTING STRATEGIES

Bowling Economy

ONE-DAY INTERNATIONALS

5.08

TEST MATCHES

3.28



Cadillac Series 62 Sedan 1946 - 1958

COUNTRY OF ORIGIN: UNITED STATES OF AMERICA

LENGTH : 5474 MM / 215.5 IN

WIDTH : 2037 MM / 80.2 IN

WHEELBASE : 3200 MM / 126.0 IN

REAR TRACK : 1600 MM / 63.0 IN

ACCELERATING GROWTH

REAR WHEEL DRIVE



INSPIRING INNOVATION

FUEL TANK



EFFICIENT PERFORMANCE

TOP SPEED:

156 KM/H | 97 MPH

EXTRA-URBAN (UP TO 62 MPH / 100 KM/H):

360-430 KM / 225-270 MILES

CITY:

205-250 KM / 130-155 MILES

HIGHWAY (UP TO 87 MPH / 140 KM/H):

310-370 KM / 190-230 MILES

ACCELERATION:

0-100 KM/H (S): 16.1

DRAG TIMES:

0- 1/4MILE (S): 20.7

SPEED AT 1/4MILE:

114 KM/H / 71 MPH 0- 1KM (S): 37.3



AIR INTAKE

Legendary

PARTNERSHIP

A vehicle is as effective as the sum of its parts, and we at People's Leasing are as effective as the sum of our business activities across the year under review. As we take apart a car and inspect its specifications and features, we dissect our performances across various fields, take apart the fine print and diligently observe and present the fundamental moving parts of our business.



POWERFUL DRIVE

ENGINE MANUFACTURER: **GM CADILLAC V-8 331**

ENGINE TYPE: **SPARK-IGNITION 4-STROKE**

FUEL TYPE: **GASOLINE (PETROL)**

GEARBOX: **GM HYDRA-MATIC**

TRANSMISSION: **3-SPEED SELECTIVE SYNCHROMESH MANUAL/
4-SPEED HYDRA-MATIC AUTOMATIC**

NUMBER OF GEARS: **4**

ABOUT OUR INTEGRATED REPORT

INTRODUCTION

People’s Leasing & Finance PLC (People’s Leasing) takes great pride in continuing its legacy of reporting excellence by publishing its 11th Integrated Annual Report for FY 2023/24. By committing to the principles of transparency, accountability, governance and sustainability, People’s Leasing has not only proven itself as a leader in the reporting space, but also set a benchmark for industry standards in integrated reporting.

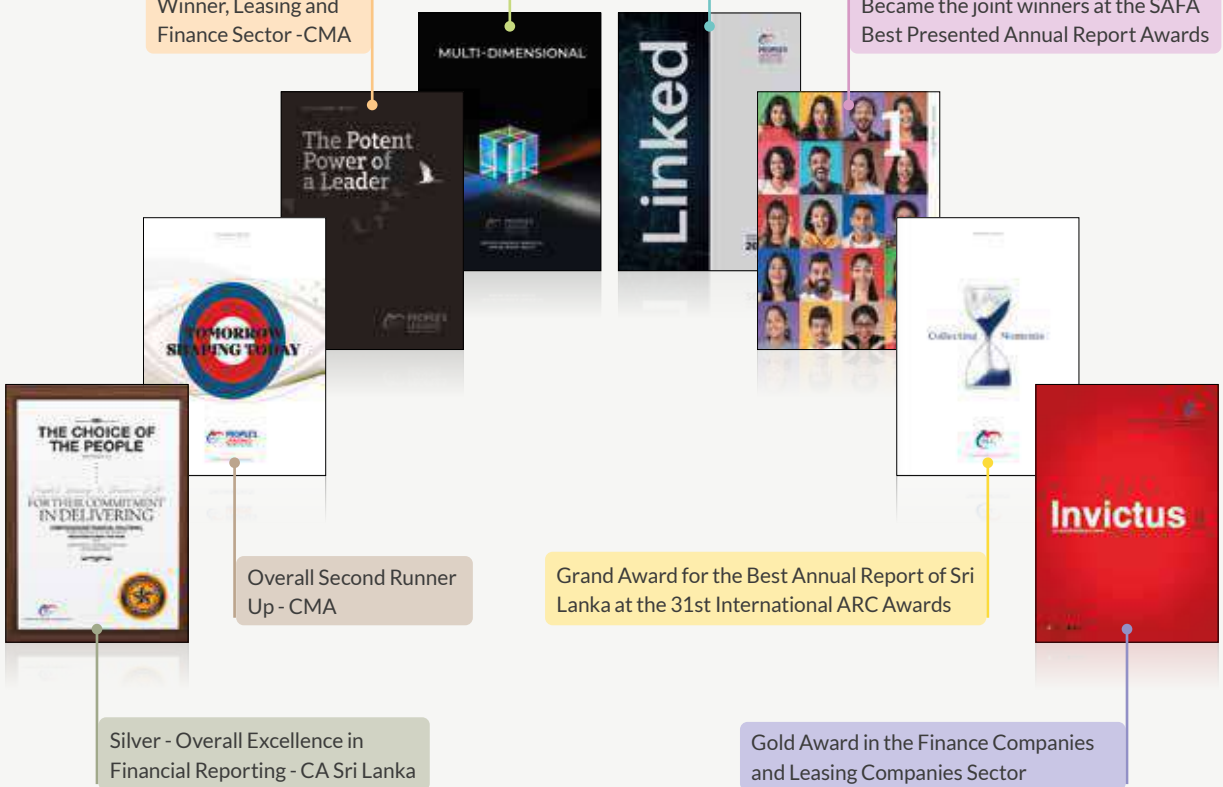


The Grand Award for Infographics, ARC Awards, organized by Mercomm Inc., USA

Winner -State Owned Enterprises – Leasing Sector

Winner, Leasing and Finance Sector -CMA

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



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

Gold Award in the Finance Companies and Leasing Companies Sector

REPORT PROFILE AND INTENDED AUDIENCE

People’s Leasing & Finance PLC’s Integrated Annual Report for FY 2023/24 is presented under the theme “Great Partnerships” to depict how the power of partnership can defy the odds.

On that note, the current report is intended to provide stakeholders with a clear understanding about how the Company applies integrated thinking. Towards this end, the report illustrates how the Company’s strategy, risk, governance and resource allocation processes form a cohesive framework to support the business model in creating and preserving value, while minimising value erosion as much as possible, with the measure of value depicted through the Company’s financial and non-financial performance for the year ending 31 March 2024.







In this annual report, a comprehensive overview of the Integrated Reporting (IR) information flow, emphasising the interconnectedness and transparency of data, is presented in a summarised form, reflecting the holistic view and capital-based approach.

The report content, narrative and analysis have been developed bearing in mind the diverse information needs of the Company’s key stakeholders including employees, customers, suppliers, business partners, regulators and communities and potential future long-term investors.

QUICK NAVIGATION GUIDE	
Chairman’s Message	30-33
CEO’s Message	34-37
Value Creations Model	40-43
Strategy and Resource Allocation	67-77
Business Review	80-91
Capital Management Reports	92-159
Corporate Governance Report	177-227
Risk Management Report	256-269
Financial Information	272-410

NAVIGATING OUR REPORT

THE CAPITALS

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

STAKEHOLDERS

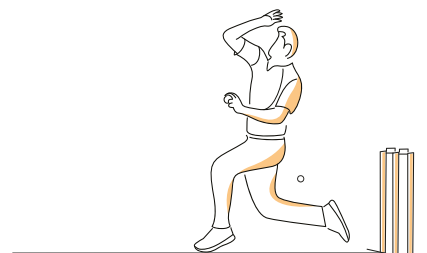
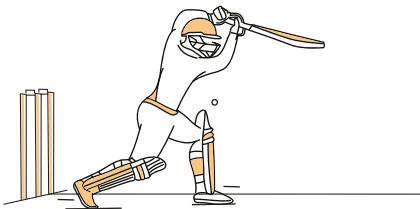
-  Customers
-  Employees
-  Investors
-  Business Partners
-  Government and Regulators
-  Local Communities

ONLINE AND WEB DISCLOSURES

The current report for FY 2023/24 as well as all previous reports including the most recent past report for FY 2022/23 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 2023/24







<https://www.plc.lk/pdf/ar/plc-annual-report-2023-24-English.pdf>

Interactive HTML version of the Annual Report 2023/24



<http://plc2023-24.annualreports.lk/>

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=fevtun9XWwvtPmOi>

ABOUT OUR INTEGRATED REPORT

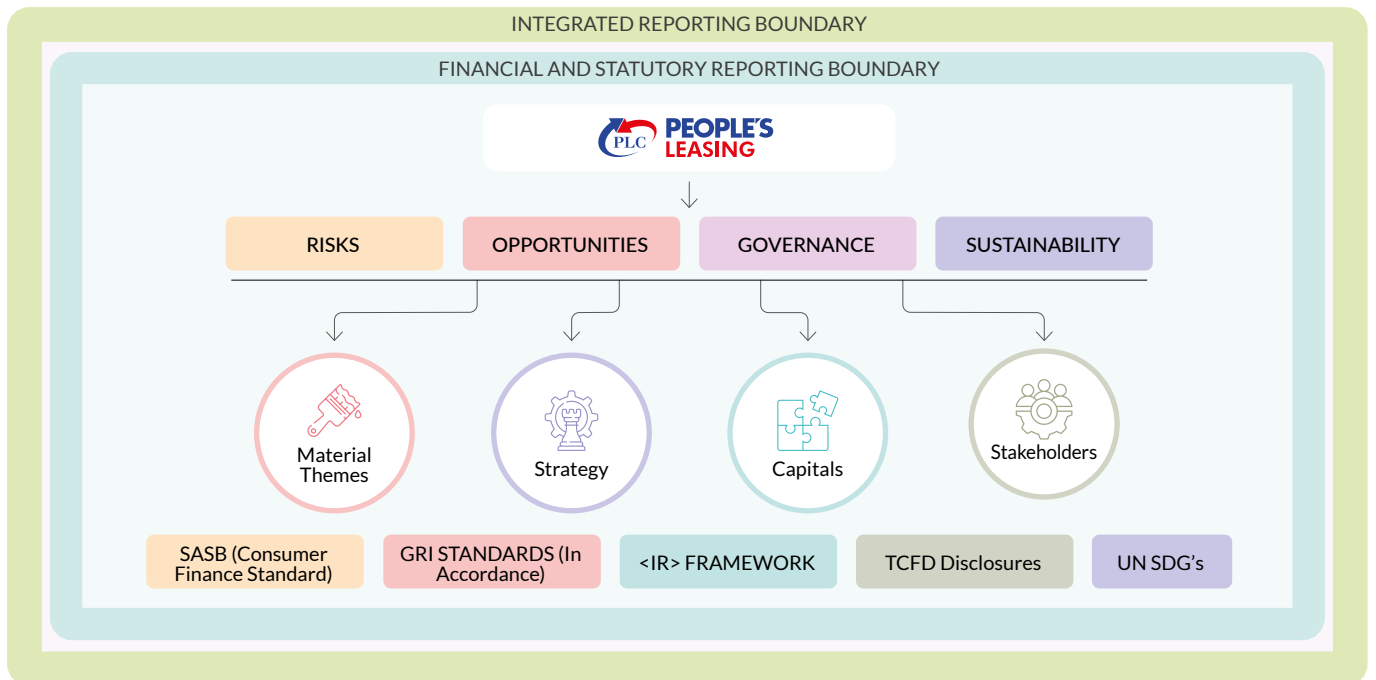
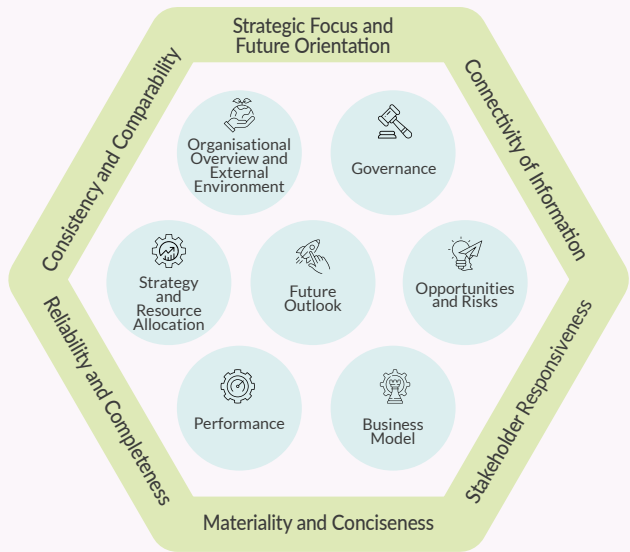
INTEGRATED THINKING TO ENHANCE VALUE CREATION, DRIVE VALUE PRESERVATION AND MINIMISE VALUE EROSION

At People’s Leasing, the concepts of value creation, preservation, and erosion are central to its strategic framework and operational ethos. The Company has built a solid reputation for excellence in creating value based on innovating financial products and services tailored to meet the evolving needs of its diverse clientele, thus driving growth and enhancing customer satisfaction. Value preservation is meticulously ensured through robust risk management practices, sound governance structures, and a commitment to sustainability, safeguarding the interests of stakeholders and maintaining long-term stability. Conversely, the mitigation of value erosion remains integral to People’s Leasing strategy, with proactive measures in place to address potential financial risks, market fluctuations, and regulatory changes. This integrated approach ensures that the Company not only generates and sustains value but also remains resilient and adaptive in the face of challenges, thereby securing its position as a trusted and forward-thinking financial institution.

KEY IMPROVEMENTS TO FY 2023/24 REPORT

- Demonstrating the Company’s alignment with specific SDG targets across all six capitals
- Significant enhancement in the qualitative data provided through the six capitals, including the integrated reporting information flow for each capital report
- Independent assurance for the report’s adherence to the <IR> framework
- Improved alignment with global benchmarks, including the SASB (Sustainability Accounting Standards Board) Consumer Finance Standards, TCFD (Task Force on Climate related Disclosures) and Transparency checklist of the TISL (Transparency International Sri Lanka).

GUIDING PRINCIPLES AND CONTENT ELEMENTS BASED ON INTEGRATED THINKING





REPORT SCOPE AND BOUNDARY

The report covers the core business activities of People’s Leasing & Finance PLC, encompassing lending, deposit mobilisation and Islamic finance for the period 01 April 2023 to 31 March 2024. The financial reporting boundary covers the results of both the Company and the People’s Leasing Group, which consists of five subsidiaries in Sri Lanka and one in 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.

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

The materiality principle has been rigorously applied to determine the content of People’s Leasing’s integrated report for FY 2023/24, ensuring the report conveys a transparent, focused, and comprehensive account of the Company’s activities, challenges, and achievements, appropriately contextualised and disseminated in reference to the interests of stakeholders.

PRECAUTIONARY APPROACH

Throughout the report, references are made to the precautionary approach, underscoring the Company’s commitment to managing sustainability issues and enhancing decision-making, particularly under conditions of uncertainty. This rigorous framework ensures that potential impacts resulting from People’s Leasing’s products, services, or operations are effectively mitigated, reflecting the Company’s commitment to responsible and sustainable business practices.

REPORTING FRAMEWORKS

Integrated Reporting	<ul style="list-style-type: none"> » Integrated Reporting Framework of IFRS Foundation
Financial Reporting	<ul style="list-style-type: none"> » 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 and Auditing Standards issued by the Institute of Chartered Accountants of Sri Lanka
Risk and Governance Reporting	<ul style="list-style-type: none"> » Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka » Corporate Governance Rules issued by the CSE for listed entities » Finance Business Act Direction No. 05 of 2021 on Corporate Governance » Transparency checklist of the TISL (Transparency International Sri Lanka)
Sustainability Reporting	<ul style="list-style-type: none"> » Global Reporting Initiative (GRI) Standards - “In Accordance” » Sustainable Development Goals (SDG’s) » SASB (Sustainability Accounting Standards Board) Consumer Finance Standards » TCFD (Task Force on Climate related Disclosures)

SOURCES OF INFORMATION

All information presented in this report has been gathered through comprehensive interviews with senior management across various business units. To demonstrate how this is done, a diagram capturing the internal process flow has been embedded into each of the six capital reports with effect from the current report.

Where appropriate references have also been made to external research reports and other third party sources. All external sources have been quoted as relevant.



ASSURANCE

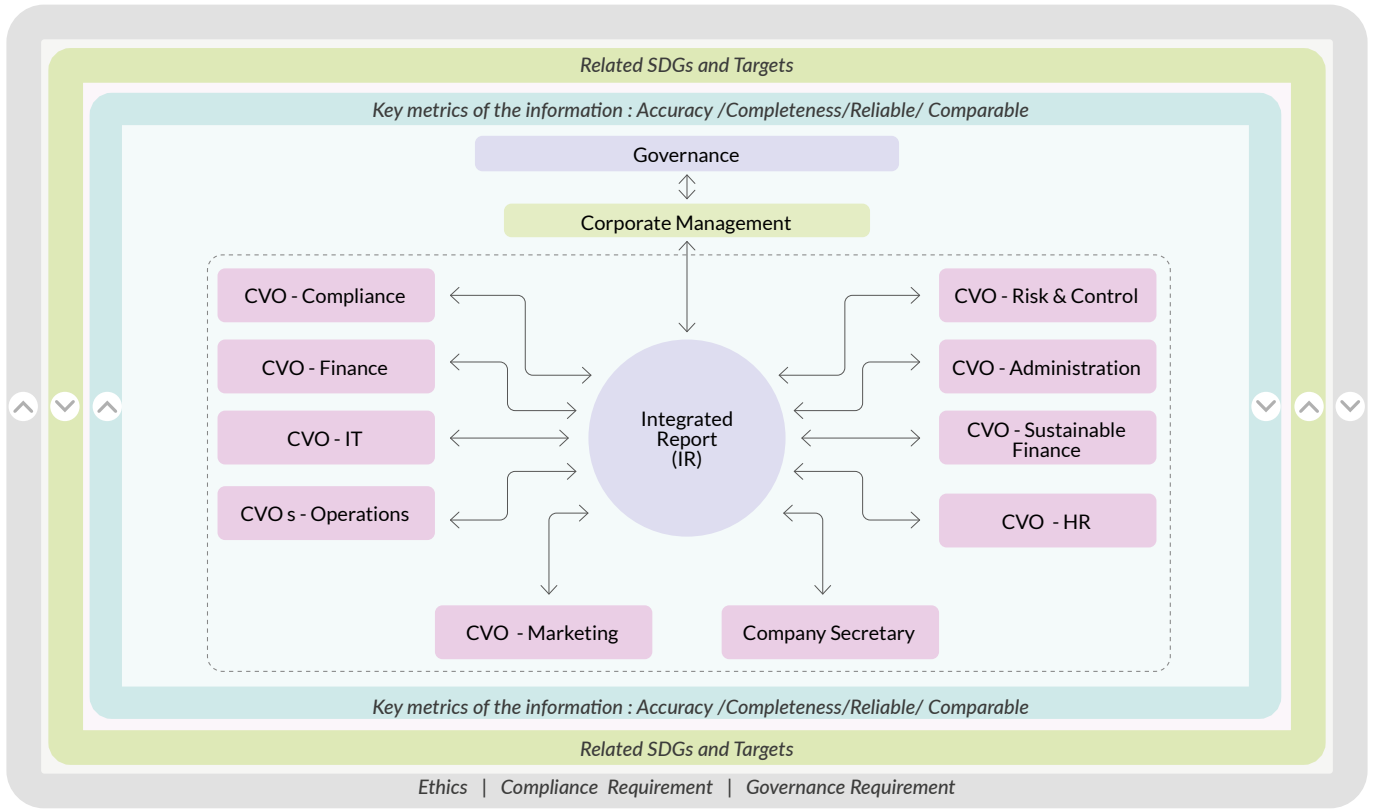
All content disclosed in this report has been rigorously verified in accordance with the Company’s communication and information disclosure policies. The mandatory independent review of the Group’s Financial Statements has been carried out by the Auditor General of Sri Lanka.

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 279 to 281 of this annual report. He has also provided External Assurance on the Company’s compliance with Corporate Governance Directions to the Central Bank of Sri Lanka. The Directors’ Statement on Internal Controls over Financial Reporting has been reviewed by the Auditor General and the opinion is set out on page 275. Assurance on compliance with GRI requirements is provided by Ernst & Young and their report is set out on pages 422 to 423.

Additionally, In the current year, the Company commissioned the services of Messrs. Ernst & Young to obtain an independent opinion verifying that the integrated annual report for FY 2023/24 is in line with the <IR> reporting framework and their report is set out on pages 424 to 425.

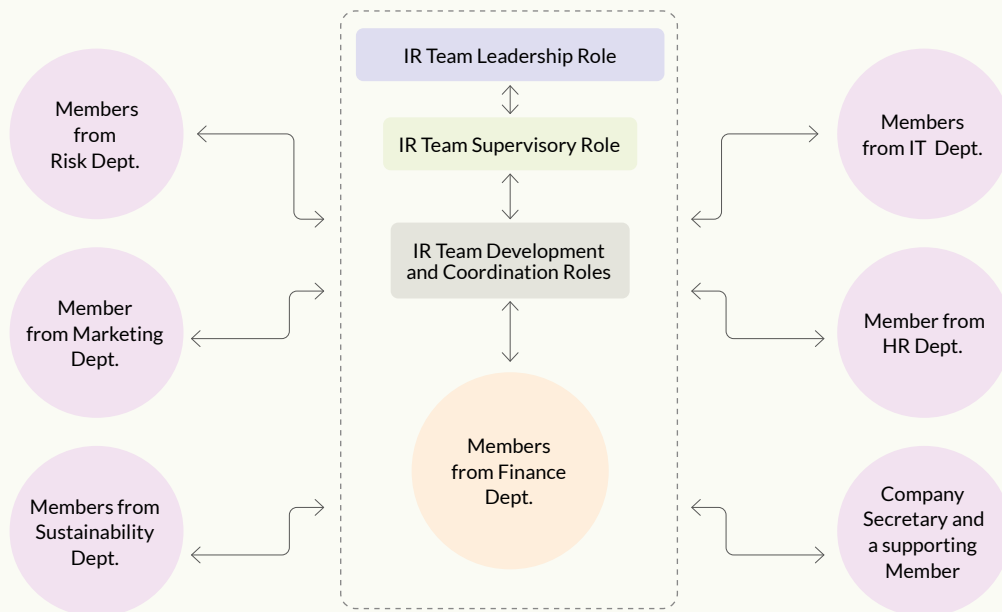
ABOUT OUR INTEGRATED REPORT

OVERVIEW OF THE INTEGRATED REPORTING (IR) INFORMATION FLOW



Note: The visualisation of IR flows has been limited to the diverse information gathering processes of each capital section, while the flows of direct reports have not been depicted. However, it's important to note that these respective flows do exist, and the Chief Value Officers (CVOs) of those sections have actively contributed to the overall information flow.

COMPOSITION OF THE INTEGRATED REPORTING (IR) TEAM



Note: While each CVO has an individual designate for holistic IR information supply, some members are solely affiliated with the IR team. This is due to the composition of the IR team, which includes key members from diverse areas. Other areas are overseen by IR Development and Coordination members, by collaborating with respective officers.



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

This report includes forward-looking statements, which relate to the possible future financial position and results of the Company's operations. These statements by their very nature involve an element of risk and uncertainty, as they relate to events and depend on circumstances that may or may not occur in the future.

Disclaimer - People's Leasing & Finance PLC considers all such forward-looking statements to be applicable only as at the date of publication of this annual report and as such does not accept any obligation to revise or in any way update information expressed in such forward-looking statements.

Accordingly, there are no restatements pertaining to any previous reports published by People's Leasing & Finance PLC.

BOARD RESPONSIBILITY STATEMENT

The Board of Directors of People's Leasing & Finance PLC accepts the responsibility for the integrity of this Integrated Report. The Board, having collectively reviewed the output of the reporting process and the content of the Integrated Report, remains satisfied that Integrated Annual Report for FY 2023/24 has been prepared in compliance with all applicable regulatory requirements and in adherence to reporting best practices.

The Annual Report of the Board of Directors on page 232 includes an acknowledgement of the Directors' responsibilities with regard to the Annual Report.

FEEDBACK

People's Leasing & Finance PLC welcomes feedback regarding this report and encourages readers to direct their comments and queries to;

The Deputy General Manager – Finance
People's Leasing & Finance PLC
No. 1161, Maradana Road,
Colombo 8,
Sri Lanka.

Postal code: 00800
Phone: +94 11 263 1902
Fax: +94 11 2631980

BUILT ON STRONG FOUNDATIONS

ABOUT US

People’s Leasing & Finance PLC (People’s Leasing) occupies a leading position in the NBF1 sector of Sri Lanka. With a comprehensive range of financial solutions tailored to meet the diverse needs of various customers, coupled with a strong emphasis on customer satisfaction, People’s Leasing has been proactive in broadening its reach and accessibility, catering to a wider demographic of customers.

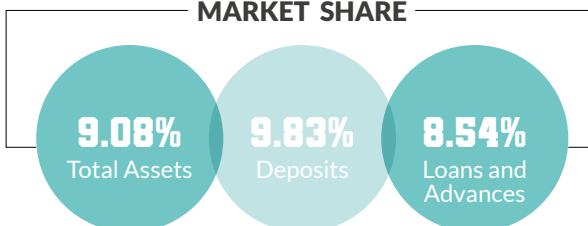
Over the years People’s Leasing has continued to lead by example in forging strategic alliances to leverage expertise to innovate and ideate for the purpose of expanding its reach and accessing new avenues for growth. Today, serving over 400,000+ customers across Sri Lanka People’s Leasing is recognised as a trusted partner for individuals and businesses seeking reliable financial services to achieve their financial aspirations with confidence.



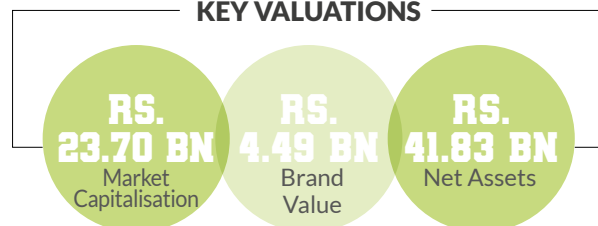
A PEOPLE'S BUSINESS



MARKET SHARE



KEY VALUATIONS



OUR CORPORATE GUIDING PRINCIPLES AS A PURPOSEFUL BUSINESS

At People’s Leasing, Transparency, Accountability, Governance, and Sustainability are the pillars of our purposeful business practices. Our unwavering commitment to Transparency ensures that all stakeholders, including customers,

partners, and employees, have access to clear and precise information, fostering a culture of trust and confidence in everything we do. Through stringent accountability measures, we hold ourselves responsible for our actions, decisions, and their outcomes, maintaining the highest ethical standards at all times. Our Governance structures are meticulously designed to promote fairness, uphold integrity, and ensure compliance with

regulations, thereby fostering an environment of ethical conduct and operational efficiency. Furthermore, sustainability is ingrained in our company’s DNA, driving initiatives that prioritise environmental stewardship, social responsibility, and the long-term viability of resources. By steadfastly adhering to these principles, we not only achieve business success but also make a meaningful impact on society and the planet.



GROUP STRUCTURE

The People’s Leasing Group comprises several subsidiaries that complement and enhance the overall capabilities of the Group as a whole. Each subsidiary brings its unique expertise and specialisation to the table, contributing to the Group’s portfolio financial services. By leveraging the strengths and resources of each subsidiary, the People’s Leasing Group is able to provide comprehensive solutions that encompass various aspects of financial planning and management.



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	554	419.22	12,446.26
People's Micro-Commerce Ltd.	100%	Providing nonbank financial services to individuals who lack access to conventional banking and micro enterprises	Sri Lanka	177	116.35	2,948.64
People's Leasing Fleet Management Ltd.	100%	Vehicle valuation and insurance assessment	Sri Lanka	57	23.52	223.85
People's Leasing Property Development Ltd.	100%	Carrying out mixed development projects and property development activities	Sri Lanka	7	471.56	3,354.64
People's Leasing Havelock Properties Ltd.	100%	Operates an office complex	Sri Lanka	2	253.37	3,312.33
Alliance Finance PLC	51%	Providing leasing of movable and immovable properties and providing loans	Bangladesh	53	128.39	14,342.57

OUR SCORE OF JOURNEY

1995

Incorporated as private limited liability company

1996

Commencing commercial operations on 31 May 1996 as fully owned subsidiary of People's Bank

- 3 Employees
- Total equity - Rs. 10 million
- Product range - Lease and hire purchase only

1997/98

The first branch was opened in Kandy as the first step of ambitious growth plans

2002/03

Became the market leader in the leasing industry within a span of just seven years in to operations

2007/08

Launched the unique concept of window offices at People's Bank branches

2008/09

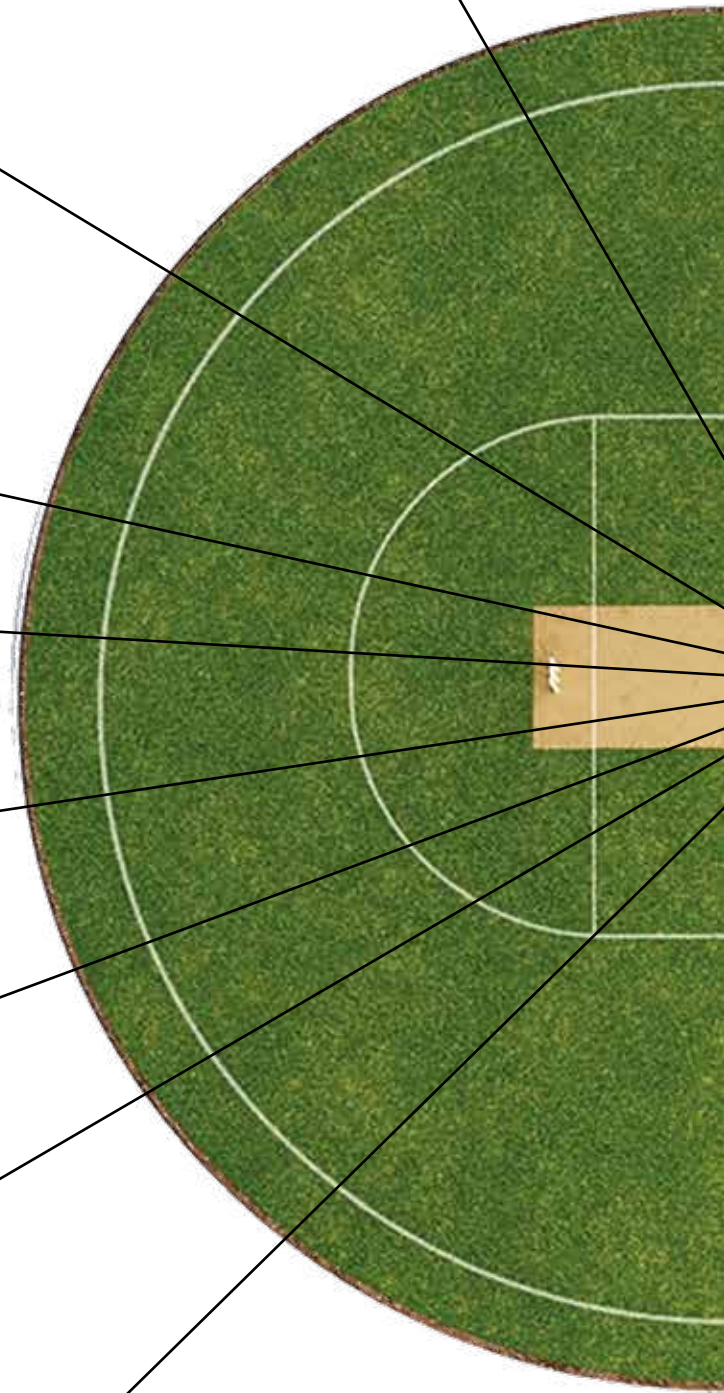
Diversifying into new business ventures, formed two subsidiaries, People's Leasing Fleet Management Limited and People's Leasing Property Development Limited

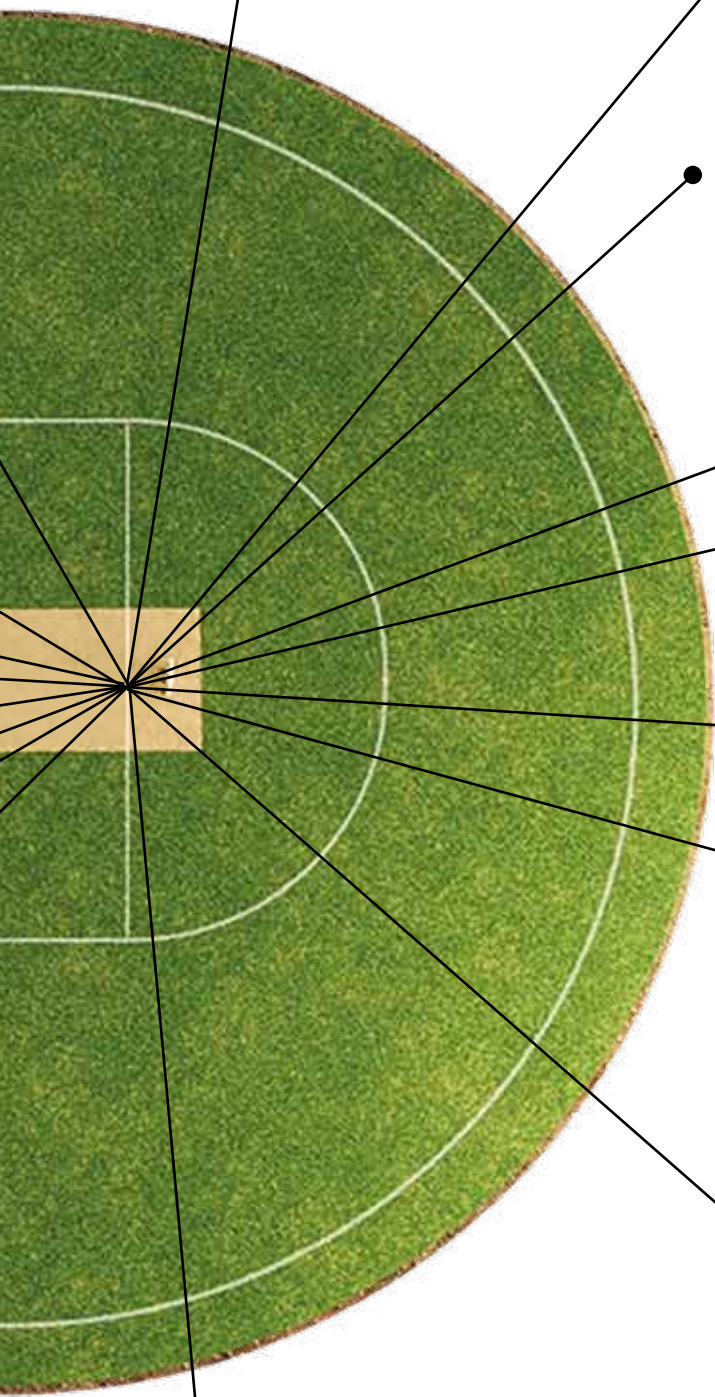
2009/10

Consolidating the Company's status as a diversified financial service provider People's Insurance Limited was formed as a wholly-owned subsidiary

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

2013/14

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

2015/16

Loans and Receivables portfolio surpassed the Rs. 100 billion mark

2016/17

Celebrated 20th anniversary/
Started groundwork for a venture in Bangladesh/
Established the 100th branch

2017/18

Commenced Bangladesh operations/
Launched "PLC Online app"

2020/21

25th Anniversary
Deposits - Largest deposit base in NBF1 sector

2021/22

Highest ever Profit After Tax of Rs. 4.66 billion
Digital transformation

- Launch PLC Touch
- People's Pay Way
- Launched CAPP
- Launched DCHEQUE App.

2022/23

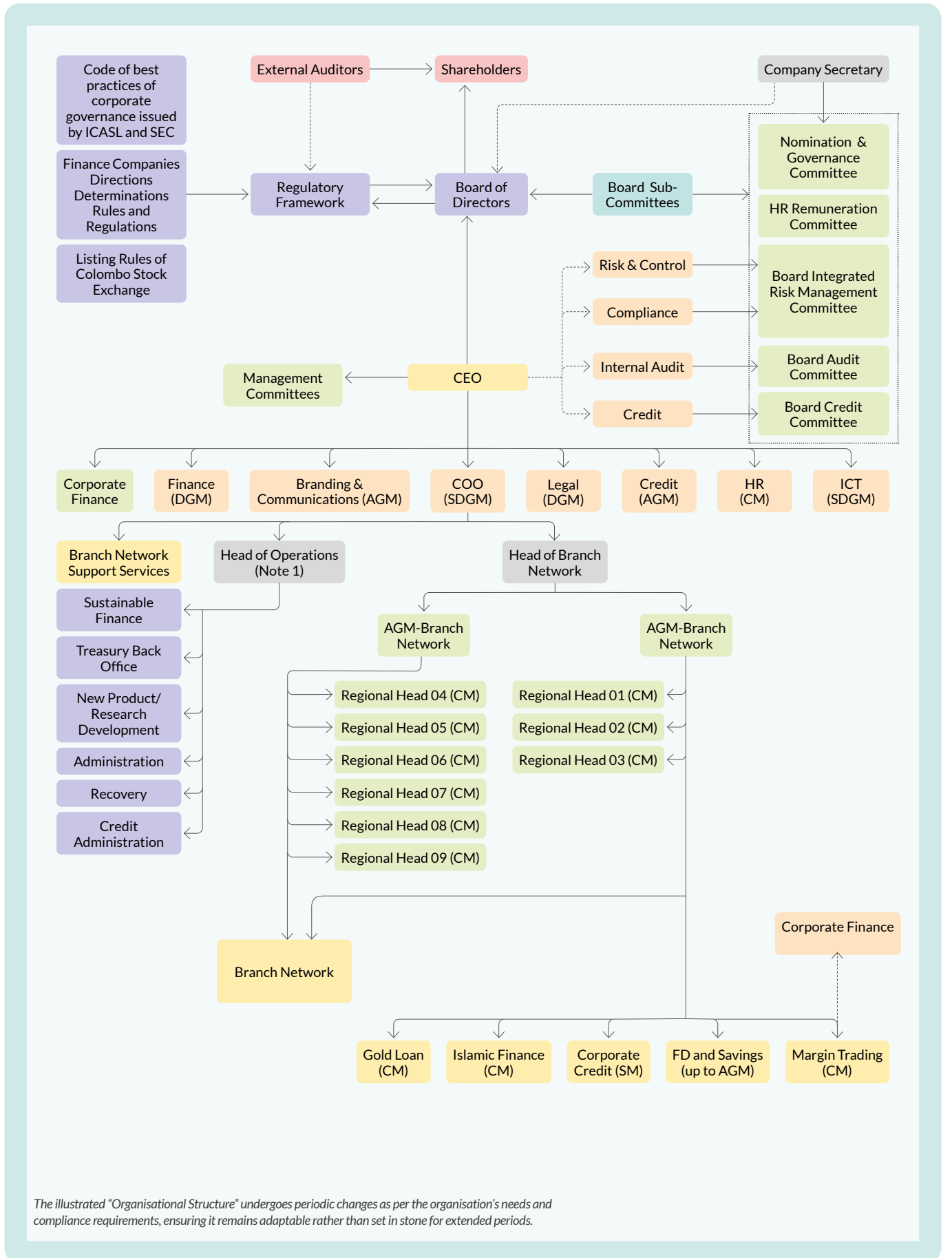
- Develop in house credit evaluation mechanism
- Recoveries through mcash touch points
- Granted Chairman's Award for most innovative ideas.
- PLC won ESQR award

The first finance company in Sri Lanka which bagged the European Award for Best Practices 2022 by the European Society for Quality Research (ESQR),

2023/24

- Launch Classique by PLC
- Classique by PLC becoming the first EDGE-certified green building
- 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

ORGANISATIONAL STRUCTURE



PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

For the Year	2023/24	2022/23	2021/22
Financial Performance			
Income (Rs. Billion)	28.85	30.20	23.88
Net Interest Income (Rs. Billion)	11.65	11.99	13.05
Impairment charges and other losses (Rs. Billion)	(1.16)	0.57	0.67
Profit Before Tax (Rs. Billion)	5.38	4.34	6.65
Profit After Tax (Rs. Billion)	3.54	3.02	4.66
Financial Position			
Total Assets (Rs. Billion)	159.85	171.07	180.76
Loans and receivables portfolio (Rs. Billion)	103.65	114.28	151.27
Shareholders' Funds (Rs. Billion)	41.83	39.79	38.82
Deposits (Rs. Billion)	97.44	100.94	103.37
Investor Information			
Market Capitalisation (Rs. Billion)	23.70	16.13	15.29
Net assets per share (Rs.)	19.41	19.49	20.57
Closing market price per share (Rs.)	11.00	7.90	8.10
Dividend payout ratio (%)	80.74	35.71	46.79
Return on Equity (ROE)	8.68	7.68	12.74
Capital Adequacy Ratios			
Tier 1 Capital/Core capital ratio (%)	30.00	25.76	18.77
Required minimum Tier 1 Capital/Core capital ratio (%)	10.00	10.00	8.00
Total capital ratio/Total risk weighted capital ratio (%)	29.70	26.61	19.68
Required minimum Total capital ratio/Total risk weighted capital ratio (%)	14.00	14.00	12.00

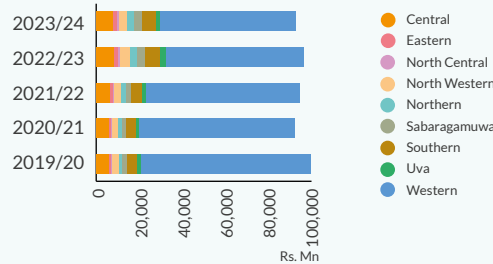
NON-FINANCIAL HIGHLIGHTS

For the Year	2023/24	2022/23	2021/22
Manufactured Capital			
Branches (No.)	109	111	111
Gold loan operating branches (No.)	104	89	46
Intellectual Capital			
Brand value (Rs. Billion)	4.49	6.51	6.51
Intangible Assets (Rs. Million)	41.01	19.19	21.97
Cumulative service of employees (Years)	Approx. 18,000	Over 18,000	Over 18,000
Human Capital			
Total number of employees (No.)	2,052	2,114	2,245
Retention Ratio (%)	79.74	89.22	80.52
New Recruits (No.)	359	85	144
Employees' salaries and benefits (Rs. Million)	4,248	4,489	4,002
Social and Relationship Capital			
Lending customers (No.)	104,865	114,246	125,789
Deposit customers (No.)	308,051	383,715	309,977
Number of vehicle suppliers (No.)	26,224	10,242	40,118
Investment in local communities (Rs. Million)	0.71	5.57	27.53
Natural Capital			
Carbon footprint (tCO ₂ e)	2,510.50	1,802.27	4,681.72
Investment on natural environment (Rs. Million)	1.98	1.01	1.87

OUR SUSTAINABLE FOOTPRINT

🔗 **Championing Prosperity:** Safeguarding Wealth and Investments - With a rich legacy of excellence and a commitment to client-centric service, People's Leasing excels in providing tailored financial solutions that nurture prosperity and safeguard assets. Moreover, the Company's unwavering dedication to integrity, transparency, and ethical conduct ensures that clients' wealth is not only preserved but also grown responsibly

FD Base (Region-wise)

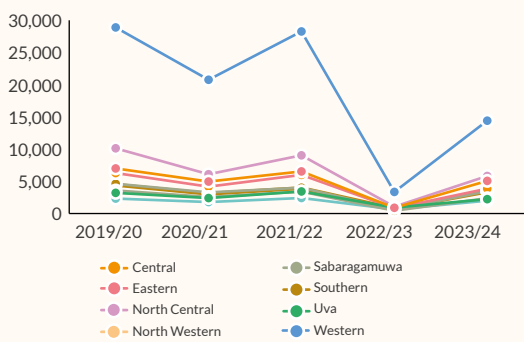


SDG Targets 6.b | 11.2 | 16.4 | 16.5 | 16.6 | 16.7



🔗 **Advancing Financial Inclusion:** Bridging the Gap to Accessible Finance - With a deep-rooted commitment to serving diverse communities and fostering economic empowerment, People's Leasing extends its reach to those traditionally underserved by mainstream financial institutions. Through innovative financial products, flexible lending solutions, and personalised services, the company breaks down barriers to entry and provides avenues for financial growth and stability. By empowering individuals with access to credit, savings, and investment opportunities, People's Leasing not only stimulates economic activity but also promotes social mobility and resilience

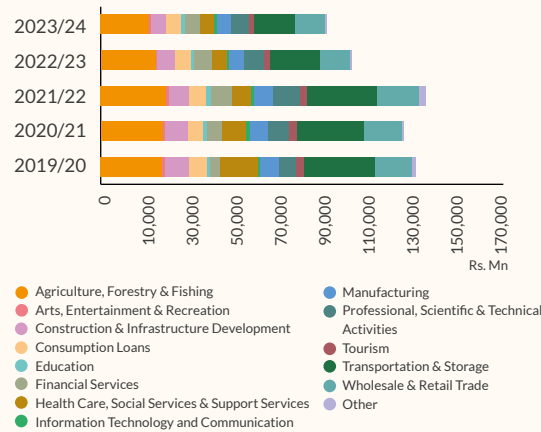
Credit Granted (Region-wise)



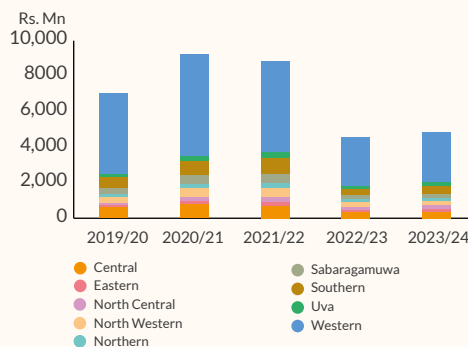
SDG Targets - 8.10 | 17.3 | 17.7 | 17.8



Key Economic Sectors Supported (Sector Distribution)

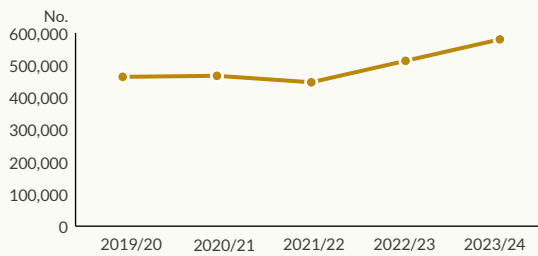


Savings (Region-wise)



» **Digital Integration** : Narrowing the Digital Divide - People's Leasing, through its strategic initiatives, serves as a catalyst for digital integration, effectively narrowing the digital divide. By leveraging cutting-edge technologies and innovative solutions, People's Leasing empowers individuals and businesses alike to embrace digital tools and platforms, thus bridging the gap between the digitally savvy and those lacking access or skills. Through tailored programs and partnerships, People's Leasing fosters digital literacy and inclusion, ensuring that even marginalised communities can harness the benefits of the digital age. From facilitating online transactions to offering digital training workshops, People's Leasing actively fosters a culture of digital adoption, thereby fostering greater equity and connectivity in the digital landscape.

Increase in digital transaction volumes (No. of transactions)

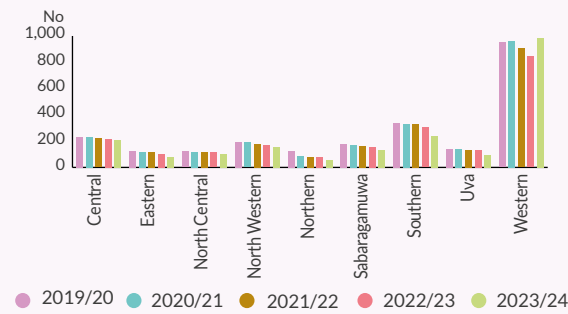


.SDG Targets - 8.2|9.3|9.4



» **Job Creation** : Sustaining Regional Economies -. By providing accessible financing solutions to businesses across various sectors, People's Leasing enables enterprises to expand their operations, invest in infrastructure, and ultimately create employment opportunities. Furthermore through strategic partnerships and investments, People's Leasing stimulates economic growth in diverse regions, fostering a conducive environment for entrepreneurship and innovation. Additionally the Company's own investments to expand its branch footprint also creates employment opportunities owing to the need for branch staff.

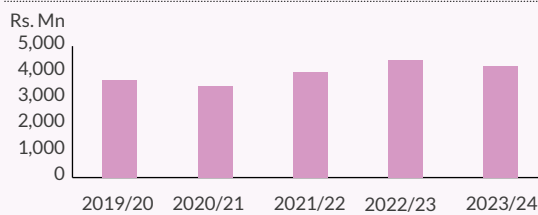
Total Employees (Region-wise)



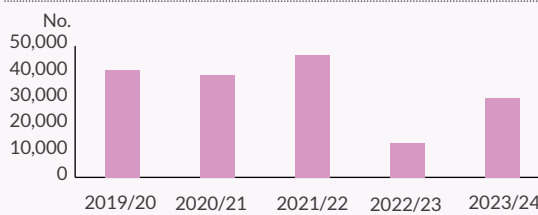
SDG Target - 8.3



Total payments to Employees

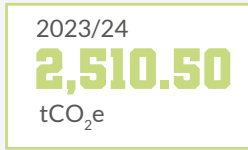


Supplier Base



OUR SUSTAINABLE FOOTPRINT

» **Green Finance** : The Next Generation of Sustainable and Environmentally Conscious Lending - Through innovative green financing solutions, People’s Leasing empowers individuals and businesses to invest in eco-friendly projects and technologies, thus fostering a transition towards a more sustainable future. By offering preferential terms and incentives for green initiatives, such as renewable energy projects, energy-efficient buildings, and eco-friendly transportation, People’s Leasing incentivises sustainable practices while simultaneously reducing carbon footprints. Moreover, through strategic partnerships with environmental organisations and governmental bodies, People’s Leasing advocates for policy reforms and industry standards that align with green finance principles.

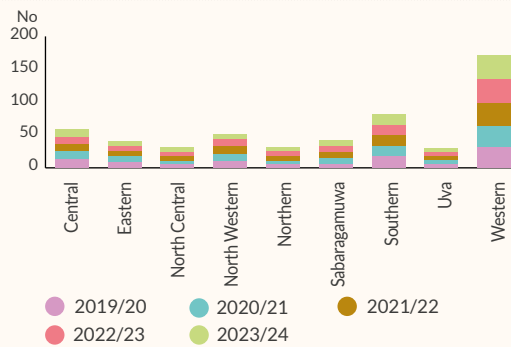


SDG Targets - 7.2|12.2|12.5|12.7|12.8|13.1|13.2|13.3



» **Sustainable Development** : Poverty Alleviation - Understanding that economic empowerment is essential for breaking the cycle of poverty, People’s Leasing strategically directs its resources towards initiatives that uplift underserved communities and individuals. By providing access to affordable financing options, vocational training programs, and entrepreneurial support services, People’s Leasing empowers individuals to create sustainable livelihoods and improve their socio-economic status. Furthermore, People’s Leasing prioritises investments in sectors that have the potential to generate employment opportunities and spur economic growth in low-income areas, thereby contributing to poverty reduction at both the individual and community levels.

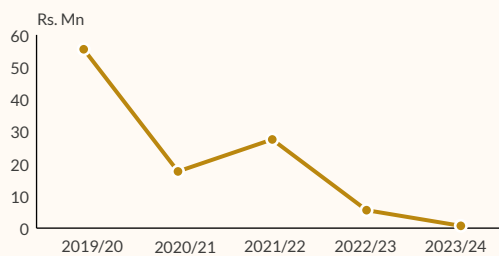
Customer Outreach (Region-wise)



SDG Targets - 1.2|1.4|1.5|4.4|4.5|7.2|11.a

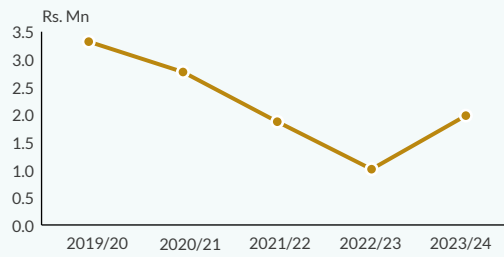


Empowerment of local community



» **Environmental Conservation:** A Clean Environment for Future Generations - Through innovative financing solutions and strategic partnerships, People's Leasing channels resources into projects that promote sustainability and mitigate environmental degradation. This includes investments in renewable energy infrastructure, such as solar and wind farms, as well as support for energy-efficient technologies and green building initiatives. Additionally, People's Leasing prioritises lending to businesses and organisations that adhere to rigorous environmental standards and practices, thereby incentivising sustainable business practices across various sectors

Environmental conservation

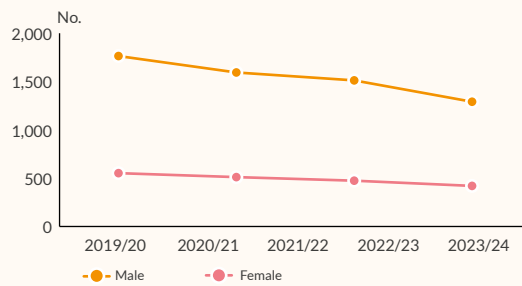


SDG Targets - 6.5| 12.2|12.5|12.7|12.8|13.1|13.2|13.3|15.6



» **Gender Equality:** Embracing diversity and equality - Recognising the immense value of diverse perspectives and experiences, People's Leasing is committed to fostering an inclusive workplace culture where individuals from all backgrounds feel respected, empowered, and valued. Through proactive diversity and inclusion initiatives, such as targeted recruitment efforts, diversity training programs, and employee resource groups, People's Leasing strives to create an environment where everyone can thrive and contribute their unique talents. Moreover, People's Leasing promotes equality by ensuring fair and equitable treatment for all employees, regardless of race, gender, ethnicity, sexual orientation, or other characteristics.

Employment by Gender



SDG Targets - 1.4| 4.3|4.4|4.7| 5.1| 8.5



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.

Economic Value Added

<i>For the Year</i>	2023/24 Rs. Mn	2022/23 Rs. Mn
Shareholders' funds	41,826.14	39,792.06
Add - Accumulated provision for impairment charges	8,854.79	10,409.26
Add - Cumulative market building expenses	443.62	329.03
Less: Deferred tax assets	(818.95)	(1,335.46)
	50,305.60	49,194.89
Profit Attributable to		
Shareholders	3,540.50	3,017.64
Add : Market building expenses for the year	153.65	100.34
Add : Impairment charge/(reversal) for the year	(1,554.47)	521.69
Add : Deffered tax charge/(reversal) for the year	457.67	(147.28)
	2,597.35	3,492.39
Economic cost% (Average Treasury Bill Rate + 2 % risk premium)	16.91%	29.12%
Economic cost	8,412.77	14,149.30
Economic Value Addition	(5,815.42)	(10,656.91)

Market Value Added (MVA)

The market value of People's Leasing shares remains low due to the subdued performance of the Colombo Stock Exchange, resulting in a decreased market value added as of 31 March 2024. However, compared to the previous financial year, the market value of equity has improved, reaching Rs. 23,698.13 billion as of 31 March 2024.

<i>For the Year</i>	2023/24 Rs. Mn	2022/23 Rs. Mn
Market Capitalisation/Market Value of Equity	23,698.13	16,130.88
Less : Shareholders' funds	41,826.14	39,792.07
Market value added/(declined)	(18,128.01)	(23,661.19)

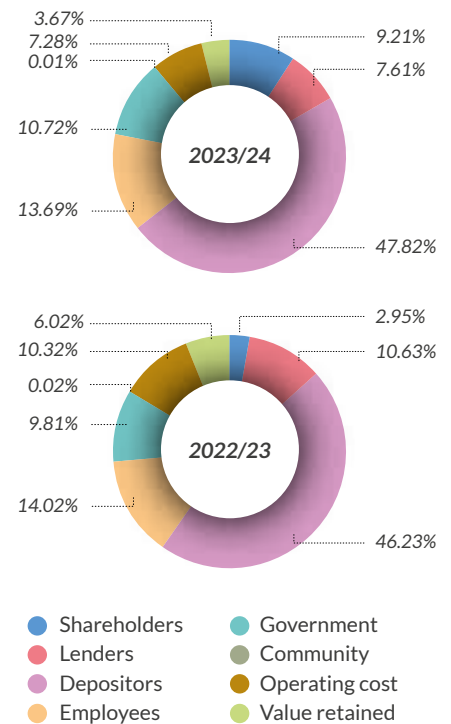
DISTRIBUTION OF VALUE ADDED

GRI 201-1

The economic value generated showed a slight decline of 3.07% 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, with a dividend payment of Rs. 1.40 per share during the year under review. Improved collections led to a decline in other interest-bearing liabilities, resulting in a significant decrease in interest paid to borrowers. Despite salary increments during the year, salaries and other benefits provided to employees slightly declined due to careful management of staff strength. Consequently, the total economic value distributed experienced a marginal year-on-year decline of 0.65%.

	2023/24 Rs. Mn	2022/23 Rs. Mn
Direct economic value generated		
Interest Income	28,853.31	30,196.59
Fees and commission income	1,544.82	1,265.29
Other operating income	638.50	556.43
Economic value generated	31,036.63	32,018.31
Economic value distributed		
To providers of capital		
Dividend to equity holders	2,858.64	943.60
Interest to borrowings	2,360.60	3,403.47
Interest to deposit holders	14,840.28	14,803.48
	20,059.52	19,150.54
To Employees		
Salaries and other benefits	4,248.11	4,488.55
	4,248.11	4,488.55
To Government		
Income tax expenses	1,377.76	1,471.39
Tax on financial services	1,920.92	1,631.47
Other taxes paid	29.75	39.64
	3,328.43	3,142.50
To Community		
On corporate social responsibility CSR and donation	2.68	6.58
	2.68	6.58
Operating Cost		
Depreciation and amortisation	669.94	698.57
Impairment charges for loans and receivables and other losses	(1,155.78)	568.49
Other operating expenses	2,744.18	2,036.32
	2,258.34	3,303.38
Economic value distributed	29,897.08	30,091.54
Economic value retained	1,139.55	1,926.76

Concentration By Sector



AWARDS

INFORMATION TECHNOLOGY

- Best Digitalisation Process Enabler of the year award from NBQSA 2023
- Merit Award for in-house development, PLC TOUCH mobile application from NBQSA 2023
- GOLD award for Financial Institution of the Year for Adopting LankaSign Digital Signatures from LankaPay Technnovation Awards 2024



BEST COMMERCIAL OF THE YEAR 2024

29th Sumathi Awards

“අපි එක කරලේ වී”

“Api Eka Karale Wee”



ANNUAL REPORT

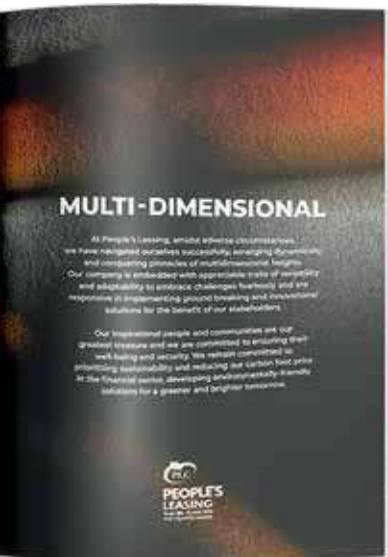


- TAGS Annual Report Awards 2023 conducted by the Institute of Chartered Accountants of Sri Lanka- Silver Award (Finance and Leasing Companies with Assets above Rs. 20BN)
- CMA Excellence in Integrated Reporting Awards, 2023 - Best Integrated Report Award in the Finance & Leasing (State Sector) category



SUSTAINABILITY CERTIFICATES

- Certificate of Acceptance for Sustainability Standards and Certification Initiative (SSCI) from European Organisation for Sustainable Development (EOSD)
- EDGE Green Building Certificate for Classique by PLC from Green Business Certification Inc. (GBCI)
- Certificate from Biodiversity Sri Lanka in appreciation of PLC commitment towards Life Kanneliya Reforestation Project.



- ARC Awards, organised by Mercomm Inc., USA – The Grand Award for Infographics – Gold Awards for Financial Data, Infographics, and Chairman/ President’s Letter, as well as a Bronze Award for Non- Traditional Annual Report
- SAFA Best Presented Annual Report Awards, 2023 - Certificate of Merit

GREAT Stability





As we cross every boundary with confidence, we remain stable with the unrelenting support of our partnerships. Great stability is found where there's enduring consistency.

CHAIRMAN'S MESSAGE



The year 2023 was another transitional year with Sri Lanka once again at a critical crossroads in its economic journey - this time at the cusp of a new era of hope as the country began the task of reconstructing its economy and restoring global trust.

A handwritten signature in black ink, which reads "M.P. Amirthanayagam".

M.P. AMIRTHANAYAGAM
Chairman

“Action is the foundational key to all success”
 – Pablo Picasso

It is with great pleasure that I present to you the Integrated Annual Report and Financial Statements of People’s Leasing & Finance PLC for the year ended 31 March 2024.

The year 2023 was another transitional year with Sri Lanka once again at a critical crossroads in its economic journey - this time at the cusp of a new era of hope as the country began the task of reconstructing its economy and restoring global trust.

CHARTING A COURSE TOWARDS ECONOMIC REVIVAL

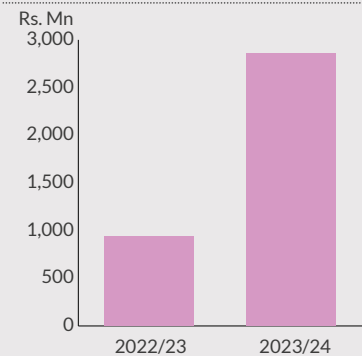
Despite lingering issues from the 2022 economic crisis, Sri Lanka embarked on a path of economic revival in 2023, characterised by resilience, adaptability, and a renewed commitment to fostering inclusive prosperity for all its citizens.

In order to fully appreciate the significance of all that was achieved in this past year, it is important to understand that Sri Lanka’s economic performance in 2023 unfolded in two distinct phases, each marked by contrasting dynamics and unique challenges.

The first half of the year witnessed sluggish growth against the backdrop of mounting pressures stemming from existing structural weaknesses and external factors, with economic indicators painting a picture of continued uncertainty, marked by concerns over debt sustainability and fiscal imbalances. The announcement of the Domestic Debt Optimisation (DDO) programme by the government in March 2023 emerged as a significant factor contributing to the prevailing uncertainty during this period. The DDO, aimed at restructuring domestic debt obligations, stirred apprehension among investors and stakeholders alike, raising concerns about its effectiveness in addressing the country’s fiscal challenges and its broader impact on economic stability. Consequently, the DDO programme became a focal point of discussion and analysis, shaping perceptions of Sri Lanka’s economic outlook and adding to the complexity of the prevailing economic environment in the first half of the year.

Interestingly, the successful conclusion of the DDO in June 2023 served as a catalyst for instilling newfound confidence and stability

Dividend Paid during the Year

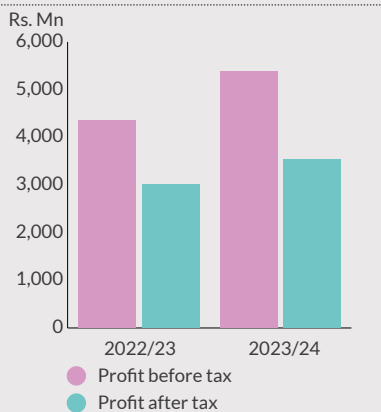


in the nation’s financial landscape. The DDO, which effectively shielded the country’s financial system, signified a shift towards a more resilient and sustainable economic trajectory. Moreover, bold structural reforms by the government, including economic stimulus aimed at revitalising key sectors and restoring investor confidence along with strategic measures to streamline public expenditure and attract foreign investment, also began to bear fruit, creating the space for a gradual but perceptible improvement in economic conditions in the second half of the year. Consequently, Sri Lanka experienced a limited GDP contraction of 2.3% in 2023, denoting a stark contrast to the significant 7.3% degrowth recorded in 2022. A steady rebound in real GDP growth was observed during the second half of 2023 with 4.5% growth in the fourth quarter. After peaking at a historically high level in September 2022, inflation underwent a swift disinflation process, dropping to lower single-digit levels by the end of 2023. Gross official reserves saw a rapid improvement throughout 2023, rising to Rs. 4.39 billion by the end of the year, up from significantly low levels in 2022. In yet another positive, commendable progress on the economic front enabled the Sri Lankan government to secure the IMF-EFF facility with the first tranche of SDR 254 million (approximately US\$337 million) received in December 2023, providing much needed impetus for sustained economic recovery and resilience.

DIVIDEND PAID
 RS. **2.86**
 BILLION

EQUITY
 RS. **41.83**
 BILLION

Profit before Tax & Profit after Tax



CHAIRMAN'S MESSAGE

LEADING THE INDUSTRY TRANSFORMATION

As you can well imagine, our strategic approach throughout the first half of the year remained largely consistent with the preceding year's tactics. However, with the upturn in economic conditions during the latter part of 2023, our stance shifted decisively towards exploiting emerging opportunities.

The foresight and discipline exercised in the past during the downturn serves us well by positioning People's Leasing favourably to benefit from the economic upturn. Our accumulated reserves, a direct outcome of the prudent lending decisions during the economic downturn, proved to be an invaluable asset as we navigated the economic resurgence in the latter part of 2023. Having prioritised liquidity and risk management during the economic downturn, often at the expense of market share, we had ensured that our financial foundation remained robust. This cautious approach allowed us to build significant reserves, which in turn empowered us to respond swiftly and effectively to the renewed credit appetite that we saw emerging with the economic recovery. As market conditions improved, these reserves provided the necessary leverage to expand our lending operations confidently, capitalising on growth opportunities while maintaining financial stability.

Our extensive scale, industry-leading product portfolio, and the synergies developed through the People's Brand provided us with a significant advantage. This allowed us to offer tailored financial solutions that addressed the specific needs of various industries, playing a pivotal role in their recovery. Furthermore, the resources mobilised over the past few years towards reforming our internal processes and risk management architecture not only bolstered our capacity to meet and exceed our credit expansion targets, but enabled us to do so with stronger emphasis on credit quality management over the long term.

To complement our aggressive lending strategy, we launched an extensive mass media campaign to emphasise People's Leasing's capability to support and sustain post-crisis economic revitalisation. The new campaign, entitled "Jeewithe Match Eka Dinanna Enna Api Langata – Api Eka Karale Wee," builds on the highly successful "Api Eka Karale Wee" campaign in showcasing our ongoing commitment to fostering customer resilience and growth.

SUSTAINED FINANCIAL RESULTS

Despite facing numerous challenges in the operating environment, People's Leasing managed to achieve a significant year-on-year enhancement in profitability. Profit before tax and profit after tax for the financial year 2023/24 reached Rs. 5,375.93 million and Rs. 3,540.50 million respectively. Alongside this improved profitability, our profitability ratios also strengthened, bolstering our capacity to generate better returns for our esteemed investors.

Reflecting the success of our strategic lending approaches, especially the decision to curtail new exposures in the first half of the year, the company's total assets declined to Rs. 159,852.09 million as at 31 March 2024, denoting a 6.56% decline from the Rs. 171,073.16 million reported at the end of the previous financial year.

Strong emphasis on capital adequacy and liquidity saw People's Leasing recording Tier 1/ Core Capital Ratio of 30.00% as at 31 March 2024, comfortably above the regulatory minimum of 10% as well as a significant improvement from the 25.76% reported at the end of the previous financial year. These trends were mirrored in the total capital ratio as well, which stood at 29.70% by the end of FY 2023/24, again well above the regulatory minimum of 14% and notably higher than the 26.61% registered at the end of the previous year.

Meanwhile, evidencing the success of our liquidity management strategies, People's Leasing's regulatory liquid assets to total assets ratio remained strong with 26.07% as at 31 March 2024.

The profit before tax and profit after tax of the People's Leasing Group also saw a notable increase of 20.62% and 21.96% respectively compared to the financial year 2022/23, reaching Rs. 6,429.22 million and Rs. 4,197.43 million in the financial year 2023/24. This growth was primarily driven by the improved profitability of the company.

COMMITMENT TO STAKEHOLDER VALUE CREATION

In 2023, we reaffirmed our unwavering commitment to stakeholder value creation through a series of strategic initiatives, most notably the launch of "Classique by PLC" - a revolutionary offering that signifies People's Leasing's vision to serve diverse customer markets. I proudly acknowledge that "Classique by PLC", which epitomises our dedication to integrating personalised

services with cutting-edge technology, has redefined the industry benchmark for service excellence and overall customer experience underscoring our relentless pursuit of growth and customer satisfaction.

We continued to invest in strategic employee development initiatives designed to enhance skills, foster growth, and promote a culture of excellence. Our leadership development programme in particular gathered good traction with a large number of middle management being granted the opportunity to participate in a series of structured workshops which included coaching and outbound training.

The "Bright Ideas" campaign aimed at fuelling employee innovation continued for the second consecutive year drawing in much higher participation than the inaugural edition held in 2022. Given the growing popularity of the "Bright Ideas" campaign, we leveraged the Chairman's Awards as a platform to recognise winners. Our goal with these efforts is to encourage our young team members to develop a sense of ownership towards the Company's success and in doing so cultivate their own career aspirations as future leaders of People's Leasing.

The Company paid the highest dividend in its history, distributing Rs. 1.40 per ordinary share to our valued shareholders, resulting in a substantial payout ratio of 80.74% during the financial year 2023/24.

EMBRACING SUSTAINABILITY

I am indeed very proud to share with you the progress made on the sustainability front. In fact, I would say 2023 was a landmark year for People's Leasing's sustainability journey.

On the one hand, our sustainability team began actively working towards the adoption of the CBSL directives on Sustainable Finance Activities, including CBSL Road map on Sustainable Finance Sri Lanka and Green Finance Taxonomy guidelines. As a first step, a new ESG Sustainability (Environmental, Social, Governance) policy was formulated and presented for Board approval, outlining a systematic approach towards adopting the CBSL & CSE guidelines over the next 12 -18 months.

In parallel, we began studying globally recognised frameworks that will provide the structural architecture to support our sustainability journey. To that end, we commenced the process of obtaining the SSCI certification - the first global standard that offers a comprehensive platform to integrate

sustainability into the business with a positive and measurable outcome.

In the meantime, we continued to stay on course in our advocacy of green finance through the launch of our Solar Financing Scheme for retail customers, which marks a significant step in widening mainstream access to affordable clean energy. Keen to move up the needle in this sphere, we tied up with relevant suppliers to leverage their expertise to extend the Solar Financing Scheme to the MSME sector as well.

Our partnership with Lanka E-Mobility Solutions (Pvt) Ltd. (LeMS) to unveil the first-ever battery-swapping technology-powered three-wheeler conversion in Sri Lanka represents a historic achievement that gives People's Leasing first mover advantage in this space.

In yet another historic achievement, our newly launched state-of-the-art customer experience centre "Classique by PLC" was endorsed the EDGE as first certified Green Building in Sri Lanka in recognition of its commitment to environmental stewardship.

BOARD REFRESHMENT

People's Leasing undertook significant changes to improve its Board balance in the current financial year, in alignment with the new corporate governance rules for listed entities issued by the Colombo Stock Exchange. Accordingly, two new Independent Non-Executive Directors, Mr. Yudhishtan Kanagasabai and Mr. Pravir Dhanoush Samarasinghe, were appointed to the People's Leasing & Finance Board with effect from 11 August 2023 and 6 November 2023 respectively, thereby satisfying the Board balance criterion set out under the new CSE rules.

As Chairman of the Board, I take this opportunity to welcome the new directors appointed to the People's Leasing Board in FY 2023/24.

OUTLOOK AND PROSPECTS

While it is not my place to provide real-time information on Sri Lanka's economic recovery in 2024 and beyond, I can however offer some observations on common trends and strategies for economic recovery, and how a financial institution such as People's Leasing could contribute to this recovery trajectory.

I believe Sri Lanka's projected economic recovery hinges on a multitude of factors encompassing macroeconomic stability, sectoral dynamics, investment

in infrastructure, export promotion, and governmental reforms.

Sector-wise, industries including tourism, manufacturing, agriculture, and services wield significant influence on the nation's GDP, necessitating targeted support over the next few years. Similarly, supporting infrastructure development, particularly in transportation, energy, and communication, remains crucial for enhancing productivity, attracting investments, and fostering job creation. Concurrently, government policies concerning fiscal management, taxation, regulatory frameworks, and investment incentives will be critical in shaping the recovery trajectory, with reforms geared toward improving the business environment and governance playing a crucial role in attracting investments and sustaining economic momentum.

In this context, People's Leasing, as a leading financial institution, aims to play a significant role in advancing Sri Lanka's growth trajectory. We plan to stimulate investment, entrepreneurship, and innovation - key drivers of economic expansion - by facilitating access to finance and providing financial advisory services for businesses, SMEs, and individuals. Additionally, through our inclusive finance initiatives, which leverage digital technologies and partnerships, we aim to significantly enhance financial inclusion, particularly in underserved communities and rural areas, thus stimulating economic activity and driving socioeconomic development nationwide in the coming years. Furthermore, we are currently evaluating investment opportunities within and beyond the People's Leasing Group to capitalise on the recovering economy.

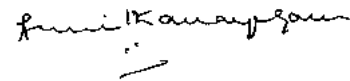
APPRECIATIONS

I wish to extend my gratitude to my fellow Directors for their enthusiastic participation in all Board matters and their unwavering commitment to support the Board's effective functioning.

The Board joins me in conveying our heartfelt thanks to Mr. Shamindra Marcelline, the outgoing CEO of People's Leasing, for his exceptional leadership, unwavering dedication, and visionary guidance throughout his tenure. Under his stewardship, People's Leasing has flourished, reaching new heights of success and setting benchmarks for innovation and performance in the local NBFI industry. The Board joins me in expressing our deepest appreciation for his invaluable contributions and wish him continued success in all his future endeavours.

We would like to take this opportunity to express our sincere gratitude to all our employees for their remarkable resilience and unwavering dedication. Your resilience continues to serve as an inspiration for us all, reaffirming our belief in the power of unity and perseverance.

We also wish to place on record our heartfelt gratitude to our valued customers, depositors, shareholders, and business partners for their trust and confidence in People's Leasing. Your steadfast support and commitment have been instrumental in our journey towards excellence and growth. As we reflect on our shared accomplishments, we are deeply grateful for the spirit of partnership that binds us, and remain committed to continuing this journey of mutual success together. With your continued support and collaboration, we are confident that we can achieve even greater heights in the future.



M.P. Amirthanayagam
Chairman

31 May 2024

CHIEF EXECUTIVE OFFICER'S MESSAGE



It has been a transformational year for People's Leasing & Finance PLC - one in which we made major strides in reinforcing our leadership at the forefront of the local non-bank financial sector.

UDESCH GUNAWARDENA
Chief Operating Officer/Acting CEO

“Coming together is a beginning, staying together is progress, and working together is success.”
Henry Ford

Dear Stakeholders

It has been a transformational year for People’s Leasing & Finance PLC - one in which we made major strides in reinforcing our leadership at the forefront of the local nonbank financial sector.

However before I begin to recap the events of the year, I would like to take a moment to acknowledge Mr. Shamindra Marcelline, who resigned as the CEO of People’s Leasing on 31 March 2024, after serving in this capacity over three years. I would like to take this opportunity to express the collective appreciation of the Company to Mr. Marcelline for his visionary leadership and guidance that has been instrumental in steering our Company towards unparalleled standards of excellence which are now widely accepted as the benchmark of success in the local NBFi sector.

MACROECONOMIC OVERVIEW

Reflecting on Sri Lanka’s economic performance in 2023, evokes mixed sentiments. On the one hand, it was encouraging to a less severe economic contraction, after six consecutive quarters of progressive de-growth. Tourism rebounded significantly as global travel restrictions eased, contributing positively to GDP and helping to alleviate foreign exchange shortages. The agricultural sector also showed signs of recovery, benefiting from favourable weather conditions and government initiatives aimed at boosting productivity. Manufacturing and exports, particularly in textiles and apparel, showed resilience despite global economic uncertainties.

After facing significant economic hardships in previous years, including a severe economic crisis and political instability, the government’s stabilisation measures and international support also played a crucial role in fostering a more favourable economic environment.

However, Sri Lanka continued to grapple with substantial debt obligations and inflationary pressures, which constrained overall economic performance. Despite these challenges, Sri Lanka’s GDP performance in 2023 points to recovery and stabilisation,

setting a cautious yet hopeful tone for the future economic trajectory of the nation.

STRATEGIC ALIGNMENT

Given that the demand for credit at the beginning of the year was predominantly driven by consumption needs amid persistent uncertainties, People’s Leasing adopted a conservative lending strategy during the first half of the current financial year. Consequently, new credit exposures were undertaken on a highly selective basis, with a primary focus on supporting Small, and Medium Enterprises (SMEs). This strategic approach was designed to mitigate risks while fostering growth in key areas of the economy.

In parallel, recovery efforts were also further intensified with a target-driven approach introduced along with stricter supervisory oversight to improve team alignment to the Company’s collection objectives. To complement these initiatives, a dedicated Recovery Call Centre was set up as a pilot project to further bolster recovery efforts.

Meanwhile, encouraged by the visible improvement in economic conditions and the low interest rate regime in the second half of the year, we actively recommenced lending, with a strong emphasis on managing credit quality of new exposures. To that end, the newly launched PLCCORE system marks an important milestone in reforming our credit decisions to ensure accurate alignment with internal credit quality benchmarks. A dedicated Credit Department was also established to strengthen supervisory oversight over the entire credit process.

FINANCIAL PERFORMANCE

Interest Income - the Company’s main source of income, declined by 4.45% year-on-year, underscoring our strategic decision to curtail lending in response to the challenging economic environment. Mirroring this trend, interest expenses also declined by 5.53% year-on-year. However, the net impact had a positive effect on our Net Interest Margin, which showed a marginal improvement to 7.69% in FY 2023/24 from 7.35% in the previous financial year.

Commendably we were able to limit the increase in operating expenses to 5.85%



Return on Assets and Return on Equity



CHIEF EXECUTIVE OFFICER'S MESSAGE

increase year on year, a testament to the success of our broad based cost containment strategies. Our focus on operational consolidation and workflow optimisation through increased automation, against the backdrop of inflationary pressure, was also partly responsible for cost efficiencies recorded in the current year.

Impacted by lower Net Interest Income (NII), our cost-to-income ratio moved up to 55.61%, in the current financial year, from to 52.64% in FY 2022/23 financial year yet reflected a month-on-month drop during the year. It is however important to note that our impairment-adjusted cost-to-income ratio of 51.33% for FY 2023/24 was below the industry average of 52.8% for the year ended 31 March 2024.

Meanwhile, the culmination of our recovery and collection efforts yielded excellent results, enabling People's Leasing to achieve an cumulative collection ratio of 100.34%. Consequently, we were able to effect a substantial reversal in impairment charges on account of loans and receivables, amounting to Rs. 1,155.78 million during the year under review. This is in contrast to the Rs. 568.49 million booked as impairment provision in the financial year 2022/23.

Although there were significant achievements, our non-performing advances ratio rose to 15.24% by March 2024, up from 14.25% in March 2023. This increase was primarily due to a reduction in the lending portfolio, reflecting our cautious lending strategy aimed at optimising our balance sheet. However, despite this, the overall non-performing advances portfolio reduced to Rs. 17,544.36 million at the end of the financial year, compared to Rs. 18,086.12 million portfolio as at 31 March 2023.

On account of the improvements explained above the Company's Profit before Tax and Profit after Tax for the financial year 2023/24 surged to Rs. 5,375.93 million and Rs. 3,540.50 million respectively, marking a notable year-on-year growth of 23.82% and 17.33%.

CUSTOMER INCLUSIVITY

The current financial year saw People's Leasing achieving some important milestones in its customer inclusivity agenda, key among them the launch of "Classique by PLC" a unique value proposition that revolves around an exclusive service proposition targeting high net worth clientele. With a focus on exceptional customer service, "Classique by PLC" is designed as a state of the art,

environmentally-friendly facility where eligible clients receive tailored financial advice and solutions to meet the unique needs and aspirations of this niche market.

Reiterating our commitment to enable equitable access to finance, we strengthened our gold loan footprint. Gold loan facilities were introduced at 15 People's Leasing branches during the current financial year, bringing the total number of gold loan enabled branches to 104 as at 31st March 2024. The gold loan product portfolio was further enhanced with the inclusion of more flexible gold loan schemes with varying tenures. In related developments, our Islamic product range was also further expanded with the launch of the Wakalah Investment solution and the Wadi'ah – Gold Safekeeping product.

TECHNOLOGY ENABLEMENT

While embracing digital transformation has always been a cornerstone of our strategy, the events of the past year have underscored its urgency and importance. In response to evolving customer needs and market dynamics, we accelerated our efforts to digitise internal workflows, from enhancing the online loan application processes to deploying cutting-edge AI technology for risk assessment. This digital pivot not only improves efficiency and reduces operational costs but also enhances the overall customer experience.

The implementation of the PLCCORE Loan Origination System represents a significant accomplishment in our digital enablement journey. The system which was developed in-house and rolled out in November 2023, now serves as the backbone of our lending operations. Furthermore, the system's advanced data security protocols and robust analytics for real-time reporting, facilitates improved decision-making and compliance risk management alongside significant cost savings in terms of reduced paper usage. In short, PLCCORE represents a holistic solution that enhances our operational agility, supports customer service, and drives sustainability.

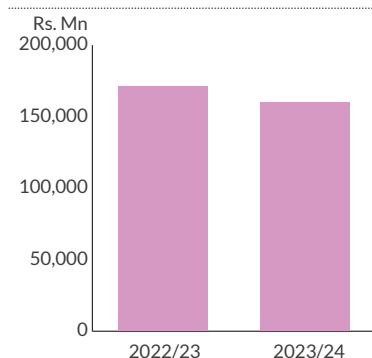
Another key initiative was the Classique centre system development involving the introduction of sophisticated tools to support digital onboarding tools and drive customer engagement

PEOPLE EMPOWERMENT

We continued to face significant challenges in 2023/24 as a consequence of employee attrition, primarily due to an increasing trend of our workforce seeking opportunities

While embracing digital transformation has always been a cornerstone of our strategy, the events of the past year have underscored its urgency and importance. In response to evolving customer needs and market dynamics, we accelerated our efforts to digitise internal workflows,

Total Assets



for overseas employment triggered by the financial pressures induced by the 2022 economic crisis.

In response, we launched an aggressive recruitment drive to fill skill gaps. At the same time, recognising the immense potential within our existing workforce, we implemented comprehensive training and development programmes designed to upskill and reskill our employees. Further, under the guidance of our newly established Talent Retention and Career Committee, we embarked on a structured succession planning exercise to create clear career progression pathways and provide access to a range of professional development opportunities for high performers earmarked through the annual performance appraisal.

On that note, I am pleased to announce the launch of the CEO's Club initiative, specifically designed to inspire and motivate our marketing teams to concentrate on business growth. This initiative aims to foster a dynamic and collaborative environment to align marketing teams with our broader business objectives, ensuring that each and every member of our marketing team makes a strong positive contribution to the Company's growth targets.

DRIVING GREEN FINANCE

We made excellent progress in our endeavour to reorient our lending operations to the CBSL's Roadmap for Sustainable Finance in Sri Lanka guidelines on ensuring an increased skew towards green financing.

The launch of "PLC Solar," in March 2024 was a key catalyst in accelerating this transition. Our intention with the solar loan scheme is to address a crucial market gap through the provision of affordable access to clean energy. As part of the overall effort to further expand our bandwidth in the solar space, we entered in to a strategic tie up to encourage MSME's to embrace the clean energy transition.

AWARDS AND ACCOLADES

It has been another rewarding year for People's Leasing, with our performance and progress being recognised through numerous awards and accolades. The People's Leasing brand continued to perform well, being ranked 23rd among the top 30 Most Valued Brands in Sri Lanka in the LMD Brand Finance Report 2023. We were also placed 36th in the list of the Most Respected Brands in Sri Lanka in the LMD Brand Finance Report 2023.

Our technology strides were acknowledged at the National Best Quality Software Awards

(NBQSA) awards 2023, where People's Leasing was declared the Winner of the Best Digital Process Enabler of the Year award.

Meanwhile our commitment to reporting excellence continued to receive recognition both locally and internationally. At the prestigious TAGS Annual Report Awards 2023 conducted by Institute of Chartered Accountants Sri Lanka, People's Leasing secured the Silver award (Finance and Leasing companies with assets above Rs. 20bn), while at the CMA Excellence in Integrated Reporting Awards, 2023, our FY 2022/23 Annual Report clinched the award for the Best Integrated Report in the Finance & Leasing category.

Our Annual Report was also recognised at several international forums as well. At the ARC Awards, organised by Mercomm Inc., USA - the People's Leasing Annual Report for FY 2023/24 clinched awards in multiple categories, including The Grand Award for Infographics, Gold Awards for Financial Data, Infographics, and Chairman/President's Letter, as well as a Bronze Award for Non-Traditional Annual Report.

THE ROAD AHEAD

Sri Lanka's short to medium-term economic outlook is expected to be characterised by robust near term growth, followed by steady improvements in the medium term as government-led structural reforms and policies create the space for sustainable development, export diversification, and enhancing foreign investment.

In this evolving landscape, People's Leasing will aim to improve its agility and responsiveness to be able to provide accessible financing solutions tailored to the needs of various sectors, particularly in green finance and SME support to help stimulate entrepreneurship, drive infrastructure investment, and promote financial inclusion. By aligning our corporate strategy with these critical national development priorities, People's Leasing will strive to play a crucial role in fostering innovation, job creation, and sustainable economic development, thereby contributing to the overall prosperity and resilience of Sri Lanka.

APPRECIATIONS

As I bring my remarks to a close, I want to express my heartfelt appreciation to the Chairman, the Board of Directors, and the departing CEO for their unwavering dedication throughout a prosperous fiscal year. I extend my gratitude to the

Management team and every member of the People's Leasing staff for their remarkable team spirit and unwavering dedication, which have been instrumental in maintaining our robust position in the market.

My thanks are also due also to the officials of the Central Bank of Sri Lanka and the Non-Bank Financial Institution Supervision Department for their advice and guidance. Additionally, I would like to express special appreciation to our esteemed Brand Ambassadors and the Classic Car Association for their unwavering support towards the preparation of the Annual Report 2023/24 of People's Leasing.

In conclusion, I wish to thank the shareholders, customers and other stakeholders of People's Leasing & Finance PLC Your trust and confidence remains central to our success and I look forward to your continued support to take People's Leasing to greater heights in the coming years.



Udesh Gunawardena
Chief Operating Officer/Acting CEO

31 May 2024

GREAT Craftsmanship

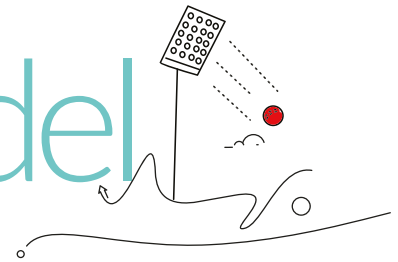


hip



Our business model is designed to deliver enduring value at every turn, while positioning ourselves at the forefront of our industry. Engineered with stability, we craft Great Partnerships that are simply timeless.

PLC's Value Creation Model



We've firmly established ourselves as a significant player in Sri Lanka's NBFi market, honing our robust business strategy over the past two decades. Our sustainability hinges greatly on this strategy, which requires continual guidance from diverse disciplines such as economics, finance, marketing, legislation, and strategy to remain agile in day-to-day operations. Moreover, People's Leasing consistently refines its value creation model, processes, and activities to align with inputs, outputs, outcomes, and desired impacts. This adaptation is crucial given the competitive and complex market landscape, dynamic operating environment, and emerging threats to traditional business models.

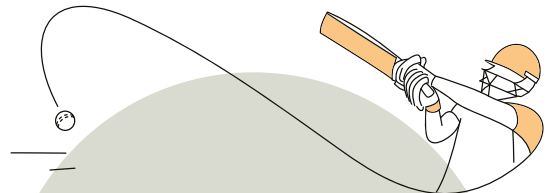
vision

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 organisational service excellence whilst maintaining a sustainable competitive advantage.



Our value creation commence with ESG

We focus on our ;

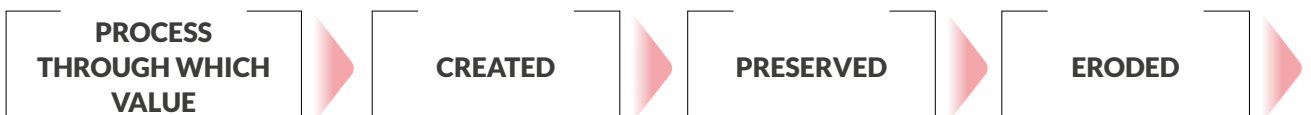
- » Environmental Responsibility
- » Social Accountability
- » Conformity to the governance
- » Slowing consumer demand for goods.



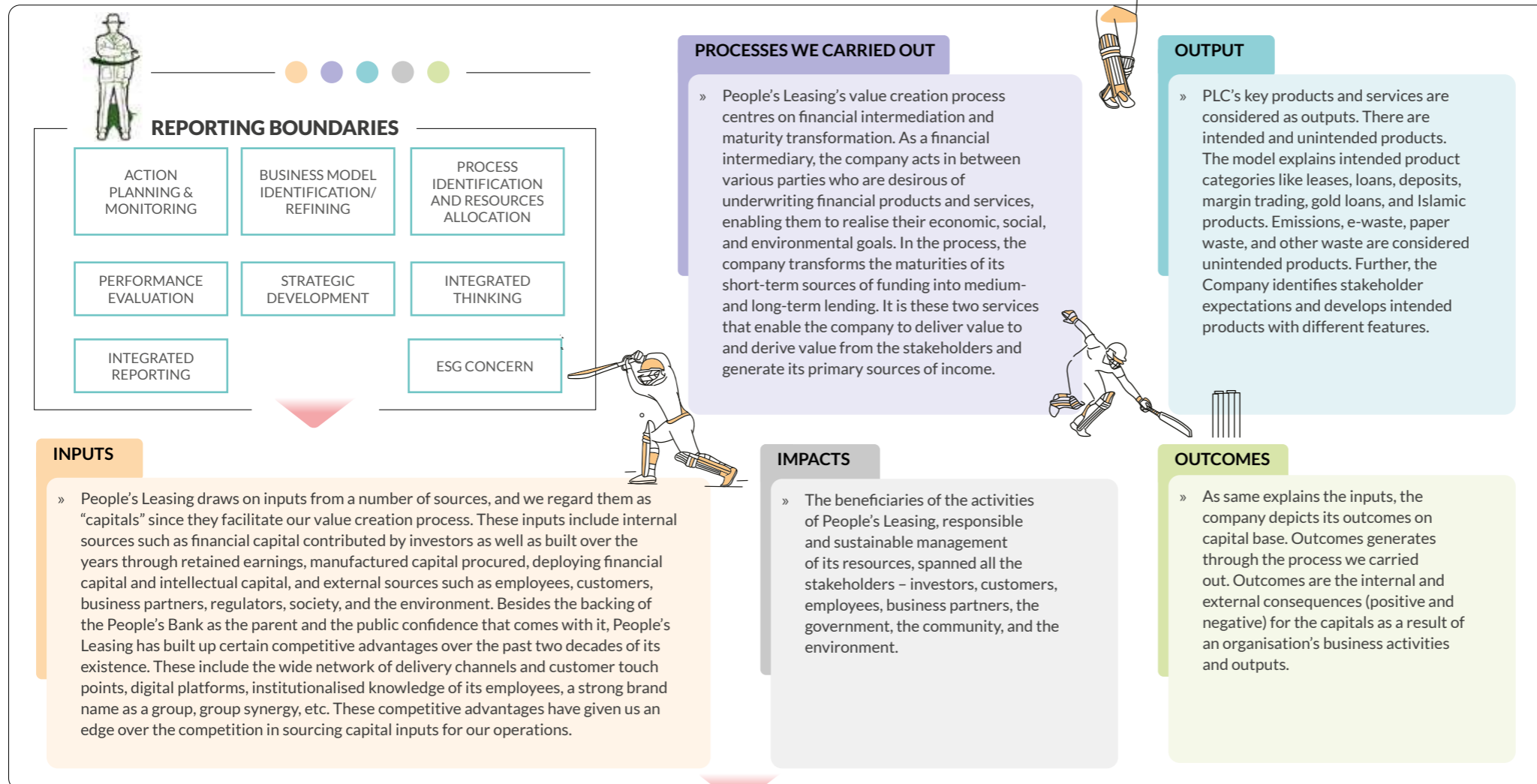
We integrate our Strategies to Business Model

Our Key strategic imperatives;

- » Pursuing Sustainable Growth
- » Augmenting Customer Experience
- » Differentiation through Our People
- » Integrating Environmental and Social Factors
- » Stewardship



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



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

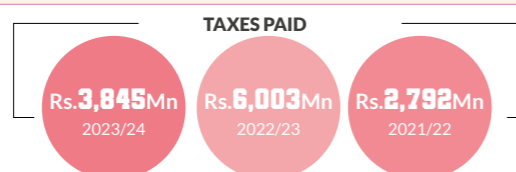


WHAT SETS US APART FROM OTHER MAJOR PLAYERS?

The distinctive qualities of People's Leasing are reflected in our value creation approach through the relationships we have with our stakeholders, which are fueled by the organisation's strategic priorities. Our strategic focuses, which are directed toward environmental, social, and governance concerns, have material concerns at their core. Being a state-owned enterprise (SOE) the company's priorities consistently set it apart from other NBFIs industry participants. We provide significant contributions to the government in many ways, and finally our earnings are included in the government's revenue.

Value propositions caused to differentiate the People's Leasing;

CONTRIBUTION TO LOCAL ECONOMY Being a SOE, the company's strategic priorities focus on sustainable growth. More than two decades of providing financial services, we have been able to make a real impact on our stakeholders as evident from the loyal base of investors, satisfied customers, passionate employees, gratified business partners, cordial relationships with the regulators and the positive impact on the society and the environment.



FINANCIAL INCLUSION 9.08% of the NBFIs 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 individualised 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 2,052 job opportunities and 17,990 experience years. Our 79.74% 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

EXTERNAL ENVIRONMENT

The Capitals

Quantitative

FINANCIAL



TOTAL ASSETS RS. 171.07 BN	TOTAL LIABILITIES RS. 131.28 BN	PORTFOLIO RS. 114.27 BN
EQUITY RS. 39.79 BN	TOTAL BORROWINGS RS. 125.37 BN	MARKET CAPITALISATION RS. 16.13 BN

MANUFACTURED



OUR BRANCH NETWORK OF **111 BRANCHES** REPRESENTED BY **RS. 1,481.01 MILLION** WORTH OF PROPERTY, PLANT AND EQUIPMENT

WIDESPREAD **TOUCH POINTS**

CAPEX OF **168.94 MILLION**

INTELLECTUAL



BRAND VALUE AND BRAND EQUITY RS. 6.51 BN	SOFTWARE VALUED RS. 19.19 MN
POLICIES AND PROCEDURES	
ROBUST RISK MANAGEMENT FRAMEWORK	
DATA ANALYTICS	

HUMAN



EMPOWERED AND COMMITTED WORKFORCE OF 2,114 EMPLOYEES	TOTAL CUMULATIVE EMPLOYEE EXPERIENCE 18,928 YEARS
----------------------------------------------------------------	-------------------------------------------------------------

SOCIAL & RELATIONSHIP



383,715 DEPOSIT CUSTOMERS	114,246 LENDING CUSTOMERS
12,990 BUSINESS PARTNERS	
LONG-STANDING RELATIONSHIPS AND TIE-UPS	10,770 SHAREHOLDERS

NATURAL



CARBON FOOTPRINT 1,802.27 tCO2e	RECYCLED PAPERS 7,797 kg
-------------------------------------------	------------------------------------

Qualitative

Liquidity management strategies lead us long term resilience

State-of-art core IT systems
Innovative digital channels

Institutionalised knowledge

- » Strong corporate brand image and value
- » Integrity

Expertise and experienced workforce.

- » Performance-linked reward structure
- » Innovativeness

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

- » Qualitative
- » Commitment towards paperless finance

INPUTS



Geopolitics Economic Technological Environmental Legal Regulatory Cultural Rivalry Force majeure

EXTERNAL ENVIRONMENT

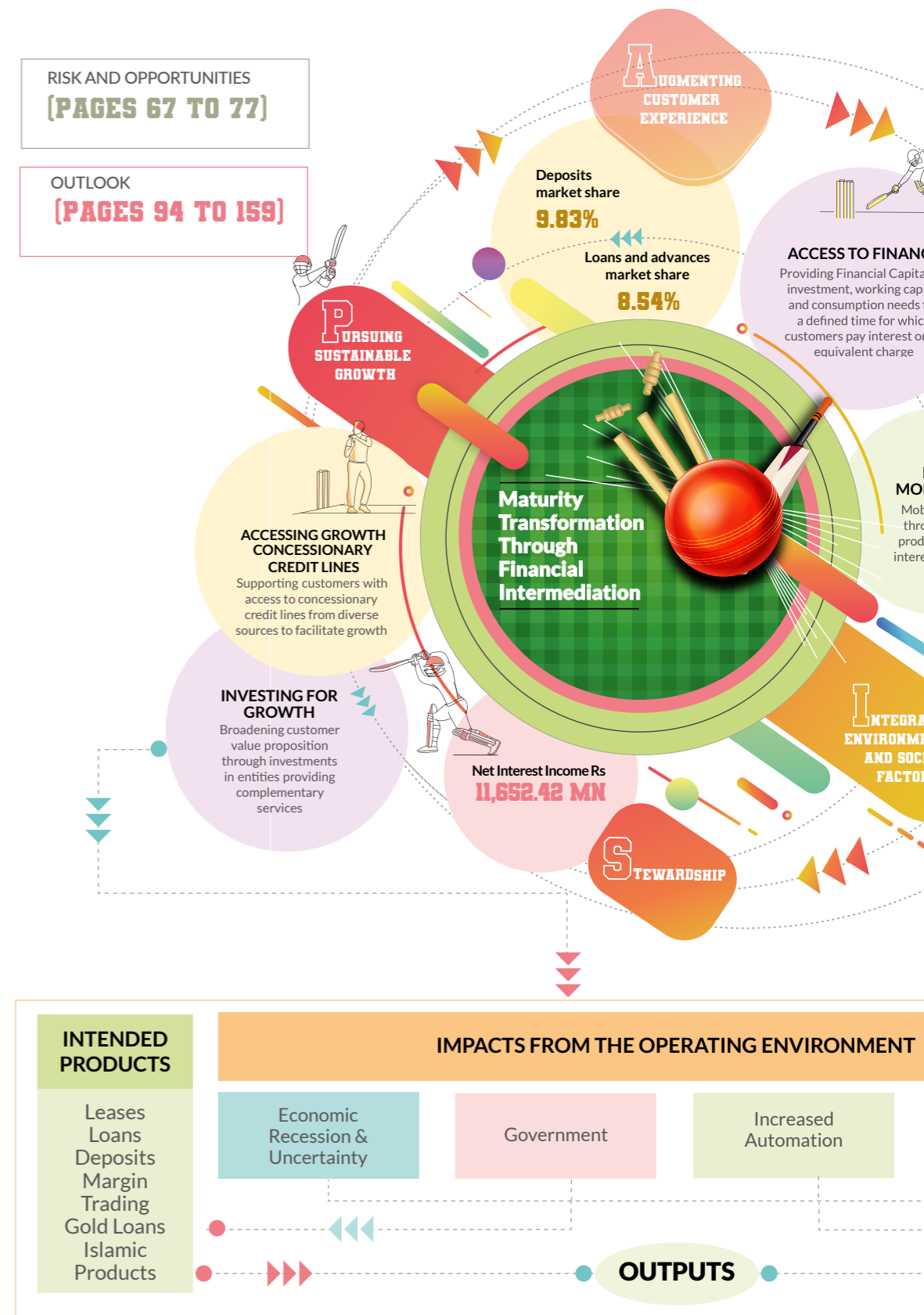
MISSION

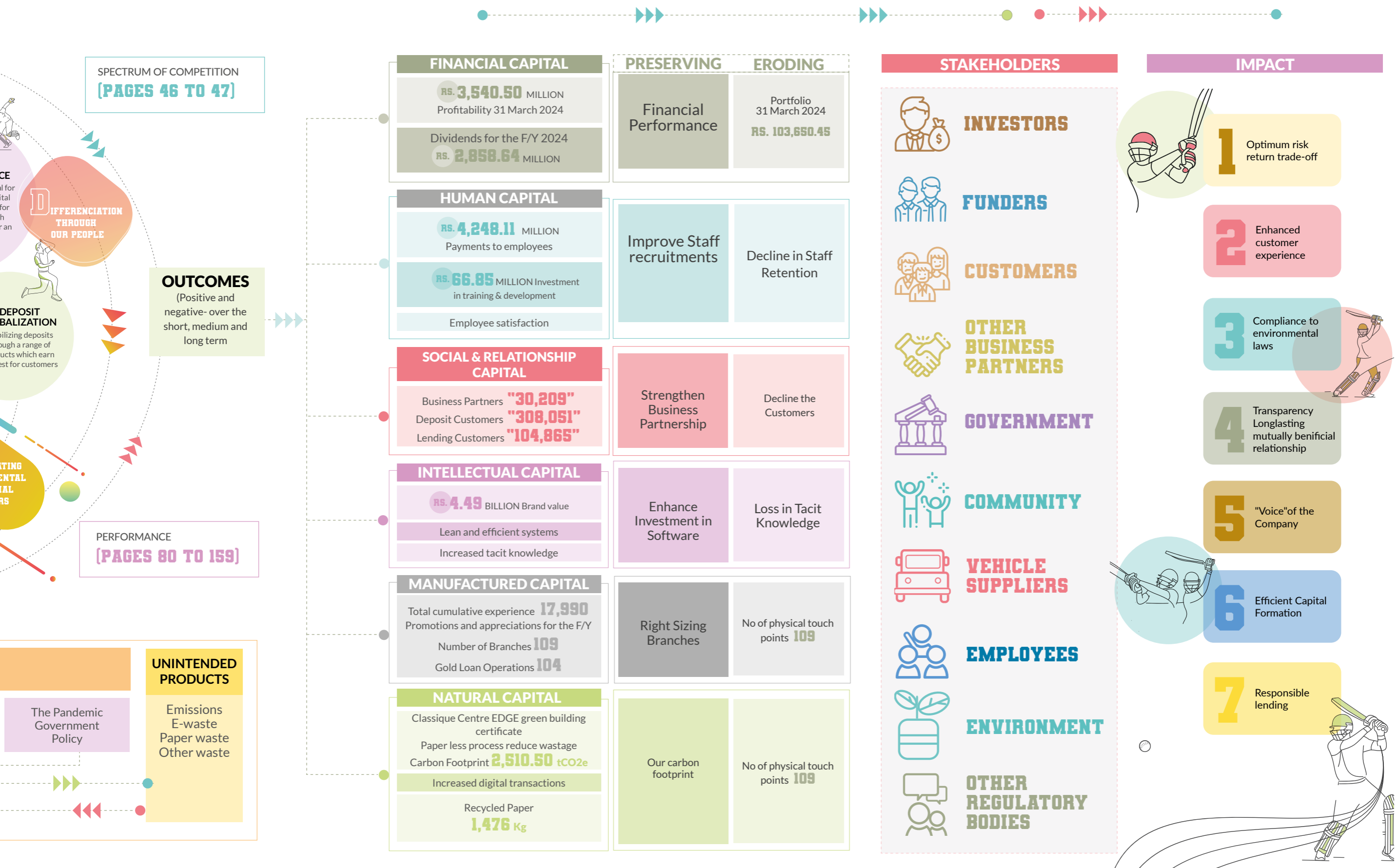
RISK AND OPPORTUNITIES
(PAGES 67 TO 77)

OUTLOOK
(PAGES 94 TO 159)

VISION

VALUES





OPERATING ENVIRONMENT

People's Leasing demonstrates a profound understanding of the intricate interplay between its operational environment and the strategies it employs. Grounded in astute analysis and forward-thinking approaches, People's Leasing acknowledges that success in today's business landscape necessitates a proactive responses to navigating the multifaceted influences that shape its operating environment.

Central to this approach is the recognition that the operational environment is not static but rather dynamic and ever-evolving, influenced by a myriad of factors both internal and external. Within this context, People's Leasing adopts a holistic perspective, comprehensively considering the various dimensions that contribute to its operational milieu.



Global Economy

WORLD OUTPUT	WORLD ECONOMY 2022 - 3.5% 2023 - 3.1%	ADVANCED ECONOMIES 2022 - 2.6% 2023 - 1.6%	EMERGING & DEVELOPING ECONOMIES 2023: 4.1% 2024: 4.1%
--------------	---------------------------------------------	--------------------------------------------------	-------------------------------------------------------------

Key Trends

- » According to the World Economic Outlook (WEO) update of the IMF released in January 2024, global growth is estimated to have slowed down from 3.5% in 2022 to 3.1% in 2023.
- » Global trade growth in 2023 was the slowest outside global recessions in the past 50 years, with goods trade contracting amid anaemic global industrial production.
- » The average prices of most commodities, in U.S. dollar terms, fell in 2023 amid moderating demand.
- » Global headline consumer price inflation declined substantially in 2023. Moderating energy and food price inflation, along with slowing consumer demand for goods.

Global Economic Outlook - Global growth is projected to remain around 3.1% in 2024 and accelerate to 3.2% in 2025 on account of the stronger rebound in advanced economies.

Local Economy

GDP GROWTH

GDP & SECTORAL PERFORMANCE	GDP GROWTH 2022 - (7.3%) 2023 - (2.3%)	AGRICULTURE 2022 - (4.2%) 2023 - 2.6%	INDUSTRY 2022 - (16.0%) 2023 - (9.2%)	SERVICES 2022 - (7.6%) 2023 - (3.0%)
----------------------------	----------------------------------------------	---------------------------------------------	---------------------------------------------	--------------------------------------------

Key Trends

- » In 2023, the Sri Lankan economy showed signs of rebound with a moderate contraction of 2.3%, in comparison to a significant contraction of 7.3% observed in 2022.
- » The gradual yet steady rebound in 2023 was evident, particularly in the second half of the year, during which the Gross Domestic Product (GDP) recorded positive growth rates.
- » Following six quarters of year-on-year contractions, the economy recorded a positive performance in the second half of 2023.
- » Agricultural activities exhibited a notable resurgence, with a 2.6% increase in value added in 2023, marking a significant turnaround from the 4.2% contraction witnessed in 2022.
- » Subdued demand conditions continued to impact all industry activities, resulting in a 9.2% contraction in Industry activities during 2023.
- » A notable revival of the tourism sector played a pivotal role in limiting the contraction in overall Services activities to 0.2% in 2023.

Growth Outlook - the Sri Lankan economy is forecasted to grow by 3% in 2024 as the benefits of the eased monetary policy stance and low inflation environment continue to be gradually channelled into the economy. The faster than expected recovery of the tourism sector is expected to support the growth momentum in the near term with positive spillover effects on other related sectors.

Local Economy

INFLATION

KEY STATISTICS	CCPI (ANNUAL AVERAGE) 2022 - 46.4% (2013=100) 2023 - 17.4% (2021=100)	CCPI (YOY) 2022 - 57.2% (2013=100) 2023 - 4.0% (2021=100)	NCPI (YOY) 2022 - 59.2% (2013=100) 2023 - 4.2% (2021=100)
----------------	-----------------------------------------------------------------------------	-----------------------------------------------------------------	-----------------------------------------------------------------

Key Trends

- » Inflation, which reached the historically highest level in September 2022, recorded a rapid disinflation process since then, reaching lower single-digit levels towards end 2023.
- » Subdued demand due to the gradual transmission of the effects of the tight monetary conditions to the wider economy was the major contributor to this transition on the demand side that prevented the escalation of price pressures.

Inflation Outlook - inflation is expected to stabilise around the targeted level over the medium term, supported by appropriate policy measures.

External Sector

KEY STATISTICS	TRADE BALANCE 2022 - USD (5,185 MILLION) 2023 - USD (4,900 MILLION)	GROSS OFFICIAL RESERVES 2022 - USD 1,898 MILLION 2023 - USD 4,392 MILLION
----------------	---------------------------------------------------------------------------	---------------------------------------------------------------------------------

Key Trends

- » Sri Lanka's external sector rebounded strongly in 2023 and demonstrated greater stability, having recorded positive developments on many fronts towards the latter part of the year
- » The commencement of the IMF-EFF programme in March 2023 and its successful continuation thus far have been instrumental in achieving stability in the external sector.
- » The merchandise trade deficit for 2023 recorded its lowest since 2010, supported by a larger contraction in import expenditure than that of export earnings.
- » Export earnings dipped in 2023, with a sizeable contraction of industrial exports, driven by garment exports. Meanwhile, a significant drop in import expenditure was observed due to subdued economic activity, lower disposable income, import restrictions, and tight monetary and fiscal conditions.
- » Earnings from exports recorded US dollars 11,911 million in 2023, which declined by 9.1 per cent compared to 2022.
- » Expenditure on imports declined by 8.1 per cent to US dollars 16,811 million in 2023 compared to 2022, driven by several factors, including restrictions on non-essential imports, subdued economic activity, and constrained spending capabilities of the public due to tight monetary and fiscal policies.

External Sector Outlook - The external sector outlook for 2024 and beyond will be contingent on the successful completion of External Debt Restructuring (EDR) and the perseverance with the reform path set out in the IMF-EFF supported programme. The merchandise trade deficit is expected to widen in 2024 due to the possible increase in import demand, reflecting the relaxation of import restrictions, improved economic activity, and increased domestic spending.

Exchange Rate

KEY STATISTICS	YEAR END - RS/USD 2022 - 363.11 2023 - 323.92	ANNUAL AVERAGE - RS/USD 2022 - 324.55 2023 - 327.53
----------------	-----------------------------------------------------	-----------------------------------------------------------

Key Trends

- » The Sri Lanka rupee, which depreciated by 44.8 % against the US dollar in 2022, appreciated by 12.1% in 2023.
- » Improved market liquidity as a result of increased forex inflows in the form of export proceeds, workers' remittances and foreign investments to the government securities market along with subdued demand for imports, on the back of tight monetary conditions, were the major factors that contributed to the LKR appreciation.

Interest Rates

KEY
STATISTICS

TREASURY BILL RATES (364 DAYS)

2022 – 29.27%
2023 – 12.93%

AWPR (WEEKLY)

2022 – 27.24%
2023 – 12.13%

AWDR

2022 – 14.06%
2023 – 11.64%

Key Trends

- » Market interest rates declined significantly in 2023 from notably high levels recorded in 2022.
- » The reduction of market interest rates was driven by the accommodative monetary policy measures implemented since June 2023, following the successful conclusion of the Domestic Debt Optimisation (DDO) programme.
- » Average Weighted Deposit Rate (AWDR) and Average Weighted Fixed Deposit Rate (AWFDR) declined by a range of 2.42 – 3.61 percentage points.
- » Average Weighted New Deposit Rate (AWNDR) and Average Weighted New Fixed Deposit Rate (AWNDFDR) during a particular month declined by a range of 12.01 – 12.40 percentage points during 2023.
- » The downward trend in market interest rates continued in early 2024, highlighting the space available for market interest rates to decline further in response to accommodative monetary conditions.

Interest Rate Outlook - Supported by the monetary policy easing measures, improving domestic money market liquidity conditions and the reduction in the risk premia attached to government securities, market interest rates, particularly lending interest rates, are expected to normalise further.

NBFI Sector Performance

NBFI KEY
INDICATORS

PROFIT AFTER TAX
2022 – RS. 42.8 BILLION
2023 – RS. 47.7 BILLION

TOTAL ASSETS
2022 – RS. 1,610.2 BILLION
2023 – RS. 1,692.0 BILLION

LOANS & ADVANCES
2022 – RS. 1,198.4 BILLION
2023 – RS. 1,160.4 BILLION

Key Trends


- » The NBFI sector remained resilient with adequate capital and liquidity buffers throughout the year.
- » During the year, Loans and Advances portfolio of the sector recorded a contraction of 3.2% (Rs. 38.0 billion) and amounted to Rs. 1,160.4 billion compared to a growth of 7.7% in 2022.
- » The asset quality of the sector deteriorated as indicated by the elevated Gross Stage 3 Loans Ratio of 17.8% at end 2023 compared to 17.4% at end 2022.
- » The mandatory reclassification of Stage 3 Loans adversely affected the sector asset quality indicators in 2023.
- » Customer deposits continued to dominate the liabilities of the sector accounting for 55.3% of total liabilities.
- » The sector's Profit After Tax (PAT) increased by 11.3% from Rs. 42.8 billion in 2022 to Rs. 47.7 billion in 2023, due to the combined impact of higher net interest income and improved non-interest income.
- » The increase in profitability was reflected in increased ROA to 4.3% in 2023, compared to 3.7% in 2022.

OPERATING ENVIRONMENT

THE SPECTRUM OF COMPETITION, ENCOMPASSING BOTH CURRENT MARKET DYNAMICS AND FUTURE

Rivalry among existing firms

- » A widespread availability of similar product ranges across the industry.
- » Given the ease of adopting emerging trends, preserving the first mover advantage proves to be increasingly challenging.




Responses:

- » Innovation in parallel with market demand and enhanced digital applications. It was more effective than simply adhering to trends followed by the rivals.
- » Explored sustainable product differentiation methods, such as the innovative PLC Solar Lease.
- » Our focus lies in nurturing robust customer relationships that extend beyond mere price considerations.
- » Implemented unique strategic approaches to grab the competitive advantage (Eg: The first half of the financial year curtailed the business to a certain extent due to the prevalent uncertainty in the economy and managed liquidity to grab the advantage).
- » Secure the advantage from in-house developed Integrated New Loan Origination Platform and Credit Approval Engine which boosts operational efficiencies and speedy service.

Threat of new entrance

- » Established companies from various industries are broadening their horizons by venturing into the finance sector.
- » By strategically pursuing mergers and acquisitions, companies are bolstering their capacities and fostering growth.




Responses

- » We're implementing a more flexible approach to cater to our existing customers, ensuring their needs are met and their loyalty is retained, thereby mitigating the risk of them switching to competitors.
- » We're strategically launching profitable products across our entire branch network, aiming to capture a significant market share island-wide (Eg: Gold loan, Islamic products).

Threat of substitute products

- » Non-traditional financial services, such as peer-to-peer lending platforms or fintech solutions, were highly popular.
- » Buyers' willingness to switch.



Responses

- » PLC unveiled "Classique by PLC," a revolutionary offering that marked a significant milestone in our business journey. This visionary initiative, housed within a state-of-the-art financial services centre in Colombo, epitomized our dedication to innovation and sustainability.
- » Explored sustainable product differentiation methods, such as the innovative Solar Lease.
- » Aimed to amplify brand exposure and strengthen PLC's brand identity.
- » People's Leasing has actively engaged in strategic alliances (the Company is strategically allied with Hayleys Fenton Limited to provide solar electricity units and with Hemas Hospitals to offer concessional charges to People's Leasing's customers).
- » Variable leases are promoted as Non-traditional financial services.

★ Low
 ★ Moderate
 ★ High

INPUT AND OUT PUT MARKETS

Bargaining power of the buyers

- » Buyers shop around for better deals, putting pressure on the Company to offer competitive terms.
- » The availability of alternatives can give buyers more leverage in negotiations.

**Responses:**

- » People's Leasing executed a series of strategic initiatives aimed at enhancing its brand positioning and market competitiveness. Eg: Classique by PLC, leveraging the influence of cricketing personalities to reinforce brand equity and attract customers.
- » Cross-selling facilities and provide package of product and services with reasonable price. Eg : With the lease, reasonable motor insurance facility from People's Insurance PLC and vehicle valuation facilities from People's Leasing Fleet Management Ltd.

Bargaining power of the suppliers

- » Key suppliers to the finance company are entities that provide funding or capital, such as banks or institutional investors. These suppliers may have the power to negotiate the interest rates, repayment terms, or other conditions of the financing provided to the finance company.
- » Suppliers of technology solutions, infrastructure, or services necessary for the operation of the finance company can also wield bargaining power.

**Responses**

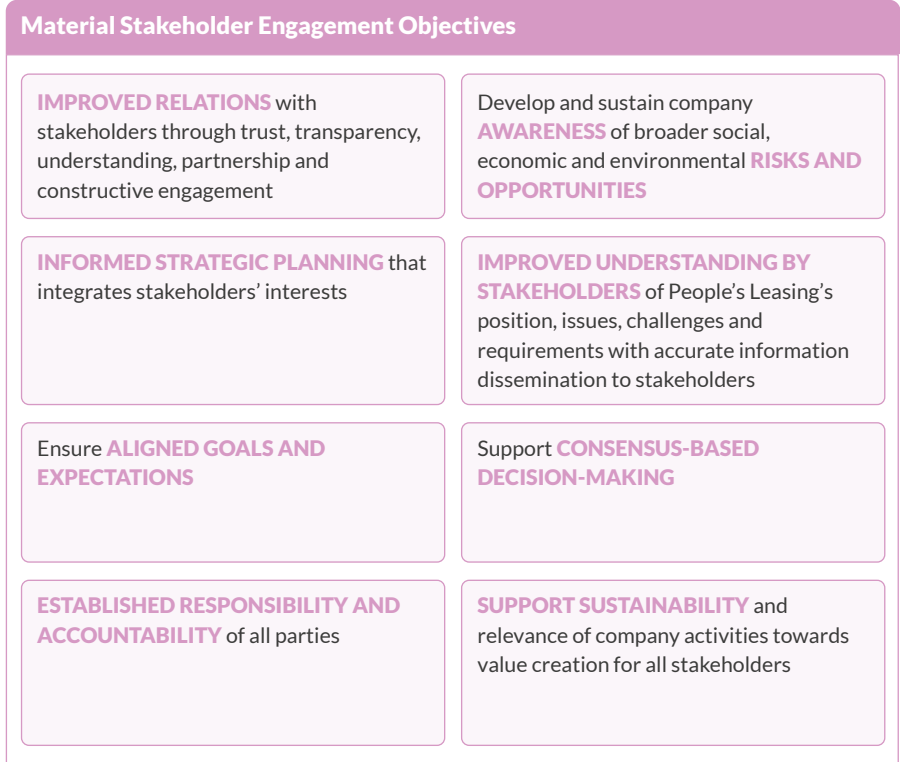
- » People's Leasing has undertaken a series of strategic initiatives with the goal of elevating its brand image and bolstering transparency to enhance trustworthiness.
- » People's Leasing predominantly utilises internally developed systems and processes, relying less on outsourced solutions.
- » Parental support and the competitive advantage generated by being a State-Owned Enterprise (SOE) stem from leveraging government backing to enhance security, while simultaneously striving for efficiency comparable to private sector organisations.
- » Obtain the edge from in-house developed Integrated New Loan Origination Platform and Credit Approval Engine.

STAKEHOLDER ENGAGEMENT

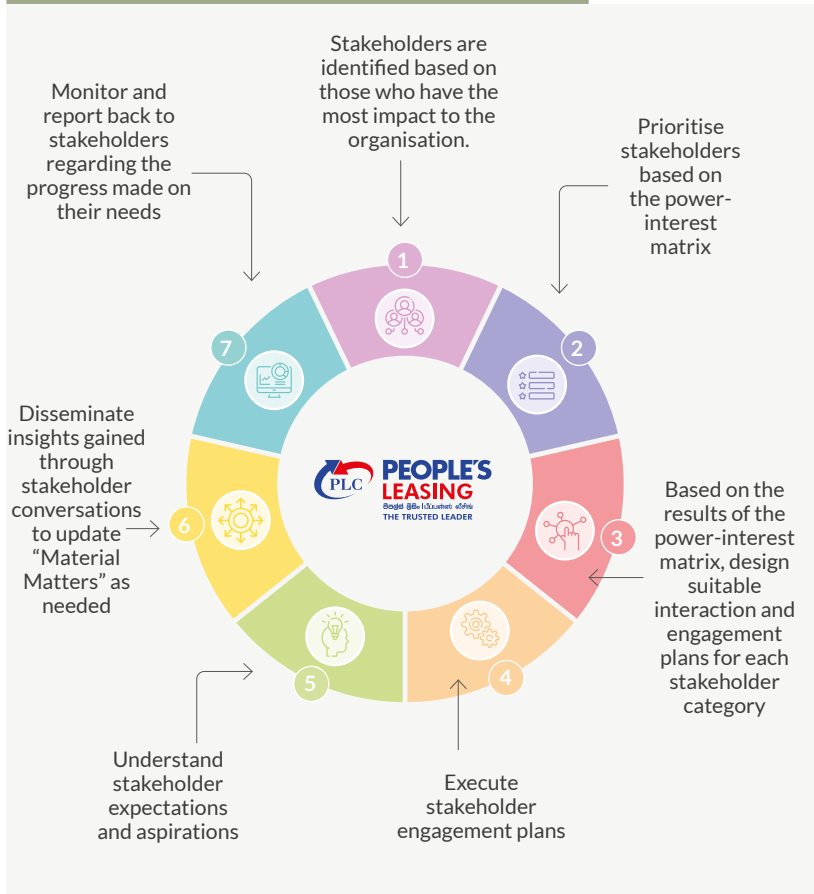
GRI 2-29

People’s Leasing & Finance PLC recognises that its stakeholders are one of the most valuable assets and that good stakeholder relations is critical for optimal operations. As such, the Company strives to continually improve relations with all material stakeholders to understand their perceptions and to gain insights on future trends, possible risks in order to determine material matters and areas for strategic development.

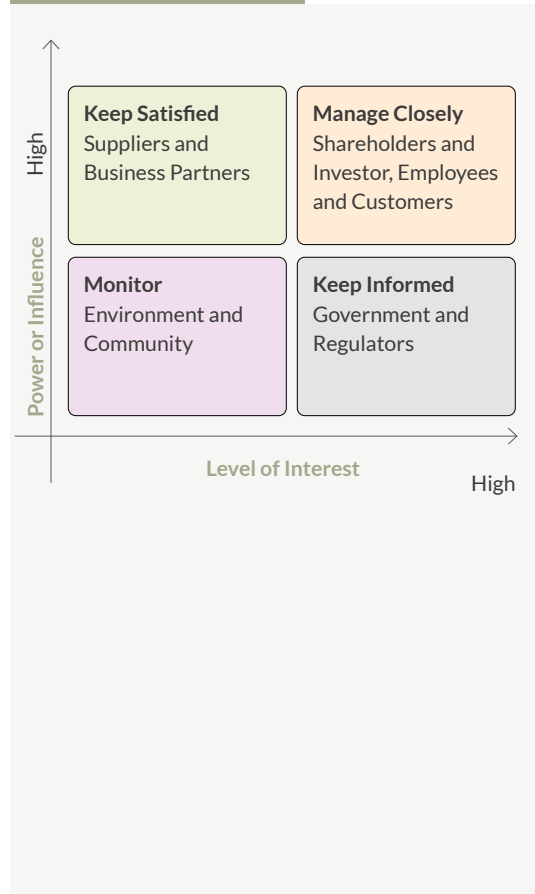
The Board, as the apex body responsible for stakeholder engagement, has established a formal stakeholder engagement process to facilitate structured and constructive engagements as appropriate to various stakeholder categories.



The Seven-stage Stakeholder Engagement Process



Power / Interest Matrix



Shareholders and Investor

We manage our business to provide retail shareholders, institutional investors, bondholders, financial analysts and rating agencies' returns that correspond to the risk undertaken.

Importance to People's Leasing

Critical to support the business growth through the provision of capital.

Responsible Authority Driving Engagement

Company Secretary

Quality of the relationship

Positive

Impacted Capitals



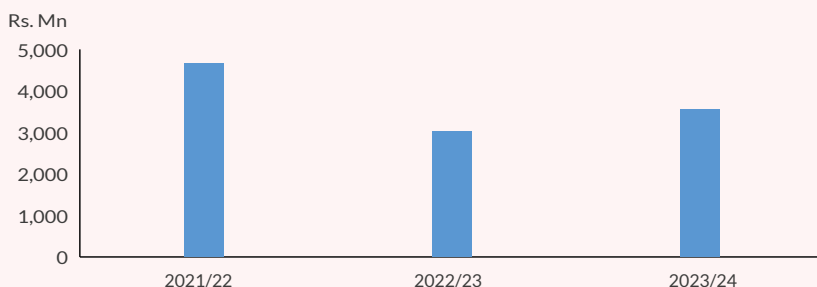
SDG



Risks	Engagement Channels	Value Creation Commitments
Equity risk	<ul style="list-style-type: none"> » Annual Reports » AGM » Interim Financial Statements » Disclosure and announcement to the CSE » Proactively and directly engage investors » Participation in various investor conferences 	<ul style="list-style-type: none"> » 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
		<ul style="list-style-type: none"> » Robust risk management system » Board effectiveness

Outcomes

Profit After Tax



Dividend per share (Rs.)

2021/22	1.25
2022/23	0.50
2023/24	1.40

Key issues during the year	Response
Consistent Returns regardless of varying economic cycles.	Declared and paid dividend of Rs. 2,858.64 million for financial year 2023/24.
Organisational resilience to safeguard business continuity in turbulent times.	PLCCORE System implementation to strengthen the credit evaluation process. Prudent management of liquidity position.
Consistent financial results enabling incremental growth in dividend yield for shareholders.	Strategic reorientation of business fundamentals in response to market influences, while pursuing diversification opportunities to relive margin pressure in tough times.
Expectation of greater clarity regarding performance and prospects, especially in times of uncertainty	Adherence to all regulatory disclosure requirements for listed entities and NBFIs, including annual returns, publication of quarterly results, Annual report, shareholder information and Board changes.

STAKEHOLDER ENGAGEMENT

Customers

Individual customers and corporate clients who are key to driving business growth.

Importance to People's Leasing

Integral to the growth and development of the Company and maintaining business sustainability

Responsible Authorities Driving Engagement

Heads of Touch-points
Business Unit Heads
Marketing Department

Quality of the relationship

Positive

Impacted Capitals



SDG



Risks

Reputation risk

Engagement Channels

- » Print, electronic and social media
- » Written communication
- » Call Centre
- » Branch network
- » Tech-based platforms
- » Customer visits

- » Day -to-day business interactions
- » CSR initiatives
- » One to one dialogue
- » Client complaints

Value Creation Commitments

- » 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

Outcomes

Types of Customers



Deposit Customers
308,051 (2022/23 - 383,715)

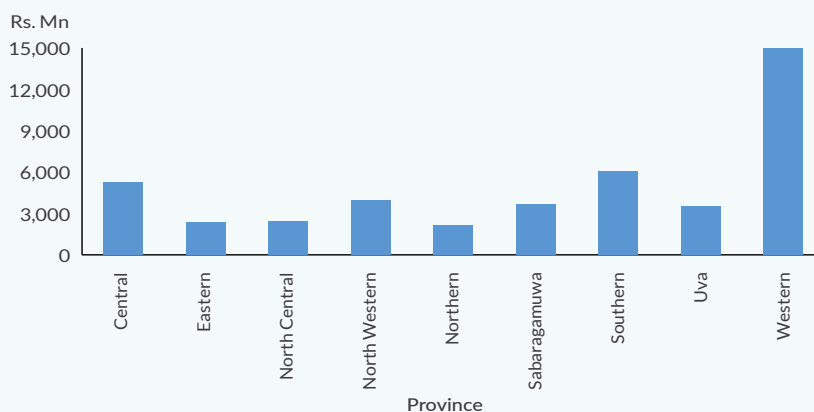
New Customers
63.13%



Lending Customers
104,865 (2022/23 - 114,246)

Repeat Customers
36.87%

Province wise Granting



Province	Rs. Mn
Central	5,269
Eastern	2,332
North Central	2,447
North Western	3,948
Northern	2,105
Sabaragamuwa	3,656
Southern	6,085
Uva	3,492
Western	14,961

Key issues during the year

- Demand for tailor-made financial solutions for different customer segments.
- Customer 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.

Response

- Launch of "Classique by PLC" for high net-worth customers. Expand gold loan operations.
- Established Customer Service and Dispute Resolution Department.
- Implemented the Personal Data Protection policy.
- Aggressive campaign to promote Branches offering gold loan products increased to 104.

Employees and Unions

Our team of 2,052 individuals are key to driving our performance

Importance to People's Leasing
Provide the knowledge, skills and experience required for to drive the business forward

Responsible Authority Driving Engagement
HR Department

Quality of the relationship
Stable



Risks
Human Resource risk

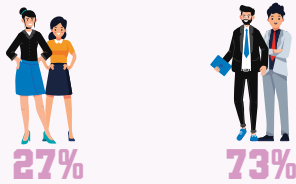
- Engagement Channels**
- » Management Committee Meetings
 - » Strategic planning sessions
 - » Social media groups and corporate communications
 - » Technology driven platforms
 - » People's Leasing Employee Union
- Operational guidelines and policies**
- » Employee grievance handling
 - » Health and safety committees
 - » Care and growth programmes
 - » Social events organised by the Company

- Value Creation Commitments**
- » Business continuity and sustainable growth
 - » Fair remuneration and benefits including health and safety
 - » Effective performance management and recognition
 - » Job security
 - » A safe and inclusive work environment supported by opportunities for career progression
 - » Staff up skilling
 - » Migration to automated workflows, flexible hours, and workspaces
 - » Confidentiality and open-door policy

Outcomes

Employee Diversity

Total Employee by Gender



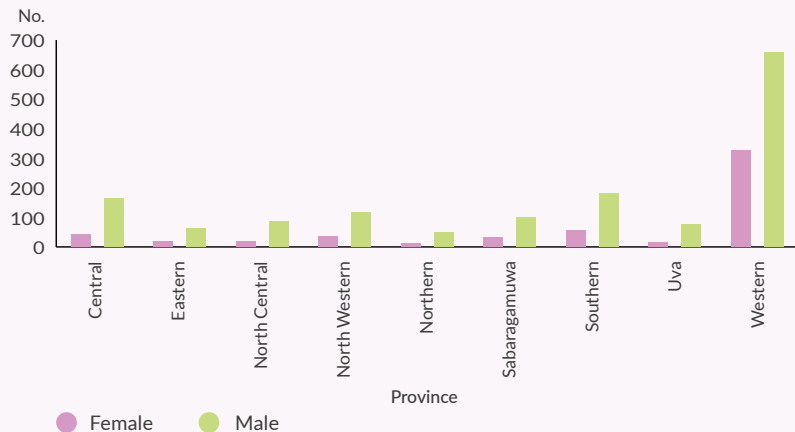
GRI 403-9, 403-10

Employee Health and Safety

Detail/Year	2023/24
Road accidents during work hours	No
Lost days recorded due to these accidents	No

Total Cumulative Experience Years of the Employees
17,990 Years

Province wise Employee Distribution



Key issues during the year

Financial security and concern about job prospects, especially during periods of economic uncertainty.

Employee expectation of a safe workplace free of harassment and discrimination.

Quick and effective resolution to grievances.

Response

Reviewed and updated salary structures for all employee categories in the current year.

People's Leasing is an equal opportunity employer and does not tolerate any form of harassment or discrimination at any stage of the employment lifecycle. Strict policies are in place to enforce these practices, while appropriate disciplinary action is taken against those who violate these policies.

A grievance handling process is in place for employees to formally intimate any issues with all grievances are treated seriously and investigated immediately through an impartial review to ensure a fair and equitable resolution within the stipulated timeline.

STAKEHOLDER ENGAGEMENT

Government and Regulators

We maintain good relationships with the Government and related regulators including the CBSL, CSE, SEC and National and International bodies and association.

Importance to People's Leasing

Ensure the Company operates within a framework of legal and ethical standards, maintains financial stability and fosters market confidence.

Responsible Authorities Driving Engagement

Compliance Department
Company Secretary
Finance Department

Quality of the relationship

Positive

Impacted Capitals



SDG



Risks	Engagement Channels	Value Creation Commitments	
Regulatory Risk	<ul style="list-style-type: none"> » On site review by the CBSL » Dialogue with the policymakers and regulators » Directives and circulars » Review meetings » Compliance reports » Off-site review by the CBSL 	<ul style="list-style-type: none"> » Business continuity » Compliance with rules and regulations » Prompt responsiveness towards regulatory amendments » Collaborate with the regulator to revive the NBFIs sector 	<ul style="list-style-type: none"> » Sound contribution and active collaboration with industry peers » Contribution towards national priorities » Fair treatment to customers

Outcomes

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

Key issues during the year	Response
Timely payment of all applicable taxes	The Company paid all taxes on time, valued Rs. 3,845.21 million for the FY 2023/24.
Compliance with all applicable regulatory requirements, including new directives	<ul style="list-style-type: none"> » Early adoption of regulations, Corporate Governance Rules issued by the CSE for listed entities. » ZERO tolerance policy for non-compliance of regulations.
Voluntary adoption of best practices	Established the Sustainability Steering Committee to oversee the implementation of the Guidelines on Sustainable Finance Activities for NBFIs.

The Environment and Community

We nurture healthy relationships with the communities around us and the broader society across the country.

Importance to People's Leasing

Holds the Company accountable as a responsible corporate citizen.

Responsible Authority Driving Engagement

Sustainable Finance Department

Quality of the relationship

Stable

Impacted Capitals



SDG



Engagement Channels

- » Outreach CSR initiatives
- » Carbon footprint data tracking exercise
- » Dialogue with institutions, community leaders and community
- » Sponsorships

Value Creation Commitments

- » 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

Outcomes

Investment on community outreach CSR (Rs.Mn)		Investment on Environmental Conservation (Rs.Mn)	
2021/22	27.53	2021/22	1.87
2022/23	5.57	2022/23	1.01
2023/24	0.71	2023/24	1.98

Key issues during the year

Community projects that currently ongoing under present socio economic conditions.

Long term commitment to climate action.

Response

Invested Rs. 0.71 million in community upliftment initiatives.

- » Launch of the solar financing scheme targeting retail and MSME customer segments.
- » Independently verified GHG Emission Report in line with ISO 14064-1.
- » EDGE-Green Building Certification for the Classique Centre.

Suppliers and Business Partners

Maintaining sustainable relationship with banks and other financial intermediaries including brokers, agents and suppliers.

Importance to People's Leasing

Suppliers play an important role supporting business continuity and resilience.

Responsible Authority Driving Engagement

Administration/ Logistics Department

Quality of the relationship

Positive

Impacted Capitals



SDG



Risks

Operational risk

Engagement Channels

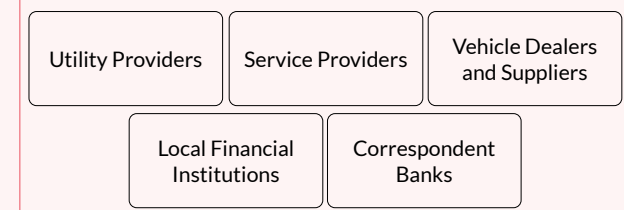
- » Direct dialogue
- » Supplier appraisals
- » Supplier registration
- » Field visits
- » MOU's
- » Service agreements
- » Contractors are inducted as new suppliers and are in line with the Company's values, guidelines, code of conduct and laws

Value Creation Commitments

- » Responsible procurement with timely settlement
- » Competitive pricing and bidding procedure
- » Fair dealing and transparency
- » Business opportunities for SME's
- » Prompt response
- » Locally preferred purchasing

Outcomes

Our Business Partners



Total vehicle suppliers (No.)

2021/22	40,118
2022/23	10,242
2023/24	26,224

Key issues during the year

Opportunities for new suppliers.

Improving suppliers' alignment with social and environmental issues.

Response

25 were on-boarded to the Company's supplier registry.

Introduction of a ESG due diligence check-list for all new suppliers.

MATERIALITY



Material Matters are the key aspects that have significant impact on People’s Leasing & Finance PLC’s (People’s Leasing) ability to achieve its strategic objectives and deliver on its value creation goals. Given that it plays an important role in the strategy formulation process, a structured methodology is in place for the determination of Material Matters. The Materiality determination process involves a deep dive into the internal and external environments to identify factors that could potentially affect the Company’s strategy, performance and prospects, either negatively or positively. Its sensitive nature demands that the process be undertaken by the Company’s Corporate Management under the guidance of the Board. In the current financial year, the Materiality determination process was further strengthened with the application of “Double Materiality” filters to understand how People’s Leasing’s impact on the environment and society can materially influence the Company’s financial performance.

Changes in Material Matters - FY 2023/24 vs. FY 2022/23

Several new Material Matters were identified as relevant to the Company in FY 2023/24. Detailed below are the newly identified topics along with the rationale for labelling them as Material.

Macro-economic Amenableness - which highlights the importance of easily rescaling the Company’s business model in response to the rapidly changing economic landscape similar to that witnessed in Sri Lanka over the past few years.

Innovation in parallel with Market Demand and enhancing Digital Integration - refers to Company ability to leverage technology to consciously reorient to market demands ahead of peers. Given its broader focus, this new Material Topic replaces the “Digitalisation” topic disclosed in FY 2022/23.

Brain Drain - with the prolonged economic downturn causing overseas migration and job transitions of skilled employees, People’s Leasing like all other organisations in Sri Lanka, faced the challenge of retaining key personnel at all levels of the business.

Principle Relationship - refers to the importance of cultivating robust relationships with all key stakeholders to create a strong and reliable ecosystem to drive business continuity and fuel long term growth.

Meanwhile, two Material Matters “Business Continuity” and “Human Talent Development” were reviewed and realigned to reflect the Company’s broader strategic objectives, which resulted in these Material Matters being renamed as “Business Vitality” and “Best-fit Employees” respectively in FY 2023/24.

In light of the consistent improvement in economic conditions in the Country from the latter part of 2023, the “Customer Financial Resilience” Material Topic was deemed not material for the current financial year as customer’s cash flows and financial position strengthened visibly resulting in significantly improved repayment capacity.

The following Material Matters disclosed in the previous financial year, remain applicable for the current financial year as well.

- » Sustainable growth through Sustainable Finance
- » Financial Stability
- » Customer Experience
- » Ethics and Integrity
- » Resource Optimisation
- » Inclusive Finance and minimising Inequalities
- » Health and Safety
- » Climate Action

4 Respond and Monitor Through Integration with Strategic Planning Process

Integrate to Strategic Planning Process

- » Material matters serve as vital inputs to our strategic planning process, allowing us to swiftly recognise both opportunities and risks as they emerge.
- » Reflecting on the significance of material matters, we have identified similar concerns within broader themes and condensed them into concise summaries. This enables us to pinpoint the key strategic imperatives that the Company should focus on to achieve its ultimate objectives.
- » The following Key material matters are key input to the strategic planning process.
 - 1 Macro-economic Amenableness
 - 2 Business Vitality
 - 3 Innovation in parallel with Market Demand and enhancing Digital Applications
 - 4 Sustainable Growth through Sustainable Finance
 - 5 Financial Stability
 - 6 Brain Drain
 - 7 Principle Relationship
 - 8 Customer Experience
 - 9 Ethics and Integrity
 - 10 Resource Optimisation
 - 11 Best-fit Employees
 - 12 Inclusive Finance and minimising Inequalities
 - 13 Health and Safety
 - 14 Climate Action

1 Prepare Long List Based on PLC ESG Framework

Review Frameworks

- » UN Sustainable Development Goals
- » CSE recommendations for communicating sustainability
- » GRI Standards
- » Code of Best Practice on Corporate Governance
- » Sustainability Accounting Standard Board (SASB)
- » TISL (Transparency International Sri Lanka)
- » TCFD Disclosures (Task Force on Climate-Related Financial Disclosures)

Potential Matters Identified Considering

- » Operating Environment (Pages 44 to 47)
- » Stakeholder Engagement (Pages 48 to 53)
- » Strategy and Resource Allocation (Pages 67 to 77)
- » Approach to Sustainability (Pages 62 to 66)
- » Specific Assessments

Validation Process of the List Through

- » Global and local trends
- » Industry peer review
- » Engagement with various internal functions; as strategy, risk, investor relations, governance, sustainability and internal control.



2 Prepare Short List By Assessing and Prioritising Long List

Assess

- » Detail business environment assessment together with risk and opportunities.
- » In-depth strategy review process (Pages 67 to 77).
- » Response to volatile consumer needs and dynamics.
- » Assess the resource requirement and availability of resources.
- » Rectify the trade-off between possible responses.
- » Time frame and execution plan.

Prioritise

- » Throughout the process, we come up with the answer for what matters most to the People's Leasing. The matters that are most material to achieve our vision and create sustained value for our stakeholders.

3 Confirm Short List Through Presentations and Discussions

Confirmation

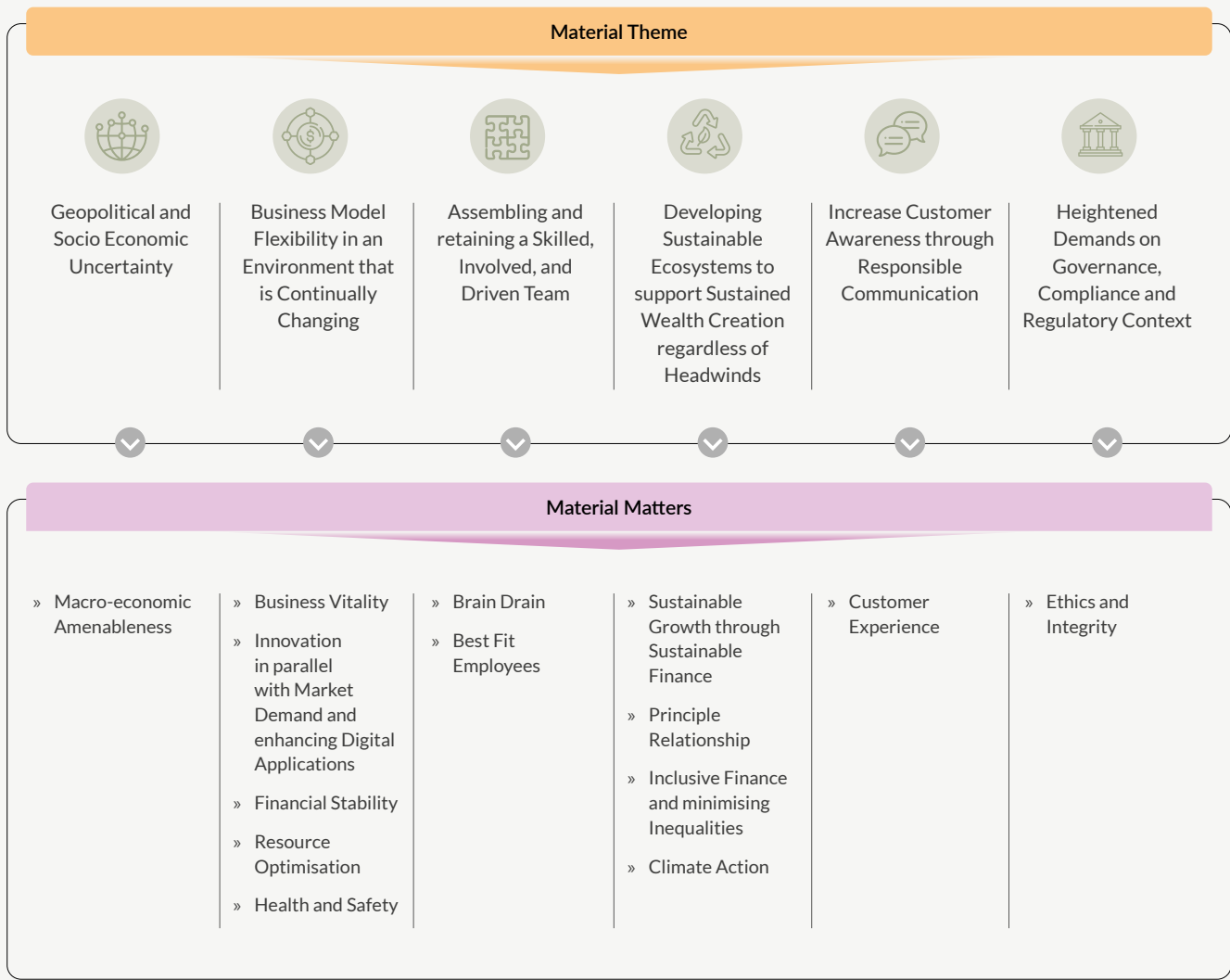
- » Prioritise material concerns enable us properly respond to our strategies with the consent of corporate members.

MATERIALITY

As per the established procedure, all Material Matters (newly identified, updated and unchanged) were all mapped on the Materiality Matrix and prioritised based on its impact to the business and importance to stakeholders.

To bring more focused oversight to managing materiality, all Material Matters for FY 2023/24 have been organised around six major themes that better reflect the broader contextual factors that influence the Company’s performance and progress.

Bridging Material Matters with Material Themes





The pictogram above illustrates the connection between organisational and stakeholder concerns regarding each material topic. Additionally, the relevance and significance of these concerns fluctuate over time in tandem with shifts in the operating environment. Therefore, the depicted pictogram isn't a fixed description but adapts as needed over time.

MATERIALITY

GRI 3-2

Rank	Material Matters	Material Themes	Impact on value creation	Capitals Impacted	Most affected Stakeholders
01	Macro-economic Amenableness	<i>Geopolitical and Socio Economic Uncertainty</i>	Boosts the ability to deliver stakeholder expectations by effectively navigating varying economic cycles.		
02	Business Vitality	<i>Business Model Flexibility in an Environment that is Continually Changing</i>	Enhances reputation for reliability and strengthens industry positioning.		
03	Innovation in parallel with Market Demand and enhancing Digital Applications	<i>Business Model Flexibility in an Environment that is Continually Changing</i>	Strengthens market responsiveness and reach.		
04	Sustainable Growth through Sustainable Finance	<i>Developing Sustainable Ecosystems to support Sustained Wealth Creation regardless of Headwinds</i>	The advocacy of sustainable finance enhances customer awareness on social and environmental criteria, in turn leading a more socially and environmentally conscious society.		
05	Financial Stability	<i>Business Model Flexibility in an Environment that is Continually Changing</i>	Ensuring that People's Leasing remains financially stable during economic turbulence enhances the Company's resilience and safeguards the interests of all stakeholders.		
06	Brain Drain	<i>Assembling and Retaining A Skilled, Involved, and Driven Team</i>	Business disruption to the loss of key personnel in management positions.		
07	Principle Relationship	<i>Developing Sustainable Ecosystems to support Sustained Wealth Creation Regardless of Headwinds</i>	Enduring relationships with all key stakeholders supports business growth and resilience.		
08	Customer Experience	<i>Increase Customer Awareness through Responsible Communication</i>	Customer experience is a key competitive advantage supporting the sustained growth of the deposit and lending portfolios and enhancing People's Leasing's brand reputation and Industry standing.		

Customers
 Employees
 Investors
 Business Partners
 Government and Regulators
 Local Communities

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

Actions taken to address opportunities and risks	Impact		Materiality compared to 2022/23	GRI	SDG	SDG Targets
	Organisation concern	Stakeholder concerns				
Diversifying the lending mix Product innovation to gain first mover advantage in emerging market segments.			New Topic	-	 	8.2, 8.3, 8.10, 8.5 9.3, 9.4
Integrated Risk Management encompassing all financial and non-financial risks.			Same	-	 	8.2, 8.3 9.4 12.5
Fully Integrated New Loan Origination platform and Rule-based Approval Engine to streamline credit assessment.			New Topic	-	 	8.2, 8.3, 8.10 9.3, 9.4 12.2, 12.5
Formulation of a comprehensive framework to incorporate sustainability metrics for all new exposures.			Same	GRI -201	 	8.8, 8.7, 8.10 9.4 12.2, 12.5, 12.7 15.6, 16.7
Strengthen the capital management process to enhance the Company's capital and liquidity position.			Same	-	 	8.2, 8.3 9.3, 9.4 11.a 12.2
Increased emphasis on succession planning to build a dependable talent pipeline.			New Topic	-	 	5.1 8.3, 8.5, 8.7, 8.8
Continuous and ongoing stakeholder engagement to increase stakeholder involvement and interest in the business.			New Topic	-	 	17.3 9.3 8.3 17.7
Launch of innovative products and services targeting a wider customer audience. Implementation of the PLCCORE system to expedite turnaround times to the customer.			Same	GRI - 417	 	8.10 9.3






Low Moderate High

MATERIALITY

Rank	Material Matters	Material Themes	Impact on value creation	Capitals Impacted	Most affected Stakeholders
09	Ethics and Integrity	<i>Heightened Demands on Governance, Compliance and Regulatory Context</i>	Operating in a highly regulated sector such as financial services, ethics and integrity impacts nearly every aspect of People's Leasing's operations.		
10	Resource Optimisation	<i>Business Model Flexibility in an Environment that is Continually Changing</i>	Resource optimisation is key to driving cost efficiencies to boost profit margins and maximise value delivered to stakeholders.		
11	Best-fit Employees	<i>Assembling and Retaining A Skilled, Involved, and Driven Team</i>	Recruit and retain the employees with the right skills and competencies, including high level of digital proficiency to deliver optimal performance.		
12	Inclusive Finance and minimising Inequalities	<i>Developing Sustainable Ecosystems to support Sustained Wealth Creation regardless of Headwinds</i>	Promoting financial inclusion paves the way for business expansion and enhances the Company's reputation as a responsible corporate entity.		
13	Health and Safety	<i>Business Model Flexibility in an Environment that is Continually Changing</i>	Safeguarding employee well-being and creating a safe space for customers to transact enhances stakeholder satisfaction and strengthens loyalty.		
14	Climate Action	<i>Developing Sustainable Ecosystems to support Sustained Wealth Creation regardless of Headwinds</i>	Demonstrating leadership in tackling climate related challenges builds stakeholder trust, enhance the company's reputation and safeguards the Company's bottom line against uncertainties.		

Customers
 Employees
 Investors
 Business Partners
 Government and Regulators
 Local Communities

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

Actions taken to address opportunities and risks	Impact		Materiality compared to 2022/23	GRI	SDG	SDG Targets
	Organisation concern	Stakeholder concerns				
Implementation of a formal Anti-Bribery and Corruption policy supported by training and awareness to educate employees.			Same	GRI 205 GRI 207 GRI 308 GRI 413 GRI 414	  	5.1, 8.5, 8.7, 8.8, 8.10 16.4, 16.5, 16.7
Ongoing cost containment measures Increased emphasis on automation and digitisation to reduce costs.			Same	GRI 302 GRI 305 GRI 306	    	1.2, 1.4 6.b 7.2, 11.a, 12.2, 12.5, 12.7
Robust human capital development framework to improve bench strength at all levels of the business.			Same	GRI 401 GRI 404 GRI 405 GRI 406 GRI 407 GRI 408 GRI 409	  	4.4, 4.7 5.1, 8.2, 8.3, 8.5, 8.7, 8.8
Introduce low cost financial products and solutions, such as Gold Loans tailored to the specific needs of underserved communities.			Same	-	    	1.2, 1.4 8.2, 8.3, 8.10 9.3 11 a 16.7
Continuous and ongoing upgrade of safety systems on par with global standards.			Same	GRI 401 GRI 403 GRI 416 GRI 418	  	3.6 8.5, 8.8 11.2
Focus on green operations, green finance, green infrastructure and green projects.			Same	GRI 302 GRI 305 GRI 306	    	8.8 9.4 12.2, 12.5, 12.8 13.1, 13.2, 13.3 15.6

 Low  Moderate  High

APPROACH TO SUSTAINABILITY

GRI 2-14, 2-17, 2-22

People’s Leasing & Finance PLC’s (People’s Leasing) approach to sustainability is built on the belief that sustainability is a shared commitment towards creating a better and more sustainable world for future generations. Accordingly the Company is continually engaged in the process of developing an ESG compatible business framework through the proactive engagement of all of its prioritised stakeholders.

SUSTAINABILITY PERFORMANCE OVERVIEW

Striving to demonstrate a stronger commitment to sustainability, People’s Leasing is currently working on establishing a cohesive Environment, Social and Governance (ESG) framework to integrate ESG components into the company’s operations and strategies which will enable it to responsibly take into consideration the risks linked to ESG throughout its decision-making and lending processes. The broad based efforts have been undertaken as a joint effort in consultation with the internal and external expertise in order processes. Prior to embarking on this process, a series of capacity building activities were carried out to familiarise the Company’s workforce with the emerging trends in the sustainability sphere. The key capacity building initiatives conducted include the following.

People’s Leasing ESG Excellence Highlights 2023/24



Environment

- » An agenda for Sustainability was put into effect after identifying existing ESG gaps within the Company
- » Adherence to evolving regulatory requirements issued by the CBSL & CSE in relation to Sustainable Finance
- » Enrolment with the European Organisation for Sustainable Development’s (EOSD) Sustainability Standard & Certification Initiative (SSCI)
- » CEO and Chairman’s presence at the Global Sustainable Finance Conference (GSFC) in Karlsruhe, Germany in July 2023 where the Certificate of Acceptance was received from EOSD formally



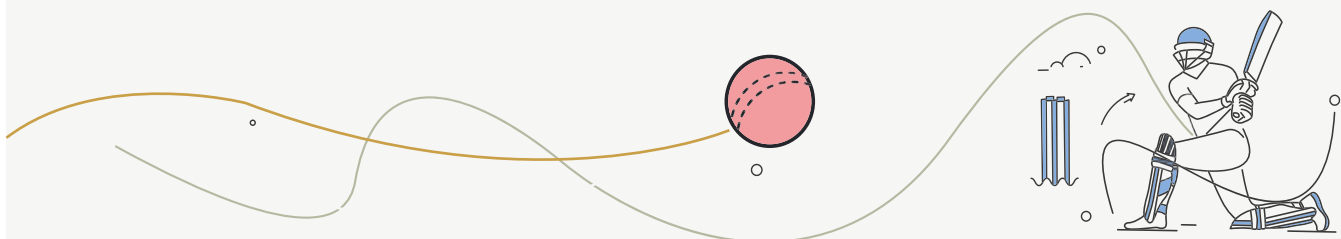
Social

- » acknowledging People’s Leasing as an on boarded member of SSCI
- » Engaged external experts to acquire expertise in setting up an ESG Framework
- » Introduced an ESG Due Diligence checklist as part of the process for evaluation of Credit Proposals
- » Added a supplier ESG Due Diligence checklist as a mandatory prerequisite for New Supplier Registration
- » Received Sri Lanka’s first ever EDGE - Certified Green Building Certification for Classique by PLC, Premier Centre
- » Established the Company Policy on ESG Sustainability



Governance

- » Disclosure of non-financial information of the Company in accordance with Global Reporting Initiative (GRI) Standards, with assurance from an independent assurance provider
- » Tie up a new commercial partnership towards Sustainability - eWheel launch with LeMS
- » Allocation of a proportion from all savings products towards ESG education among local communities (Added into leaflet)
- » Conduct of training sessions for Branch Managers/Marketing Officers on ESG and upload of a mandatory learning module on the same in LMS



Policy on Environmental, Social and Governance (ESG) Sustainability

01. INTRODUCTION

We, People’s Leasing & Finance PLC (PLC), being a responsible and inclusive financial services provider, understand our true corporate responsibility towards fulfilling national priorities for the nation’s sustainable growth. To achieve this goal, we understand the importance of integrating Environmental, Social, and Governance (ESG) principles to our overall corporate strategy, decision-making processes, risk assessment procedures, and corporate reporting, while simultaneous adherence to regulatory requirements.

As a responsible corporate citizen and on our long-term sustainable existence, we pledge fostering sustainable financial solutions to our customer base via our island-wide branch network and digital channels, strengthening stakeholder capacity building on ESG-compliant investment and financial literacy.

By adopting this ESG policy, People’s Leasing aims to contribute positively towards enhancing and risk mitigation of environment, society, governance aspects while enhancing long-term value to all our stakeholders.

02. ENVIRONMENT RESPONSIBILITY

We commit to mitigate our direct environmental impact by emphasising the importance of sustainable resource optimisation as part of our commitment to safeguarding the nation’s biodiversity and fragile ecosystems.

Apart from that, as an ethical financial service provider, we are conscious of environmental risks linked to our lending portfolio and seek to minimise the indirect environmental impact of our business operations by boosting the awareness of ESG fluency of our employees and vital stakeholders as a whole and promoting environmental friendly financial solutions among our clients.

03. SOCIAL RESPONSIBILITY

In tandem with our tailored financial solutions and services, we strive to assist our stakeholders be socially responsible in all their activity by creating awareness and knowledge sharing.



We value and promote respecting of human rights, urging fairness, inclusivity and acknowledging diversity among our employees. We admire the diversity of our employees and make year-round investments in their skill and capacity-building to support work-life balance and ensure career advancement.

We also adhere to responsible sourcing practices by ensuring that our supply chain complies with fair labour standards & protect human rights and screen environmental & social risks related to products & services that they supply through a comprehensive supply screening processes.

Further we support green & socially inclusive projects that empower local communities, conversation of nature and enhancing entrepreneurship skills & financial literacy through our strategic outreach initiatives.

04. GOOD CORPORATE GOVERNANCE

We adhere to high standards of governance including corporate governance to safeguard the interests of stakeholders.

In sustaining with our commitment to the integrity transparency and accountability as part of an ethical, inclusive, and sustainable business, we voluntarily adhere to all applicable laws and regulations along with our compliance obligations with regards to environmental, social, and governance concerns.

05. REPORTING AND TRANSPARENCY

As a mode of communicating to our stakeholders on company’s financial and non-financial performance, we voluntarily adhere to internationally recognised sustainability reporting disclosures and frameworks (currently our sustainability reporting based on Global Reporting Initiative (GRI)). The information is also made accessible to public via our corporate website and Annual Report.

Further we are also committed to supporting the UN Sustainable Development Goals (SDG) through our journey towards ESG sustainable future.

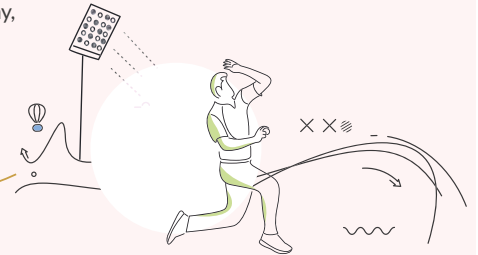
06. REVIEW OF THE POLICY

The ESG policy will be reviewed periodically or as and when operating conditions demand in order to protect its effectiveness and relevance to our business.

APPROACH TO SUSTAINABILITY

Capacity Building towards Sustainability

- » Awareness sessions for the Corporate Management, Senior Management and the Heads of Departments to educate them on Sustainable Finance with sessions by the Company’s Sustainable Finance Unit under the guidance of the CEO/GM
- » Virtual training session on ESG for Branch Managers, Deputy Branch Managers & Marketing Officers
- » Session on Sustainable Finance at Town Hall Meetings
- » Session on Sustainable Finance at the annual Strategic Planning Meeting
- » Participation in training sessions conducted by the CBSL, CSE, and CA on Green Taxonomy, Sustainability Reporting, and Sustainable Financing
- » Enrolment of employees in professional courses to obtain qualifications in sustainability



1

Guiding Frameworks (Local & International) for Sustainable Finance

- » Roadmap for Sustainable Finance in Sri Lanka published by the Central Bank of Sri Lanka (CBSL)
- » Guidelines for Sustainable Finance Activities - CBSL Direction
- » Sri Lanka Green Finance Taxonomy published by the Central Bank of Sri Lanka (CBSL)
- » National Financial Inclusion Strategy (NFIS) published by the Central Bank of Sri Lanka (CBSL)
- » Corporate Governance Checklist - Colombo Stock Exchange (CSE)
- » CSE Sustainability Reporting Guide - Version 03
- » Sustainability Mandate published by the Finance Houses Association (FHA)
- » United Nations Sustainable Development Goals (SDG)

2

Memberships & Affiliations related to Sustainability

- » Member of Finance Houses Association (FHA) Sustainability Sub Committee
- » On Boarded Applicant of Sustainability Standards & Certification Initiative (SSCI), European Organisation for Sustainable Development (EOSD)
- » Patron Member of Biodiversity Sri Lanka

3

Company Level Governing Bodies for Sustainability

- » Sustainable Finance Steering Committee & Board Sub Committee for Sustainable Finance
- » Dedicated Unit responsible for supervising and carrying out the Company’s sustainable finance initiatives – Sustainable Finance Unit headed by the Head of Sustainable Finance

4

Company Level Governing policies & producers for Sustainability

- » Policy on Environmental, Social and Governance (ESG) Sustainability

Sustainability Standard & Certification Initiative (SSCI)

The Sustainability Standards & Certification Initiative (SSCI) is a global initiative to enable financial institutions to develop, continuously review and stay up to date on their sustainability commitments. The first holistic, robust, evolving, universally accepted and locally sensitive framework is designed to make financial institutions more resilient and profitable. The SSCI with its “Octagon Model” encompassing Governance, Management, Technology, Business Model, Operations, Products, Stakeholder Relations & Human Capital focuses on driving 360 degree organisational sustainability. In this regard, the SSCI delivers Top Tier financial and non-financial metrics in addition to operational level targets for boosting corporate performance and becoming a leader in delivering social, economic and environmental sustainability.

SSCI Certified Financial Institutions are equipped to be crisis ready and crisis resilient, enabling the delivery of stakeholder value regardless of economic variables.

The SSCI is driven by the European Organisation for Sustainable Development in Karlsruhe, Germany. In July 2023, People’s Leasing was granted the SSCI “Certificate of Acceptance” confirming the Company’s status as an on-board member eligible to work towards the formal certification process.



People’s Leasing’s Sustainability Agenda

- » Awareness sessions for the Corporate Management, Senior Management and the Heads of Departments to educate them on Sustainable Finance with sessions by the Company’s Sustainable Finance Unit under the guidance of the CEO/GM
- » Virtual training session on ESG for Branch Managers, Deputy Branch Managers & Marketing Officers
- » Session on Sustainable Finance at Town Hall Meetings
- » Session on Sustainable Finance at the annual Strategic Planning Meeting
- » Participation in training sessions conducted by the CBSL, CSE, and CA on Green Taxonomy, Sustainability Reporting, and Sustainable Financing
- » Enrolment of employees in professional courses to obtain qualifications in sustainability

- » **Exclusive financial partner for the eWheel**
People’s Leasing partnered with Lanka E-Mobility Solution (Pvt.) Ltd. (LeMS), a subsidiary of Island Climate Initiatives (Pvt.) Ltd. (ICI), to unveil the first-ever battery-swapping technology-powered three-wheeler conversion in Sri Lanka.
- » **“හරිත නෂ්ට” (Haritha Nena) - Youth Skill Development Initiative on Hybrid Automobile Technology**
People’s Leasing in partnership with the Vocational Training Authority (VTA) initiated a NVQ-Level Hybrid Automobile Technology skill development workshop series “හරිත නෂ්ට” (Haritha Nena) aimed at developing automobile technicians specialising in hybrid automobile technology.
- » **Allocation of a portion from Savings on ESG Education**
As part of this approach, The Company also voluntarily allocates LKR. 1/= from

company funds for every LKR.1,000/= new deposits received from customers, towards the cause of sustainability and ESG education for local communities.

STRIVING FOR EXCELLENCE: PEOPLE’S LEASING SUSTAINABILITY AGENDA

In an era where global challenges demand collective action, People’s Leasing’s Sustainability Agenda is designed to trigger positive change across the ESG landscape. Not merely a checklist, the Company’s Sustainability Agenda is a dynamic Roadmap that serves as the cornerstone for reaching a balance between Social Progress, Environmental Responsibility, and Economic Growth.

Developed in line with the guidelines for Sustainable Finance Activities under the CBSL in their Roadmap for Sustainable Finance in Sri Lanka, People’s Leasing’s Sustainability Agenda is operationalised across five pillars.



APPROACH TO SUSTAINABILITY

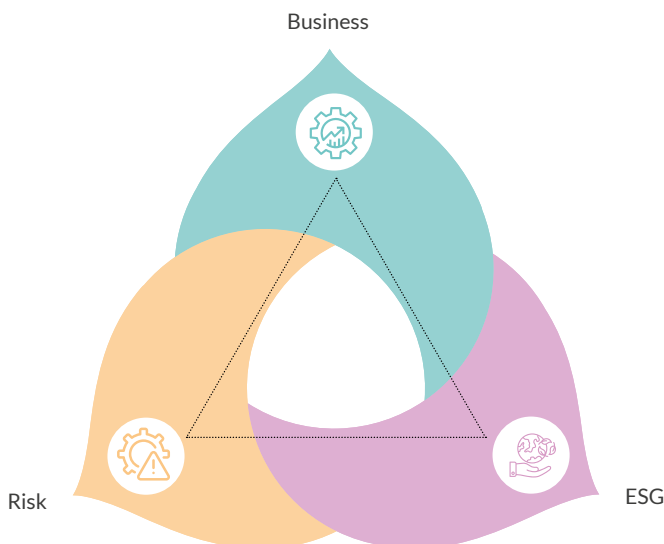
CONNECTING PEOPLE'S LEASING'S SUSTAINABILITY AGENDA TO THE SDG TARGETS

Key Action	Proposed Revised Timeline			SDG Targets
	Short Term Up to 2023	Mid Term 2024-2026	Long Term 2027-2030	
Pillar 1: Financial Vision 2030				
Innovate sustainable loan products	✓	✓	-	
Develop sustainable saving products	✓	✓	-	
Support green and socially inclusive projects through leasing (and non-bank finance) business	✓	✓	-	
Explore sustainable model of leasing (and non-bank finance)	✓	✓	-	
Allocate a portion of savings or funding to investment of sustainable bonds	-	-	✓	
Pillar 2: ESG Integration into Financial Market				
Develop internal ESG risk management strategies and methods	✓	✓	-	
Disclose both positive and negative environmental and social impacts generated through investment	✓	✓	✓	
Disclose sustainable finance policies and programs	✓	✓	-	
Pillar 3: Financial Inclusion				
Develop more accessible, affordable, and efficient financial products and services	✓	✓	-	
Improve access to essential financial products and services	✓	✓	-	
Explore the application of fintech and digital tools	✓	✓	-	
Pillar 4: Capacity Building				
Develop internal ESG risk management training programs	✓	✓	-	
Hire sustainable finance professionals	✓	✓	-	
Support the implementation of sustainable finance campaign programs at local level	-	✓	✓	
Pillar 5: International Cooperation				
Participate in and learn from international collaboration platforms	✓	✓	-	
Expand and deepen the international cooperation and coordination on knowledge sharing and capacity building	✓	-	-	
Mobilise international resources and funding	✓	✓	-	
Pillar 6: Measurement and Reporting				
Establish monitoring and evaluation mechanism	✓	✓	-	
Include ESG factors in internal rating system and publicly disclose ESG performance and impact	✓	✓	-	

STRATEGY AND RESOURCE ALLOCATION

People’s Leasing has structured its strategy and resource allocation process around three foundational pillars: Business, Risk, and ESG (Environmental, Social, and Governance) considerations. At the core of this approach is a focus on sustainable business growth, driven by a deep understanding of market dynamics, customer needs, and emerging opportunities. The Company allocates resources strategically to capitalise on growth prospects while optimising operational efficiency and profitability. Simultaneously, risk management is integrated into every aspect of decision-making, with robust mechanisms in place to identify, assess, and mitigate potential risks across its operations. From credit and market risks to operational and compliance risks, People’s Leasing prioritises resilience and prudence to safeguard its reputation and financial stability. Furthermore, recognising the importance of environmental sustainability, social responsibility, and ethical governance, ESG considerations are embedded into the Company’s strategy and underpin resource allocation. By leveraging the synergy of the three pillars - Business, Risk and ESG, People’s Leasing strives to achieve sustainable growth while creating long-term value for all stakeholders.

OUR KEY STRATEGIC IMPERATIVES;



STRATEGY AND RESOURCE ALLOCATION

OUR KEY STRATEGIC IMPERATIVES;

01

Pursuing Sustainable Growth

What is signifies for People's Leasing

Pursuing sustainable growth aligns with People's Leasing's long-term vision of fostering financial prosperity while safeguarding social well-being of the people of Sri Lanka and protecting the environment for future generations. By prioritising sustainable growth, the Company strives to contribute not only to the preservation of natural resources and ecosystems but also to ensure that its operations positively impact communities and society at large. Furthermore embracing sustainable practices enhances the Company's reputation to attract socially-conscious investors and customers, thereby mitigating risks associated with environmental degradation and social unrest. Moreover, by integrating sustainability into its business model, enabled People's Leasing to innovate and adapt to emerging market trends in turn enhancing the Company's relevance and competitiveness in an increasingly sustainability-focused global economy. Thus, pursuing sustainable growth is not just a choice for People's Leasing, but a critical strategic imperative that fosters resilience, growth, and prosperity for all stakeholders.

Emerging Trend

Emerging trends in sustainable finance are reshaping the global financial landscape, driven by a growing recognition of environmental, social, and governance (ESG) factors. One notable trend is the rise of green bonds and sustainable debt instruments, which channel capital towards projects with positive environmental impacts, such as renewable energy and clean technology. Additionally, impact investing is gaining momentum, with investors seeking both financial returns and measurable social or environmental benefits. The integration of ESG criteria into investment decision-making processes is becoming mainstream, reflecting a shift towards more responsible and ethical investing practices. Furthermore, financial institutions are increasingly incorporating sustainability considerations into their risk management frameworks, recognising the materiality of ESG risks to long-term financial performance. As stakeholders focus on stronger institutions that emulate transparency, accountability, governance and sustainability, the adoption of sustainable finance principles is expected to continue accelerating, driving positive change across industries and economies.

Emerging Opportunities


Emerging opportunities for the use of technology by financial institutions are disrupting conventional norms regarding how financial solutions are presented and used. One prominent trend is the widespread adoption of artificial intelligence (AI) and machine learning algorithms to enhance customer experience, automate routine tasks, and improve decision-making processes. Robotic process automation (RPA) is streamlining back-office operations, reducing errors, and cutting costs. Blockchain technology is enabling secure and transparent transactions, while Fintech partnerships and collaborations are allowing traditional financial institutions to leverage the agility and innovation of startups while fintech firms gain access to established customer bases and regulatory expertise. Additionally, the proliferation of mobile finance and digital wallets is expanding financial inclusion, reaching underserved populations and providing convenient access to financial services. As technology continues to evolve, financial institutions have unprecedented opportunities to enhance efficiency, mitigate risks, and create new value propositions for customers.

Challenges

Financial institutions face a myriad of challenges when pursuing sustainable growth, as they navigate the complexities of integrating environmental, social, and governance (ESG) considerations into their business models. One significant challenge is the need to reconcile short-term financial objectives with long-term sustainability goals, often requiring strategic alignment and investment in ESG initiatives that may not yield immediate returns. Regulatory compliance and reporting requirements related to sustainability standards are also rapidly evolving, posing challenges for financial institutions seeking consistency and transparency. Moreover, measuring and quantifying the impact of sustainability efforts can be complex, as traditional financial metrics may not fully capture the value generated by ESG initiatives. Addressing these challenges requires a holistic approach, encompassing robust ESG risk management frameworks, stakeholder engagement strategies, and a commitment to transparency and accountability. Additionally, fostering a culture of sustainability across all levels of the organisation is essential to drive meaningful change and embed sustainability principles into the institution's DNA.

Resource Allocation		
Priority area	Focus	Key Activities
Improving the robustness of physical touch-points	Right sizing of branches System automation to minimise manual errors, improve employee productivity and drive cost efficiency.	5S implementation Branches offering gold Loan products increased to 104
Strengthen business resilience	IT infrastructure investment	PLCCORE Loan Origination System Implementation upgrade the existing document management system.
Facilitate “Anytime-Anywhere” access to financial services	Digital channel enablement	Enabling customers to carry out savings transactions via PLC touch App and the PLC online platform. Facilitate UPI transactions via LankaQR
Customer empowerment through timely and effective market orientation	Product responsibility	Launch of Solar financing for retail and MSME customers. Launch of Wakalah Investment solution and the Wadi’ah – Gold Safekeeping product. Drive Gold Loans to promote financial inclusion.

Proposed Future Actions	
<p>Short term targets</p> <p>Achieve a twofold increase in business volume compared to the levels of 2023/24, through growth in core product as well as new products.</p> <p>Attain nearly 15% growth in overall profitability.</p>	<p>Medium/ Long term targets</p> <p>Facilitate MSME sector expansion by providing access to a range of high-quality structured lending products.</p> <p>Sustain position as leading NBFi with increased market share.</p> <p>Promote sustainable leasing to increase investment in green projects and drive social entrepreneurship.</p>

Related SDG	Maintain consistent profitability momentum through sustainable practices: Profitability	Establish a robust presence through resilience: Assets	A fervent drive for innovation and technological advancement -Investment in IT
	<p>2023/24 - Rs. 3,540.50 million</p> <p>2022/23 - Rs. 3,017.64 million</p> <p>Cost efficiency: Cost to income</p> <p>2023/24 - 55.61%</p> <p>2022/23 - 52.64%</p>	<p>2023/24 - Rs. 159,852.09 million</p> <p>2022/23 - Rs. 171,073.16 million</p> <p>Quality of the portfolio: Impairment provision as a percentage of the portfolio</p> <p>2023/24 - 8.54%</p> <p>2022/23 - 9.11%</p>	<p>2023/24 - Rs. 53.73 million</p> <p>2022/23 - Rs. 22.68 million</p>

STRATEGY AND RESOURCE ALLOCATION

02

Augmenting Customer Experience

What is signifies for People's Leasing

Augmenting customer experience means going beyond traditional service norms to exceed customer expectations at every touchpoint. It involves implementing innovative technologies and strategies to streamline processes, enhance accessibility, and personalise interactions. This could include developing user-friendly digital platforms for convenient transactions, implementing AI-driven chatbots for instant assistance, and leveraging data analytics to anticipate customer needs. Moreover, augmenting customer experience entails fostering a culture of empathy and responsiveness within the organisation, ensuring that every customer interaction is characterised by attentiveness, respect, and a commitment to resolving issues promptly. By prioritising customer satisfaction and continuously seeking ways to enhance their journey, People's Leasing seeks to build a loyal customer base to differentiate itself in a competitive market.

Emerging Trend

Emerging trends for augmenting the customer experience encompass a convergence of innovative technologies and customer-centric strategies. One significant trend is the rise of fintech partnerships that enables financial institutions to offer a broader range of services through seamless integrations with third-party providers, thereby enhancing convenience and choice for customers. Additionally, the proliferation of mobile banking apps equipped with advanced features such as biometric authentication, voice recognition, and augmented reality interfaces is reshaping the way customers interact with their finances, making transactions quicker, more secure, and more intuitive. Furthermore, the increasing focus on sustainability and ethical banking practices is driving organisations to incorporate environmental, social, and governance (ESG) considerations into their products and services, catering to the growing demand for socially responsible banking solutions. By embracing these emerging trends, companies can stay ahead of the curve and deliver exceptional experiences that meet the evolving needs and preferences of their customers.

Emerging Opportunities

Emerging opportunities for augmenting the customer experience are pivoted on innovation and disruption. One promising avenue lies in the implementation of Internet of Things (IoT) devices to leverage real-time data from connected devices to offer personalised financial insights and products. For instance, financial institutions can analyse data from smart home devices to offer tailored solutions or use wearable trackers to reinforce positive behaviours through personalised rewards schemes. Moreover, the advent of 5G technology promises ultra-fast connectivity and low latency, enabling companies to deliver immersive and interactive digital experiences, such as virtual reality (VR) or augmented reality (AR) financial planning tools. By capitalising on these emerging opportunities, financial institutions can revolutionise the way customers interact with their finances, driving greater engagement, loyalty, and satisfaction.

Challenges

Financial institutions face several challenges when aiming to augment the customer experience, primarily stemming from the complex regulatory environment, legacy systems, and evolving customer expectations. Compliance with stringent regulations such as KYC (Know Your Customer) and AML (Anti-Money Laundering) poses a significant challenge, as it requires implementing robust security measures while ensuring a seamless and frictionless customer onboarding process. Additionally, integrating new technologies into existing legacy systems can be tedious and time-consuming, leading to compatibility issues and operational inefficiencies. Moreover, the sheer volume and variety of customer data present privacy and security concerns, necessitating robust cybersecurity measures to safeguard sensitive information from cyber threats. Furthermore, as customer preferences continue to evolve in the digital age, financial institutions must continually innovate and adapt to meet these changing needs, which requires a culture of agility, experimentation, and continuous improvement. Balancing these challenges while striving to deliver personalised, convenient, and secure experiences remains a constant hurdle for financial institutions seeking to augment the customer experience.

Resource Allocation

Priority area	Focus	Key Activities
Customer empowerment through timely and effective market orientation	Product responsibility	Launch of Solar financing for retail and MSME customers. Launch of Wakalah Investment solution and the Wadi'ah – Gold Safekeeping product.
	Service excellence	Launch of “Classique by PLC” a exclusive value proposition for high net worth customers.
	Complaint handling	Established Customer Service and Dispute Resolution Department.
	Data security	Implemented the Personal Data Protection policy.

Proposed Future Actions

Short term targets

Educate staff about the Financial Consumer Protection Framework (CPF) regulations according to the FCRD-CBSL guidelines.
Improve brand positioning in the premier segment by strategically expanding the “Classique” concept to hub cities across Sri Lanka.

Medium/ Long term targets

Emphasis on ESG integration through focused efforts directed at women’s empowerment.

Related SDG



Forge enduring relationships with customers over the long term –

Repeat customer ratio

2023/24 – 36.87%
2022/23 – 41.47%

Lending customers

2023/24 - 104,865
2022/23 -114,246

Deposit customers

2023/24 - 308,051
2022/23 - 383,715

No of complaints

2023/24 - 166
2022/23 - 128

STRATEGY AND RESOURCE ALLOCATION

03

Differentiation through Our People

What is signifies for People's Leasing

People's Leasing sets itself apart from its peers by leveraging its exceptional human capital to deliver unparalleled customer service and drive innovation. With a commitment to nurturing a highly skilled and motivated workforce, the Company ensures that its employees are equipped with the knowledge, expertise, and resources needed to exceed customer expectations at every touchpoint. This is achieved by fostering a culture of continuous learning and development to empower employees to stay abreast of industry trends, regulatory changes, and emerging technologies, enabling them to anticipate customer needs and provide proactive solutions. Additionally, the Company encourages a collaborative and inclusive work environment where diverse perspectives are valued and creativity is fostered, driving innovation and enabling People's Leasing to stay ahead of the curve in an ever-evolving market. Through its investment in human capital, People's Leasing not only differentiates itself from its peers but also strengthens its position as a trusted partner in the financial services industry.

Emerging Trend

Emerging trends in people development within the financial services industry are transforming traditional approaches to talent management and employee engagement. One significant trend is the emphasis on digital upskilling and reskilling programs to equip employees with the technical skills needed to thrive in an increasingly digitised landscape. With rapid advancements in technologies such as artificial intelligence, blockchain, and data analytics, financial institutions are investing in training initiatives to ensure their workforce remains adept at leveraging these tools effectively. Additionally, there's a growing recognition of the importance of soft skills development, such as emotional intelligence, communication, and adaptability, in fostering strong client relationships and driving business success. Furthermore, the rise of remote work and flexible work arrangements has prompted financial institutions to reimagine their learning and development strategies, offering virtual training programs and digital learning platforms to support employee growth and collaboration regardless of location. Moreover, diversity, equity, and inclusion initiatives are gaining traction, with organisations prioritising diversity in hiring practices and creating inclusive work environments that foster innovation and creativity. By embracing these emerging trends in people development, financial services firms can cultivate a skilled and resilient workforce capable of navigating the complexities of an ever-evolving industry landscape.

Emerging Opportunities

Emerging opportunities for people development involve empowering employees by fostering a culture of continuous learning and development, providing employees with access to training programmes, workshops, and resources to enhance their knowledge and expertise. By investing in digital upskilling initiatives and offering certifications in emerging technologies, companies can empower employees to stay ahead of industry trends and remain agile in a rapidly evolving landscape. Moreover, empowering employees involves fostering a sense of ownership and autonomy in their roles, encouraging them to take initiative, make decisions, and innovate to drive business growth. Providing opportunities for career advancement, mentorship, and cross-functional collaboration also empowers employees to realise their full potential and contribute meaningfully to the company's mission and objectives. Additionally, recognising and rewarding employees for their contributions fosters a sense of appreciation and motivation, leading to higher job satisfaction and engagement. By embracing these opportunities to empower employees, financial services organisations can cultivate a skilled, motivated workforce that drives innovation, delivers exceptional customer experiences, and achieves sustainable growth.

Challenges

Financial institutions encounter various people development challenges due to the unique nature of the industry and the rapidly evolving landscape. One significant challenge is attracting and retaining top talent in a competitive market, particularly in specialised areas. Moreover, the complexity of regulatory requirements and the need for continuous compliance training pose challenges in keeping employees abreast of evolving regulations while balancing their day-to-day responsibilities. Additionally, the pace of technological change necessitates ongoing upskilling and reskilling efforts to ensure employees remain proficient in emerging technologies and digital tools. Furthermore, the hierarchical nature of many financial institutions can hinder employee engagement and innovation, requiring a shift towards more collaborative, agile, and inclusive work cultures. Balancing these challenges while fostering a culture of learning, adaptability, and employee well-being is crucial for financial services institutions to remain competitive and resilient in a rapidly evolving industry.

In addition to the above, there's a notable exodus of skilled employees, presenting a pervasive challenge across various industries in Sri Lanka.

Resource Allocation

Priority area	Focus	Key Activities
Attract and retain the best in-class team	Strategic recruitment	359 New Recruits
	Remuneration and benefits	Rs. 4,248.11 million paid as monetary benefits
	Diversity and inclusion	01: 03 (F : M) Gender Balance 25 - females in leadership roles
Develop a reliable and high functioning workforce	Performance management	A total of 1,711 permanent employees at People's Leasing underwent the mid-year review.
	Training and development	01:2.67 (F:M) training hours
	Career advancement	Promotions: Male - 80 Female - 118 Employees earmarked for development under the Succession Planning programme.
Invest in strengthening employee resilience	Employee relations	Quarterly town hall meetings. Launch of a dedicated PEO TV channel to support consistent communication.
	Safety and well-being	Rs. 204.70 million incurred on staff medical expenses.

Proposed Future Actions

Short term targets

Talent retention

Medium/ Long term targets

Strengthen the succession planning process
Leverage digital technology to expand the scope of the work-life balance programme.

Related SDG



Preventing skilled employees from being poached by competitors.

Retention ratio

2023/24 - 79.74%

2022/23 - 89.22%

Effective contribution towards profit generation; **Profit per employee**

2023/24 - Rs. 1.70 million

2022/23 - Rs. 1.40 million

Inspiring motivation through financial incentives - **Remuneration and Benefits**

2023/24 - Rs. 4,248.11 million

2022/23 - Rs. 4,488.55 million

Continuous development transcends being merely a process; it embodies our culture : **Training hours**

2023/24 - Male: 61,547 hrs.
Female: 23,052 hrs.

2022/23 - Male: 55,984 hrs.
Female: 18,609 hrs.

STRATEGY AND RESOURCE ALLOCATION

04

Integrating Environmental and Social factors

What is signifies for People's Leasing

People's Leasing demonstrates a strong commitment to integrate environmental and social factors into its business model. Embracing the principles of environmental stewardship, the Company implements initiatives to reduce its carbon footprint, minimise waste, and promote energy efficiency across its operations. This may include investing in eco-friendly technologies, implementing recycling programmes, and adhering to stringent environmental standards in its lending practices. Moreover, People's Leasing prioritises social impact by actively engaging with local communities, supporting initiatives that promote education, healthcare, and socioeconomic development. Whether through charitable donations, employee volunteer programs, or partnerships with nonprofit organisations, People's Leasing strives to make a positive difference in the lives of those it serves. By aligning its business practices with environmental and social considerations, the Company not only contributes to a more sustainable future but also strengthens its reputation as a responsible corporate citizen committed to creating value beyond financial returns.

Emerging Trend

Emerging trends in environmental and social integration within the financial services industry reflect a growing recognition of the importance of sustainability and social responsibility in driving long-term value creation. One notable trend is the increasing adoption of Environmental, Social, and Governance (ESG) criteria in investment decision-making, as investors seek to align their portfolios with their values and mitigate risks associated with climate change and social inequality. Financial institutions are integrating ESG considerations into their risk management frameworks, assessing the environmental and social impact of their investments, and engaging with companies to promote sustainable practices. Moreover, there is a rising demand for green finance solutions, such as green bonds and sustainable loans, which enable companies to fund environmentally beneficial projects while attracting socially conscious investors. Additionally, regulatory pressures and stakeholder expectations are driving companies to disclose more comprehensive ESG data, fostering transparency and accountability in their operations. By embracing these emerging trends, financial services organisations can not only mitigate risks and capture opportunities in a rapidly changing world but also contribute to building a more sustainable and equitable future.

Emerging Opportunities

Financial institutions have a unique opportunity to drive environmental and social integration within their business models, by leveraging their influence and resources to catalyse positive change. One avenue for action lies in sustainable finance initiatives, where institutions can develop innovative products and services that promote environmental conservation and social welfare. This may include offering green loans for renewable energy projects, financing social impact bonds to address community needs, or creating investment funds focused on ESG criteria. Moreover, financial institutions can integrate ESG considerations into their risk management frameworks, assessing the environmental and social impact of their investments and incorporating these factors into decision-making processes. Additionally, fostering partnerships with stakeholders, such as governments, NGOs, and industry peers, enables financial institutions to collaborate on initiatives that address pressing environmental and social challenges, driving collective impact and creating shared value. By seizing these opportunities, companies can not only enhance their resilience and competitiveness but also contribute to building a more sustainable and inclusive global economy.

Challenges

Financial institutions encounter several challenges when striving to drive environmental and social integration within their business models. One significant hurdle is navigating the complexity of regulatory frameworks and standards surrounding environmental and social issues, which often require comprehensive compliance measures. Additionally, integrating ESG considerations into investment decisions can be challenging due to a lack of standardised metrics, inconsistent reporting practices, and limited availability of reliable data. Moreover, there may be resistance from stakeholders, including investors, clients, and even internal staff, who may prioritise financial returns over sustainability objectives. Furthermore, the transition to a more sustainable business model often requires significant upfront investments in technology, infrastructure, and talent development, which can strain financial resources and impact short-term profitability. Overcoming these challenges requires strong leadership, strategic vision, and a commitment to embedding environmental and social considerations into the core values and operations of financial institutions, ultimately driving long-term value creation and resilience.

Resource Allocation		
Priority area	Focus	Key Activities
Socioeconomic development of communities	Sustainable procurement	25 new suppliers on-boarded.
	Financial inclusion	Rs. 85.42 million granted as micro finance loans.
	Community outreach	Community youth trained under the “හරිත නැණ” (Haritha Nena) Youth Skills Development programme. Rs. 706,291.55 incurred on community outreach programmes.
Advocating responsible lending	Green financing	Employees actively participating in community programs through volunteering. Rs. 1,975,203.00 granted under the green disbursement . Incorporating social and environmental criteria for credit evaluations through the PLCCORE system. Launch of the solar financing scheme for retail and MSME customers.
Strengthen business resilience	Green operations	GHG Inventory report in line with ISO 14064:2018. Increased automation of internal workflows to reduce paper consumption and promote energy saving. Investing in solar systems and rainwater harvesting infrastructure at the Classique centre. EDGE-Green Building certification for the Classique centre. Rs. 23.03 million incurred to initiate the process.
	Efforts undertaken to implement the concept of sustainable finance.	
Drive shared value	Environmental Awareness	Proactively invest in awareness-building initiatives.
	Environmental Outreach Projects	Tree Planting Programme in line with the World Environment Day 2023.

Proposed future actions

Short term targets

Reduce the dependency on grid energy by investing in renewable sources across the branch network.
Pursue fin-tech partnerships to strengthen digital channel architecture.

Medium/ Long term targets

Implement a comprehensive Environmental Management System (EMS).
Systematically adapt all branches to comply with the green building standards.

Related SDG



Achieving genuine carbon neutrality

Carbon footprint (tCO2e)

2023/24 - 2,150.50

2022/23 - 1,802.27

Recognising the significance of investing in the natural environment

Investment on natural environment

2023/24 - Rs. 1.98 million

2022/23 -Rs. 1.01 million

STRATEGY AND RESOURCE ALLOCATION

05

Stewardship

What is signifies for People's Leasing

Having a strong governance framework signifies a commitment to transparency, accountability, and ethical conduct in all aspects of the Company's operations. It involves establishing robust policies, procedures, and internal controls to ensure compliance with regulatory requirements and best practices, safeguarding the interests of stakeholders and fostering trust in the organisation. A strong governance framework also entails effective risk management practices, with clear delineation of roles and responsibilities, regular monitoring and evaluation mechanisms, and timely reporting to relevant stakeholders. Moreover, People's Leasing's governance framework extends beyond mere compliance to encompass principles of integrity, fairness, and sustainability, guiding decision-making processes and promoting a culture of ethical leadership and corporate citizenship. By upholding high standards of governance, People's Leasing not only mitigates risks and enhances operational efficiency but also reinforces its reputation as a responsible and trustworthy financial institution committed to creating long-term value for all stakeholders.

Emerging Trend

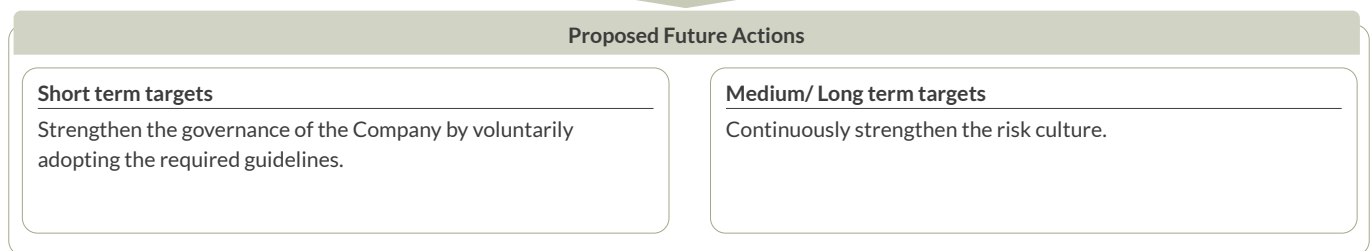
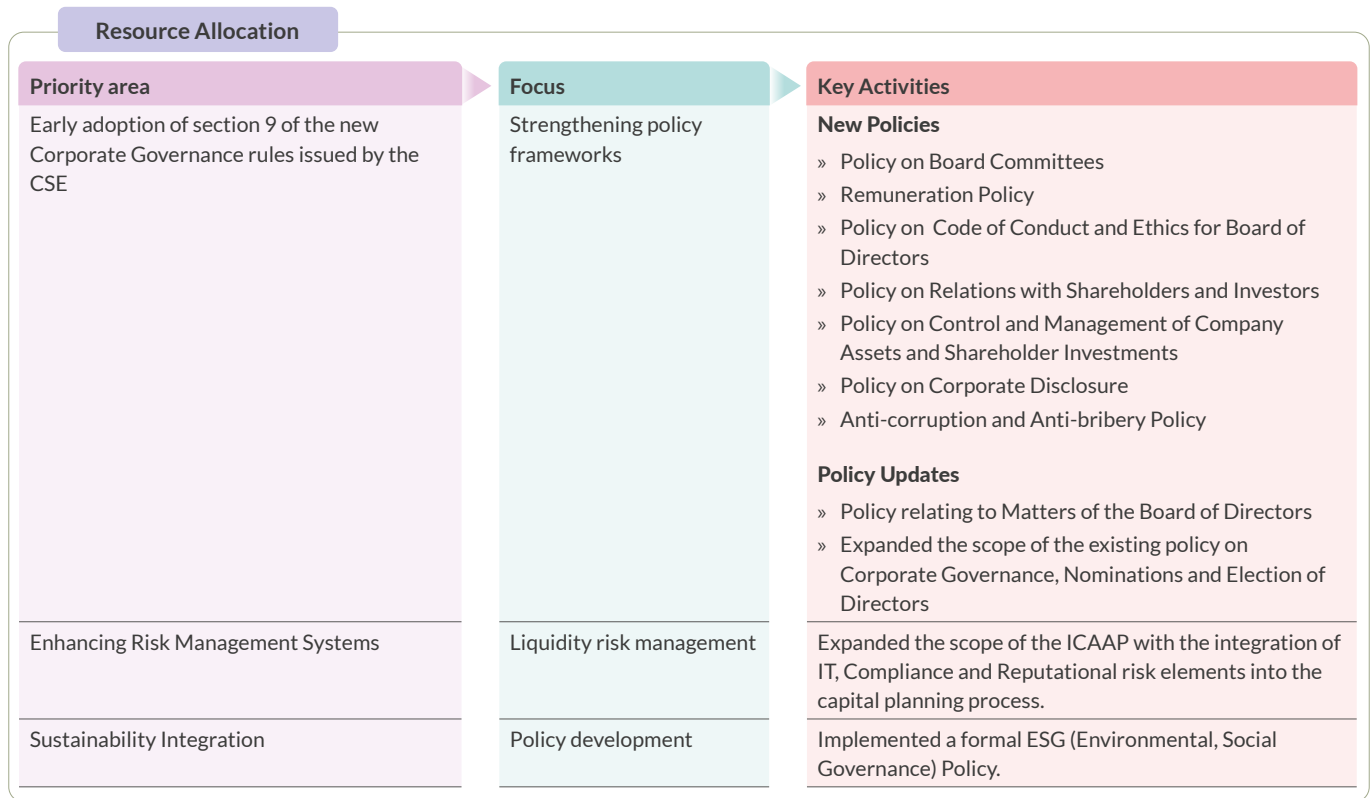
Good governance trends for financial institutions revolves around the heightened focus on stakeholder engagement and accountability. Financial institutions are increasingly recognising the importance of actively involving a diverse range of stakeholders, including customers, employees, shareholders, regulators, and the wider community, in decision-making processes. This trend encompasses initiatives such as stakeholder dialogue, and the establishment of committees representing various stakeholders. Moreover, there is a growing emphasis on transparency and disclosure, with financial institutions striving to provide clear and comprehensive information about their governance structures, policies, and performance. Additionally, there is a shift towards more holistic approaches to governance that consider environmental, social, and governance (ESG) factors, as stakeholders demand greater accountability for the broader societal impacts of financial institutions' activities. By embracing these emerging trends in governance, financial institutions can strengthen trust, enhance resilience, and drive sustainable value creation for all stakeholders.

Emerging Opportunities

Emerging opportunities for financial institutions to embrace good governance practices are abundant and compelling in today's dynamic landscape. Firstly, as regulatory scrutiny intensifies globally, institutions that prioritise governance can navigate regulatory changes more effectively, ensuring compliance and reducing regulatory risks. Additionally, investors are increasingly placing emphasis on environmental, social, and governance (ESG) factors when making investment decisions. Financial institutions that demonstrate strong governance practices can attract a broader investor base and potentially lower their cost of capital. Furthermore, the digital transformation of the financial sector presents opportunities to embed governance principles into technological innovations, enhancing transparency, security, and accountability. Embracing good governance practices not only mitigates risks but also fosters trust among stakeholders, including customers, shareholders, and regulators, ultimately driving sustainable growth and resilience in an ever-evolving financial landscape.

Challenges

Financial institutions encounter several challenges when adopting governance best practices. Firstly, navigating complex regulatory frameworks demands significant resources and expertise, often resulting in compliance burdens and increased operational costs. Additionally, employee pushback and organisational inertia due to the lack of clarity, also often impedes the implementation of new governance structures. Moreover, the rapid evolution of technology introduces cybersecurity risks, requiring institutions to continuously adapt their governance frameworks to mitigate emerging threats. Balancing the need for innovation with the imperative of risk management poses another challenge, as financial institutions must find the right balance to foster growth while maintaining stability. Finally, ensuring consistency and accountability across diverse departments and subsidiaries within large institutions can be a daunting task, requiring effective communication and coordination at all levels. Overcoming these challenges demands strategic leadership, investment in training and technology, and a commitment to fostering a culture of compliance and transparency throughout the organisation.



GREAT Balance





Striking a balance between ambition and reality is vital, to play the long innings. As we tally our scores and review our plays in the year under review, we reinforce our commitment to achieving equilibrium in all our endeavours.

BUSINESS REVIEW

We reflect the values and provide the very best of Islamic Financing to our customers, with utmost responsibility and care.

Islamic Finance



We strive to be our customers' first choice for extending loans and leases - and therein lies unmatched comfort and relief.

Loan & Leasing

We are the foremost solution to the wary customers seeking to preserve their wealth, with the hope of a brighter future.

Deposit



LOANS & LEASING

CONTEXT AND STRATEGY

In terms of credit appetite, the current financial year can be divided into two contrasting halves, with the first half marked by sluggish demand amidst the impact of the prolonged economic downturn, while the second half of the year showed a visible uptick following the resurgence in economic activity towards the latter part of 2023.

Seeing that the demand for credit at the start of the year was largely for consumption purposes amidst ongoing uncertainties, People's Leasing opted for a conservative approach towards lending in the first half of the current financial year. As such, new exposures were undertaken on a highly selective basis mainly to support MSME's in fast growing sectors such as agriculture and export oriented manufacturing.

Further, considering the buildup of moratoriums granted to customers during the COVID period as well as the subsequent economic crisis, more emphasis was placed on the recovery effort. As part of this exercise, the entire recovery process was revamped with branch teams, and the Head Office Recoveries Section inclusive Legal Recoveries Unit all assigned recovery targets. This was complemented by extensive training for branch teams, including repossession officers. A new system to send SMS reminders to customers was implemented to assist in the follow up process, while a dedicated Recovery Call Centre was set up as a pilot project to further bolster recovery efforts. A new supervisory structure was introduced to strengthen the Head Office Recovery Section. A culmination of these initiatives enabled People's Leasing to achieve the target average collection ratio of 100.34%, while reducing

PRODUCT PORTFOLIO

- » Leasing
- » Motor Loans
- » Business Loans
- » Gold Loans
- » Self E- Cash
- » Educational Loans
- » Fast Track
- » Margin Trading

overall impairments by Rs. 1,554.47 (target - Rs. 750 Mn) and reversing the CBSL non-performing loans by Rs. 564.65 million.

However, with the economic revival and low interest rate environment triggering a more robust demand for credit in the second half of the year, the Company expanded lending activities with renewed emphasis on diversifying into a wider range of up and coming sectors. In this regard, a new Leasing product - "PLC Solar" was launched during the year reflecting the Company's efforts to contribute towards improving the share of renewable energy in the Country's total energy mix.

Meanwhile following the Company's decision to pursue aggressive credit expansion, a dedicated Credit Department was established to bring in the entire credit process under the purview of one department. The Credit Department was assigned with the responsibility of achieving the appropriate risk/reward balance to support the Company's growth objectives, while staying within the prudential credit quality limits established by the Board. The Credit Department is also tasked with promoting the credit awareness culture among employees and other stakeholders.

The launch of the PLCCORE system marks another important milestone in streamlining the overall credit process at People's Leasing. The PLCCORE System creates a comprehensive platform to introduce greater standardisation to the credit decision making process, thus ensuring all new exposures fall in line with the Company's credit quality benchmarks. Equipped with high speed file processing capability and 24/7 availability, the system is designed to materially reduce delays associated with manual processing and approval thereby expediting turnaround times to customers and empowering branch teams to accelerate credit expansion. Moreover, these corporate green initiatives commenced by the PLCCORE system are expected to lead to a systematic reduction in the average annual paper consumption and resulting waste generated by the branch network. The versatile design and advanced functionality of the PLCCORE system also contributes towards furthering the Company's sustainability ambitions by creating a structured framework to formally embed ESG (Environment/Social/Governance) considerations as part of the mandatory credit

evaluation process, underscoring a disciplined approach to minimise environmental and social risks associated with the Company's lending portfolio.

The Company maintained a consistent approach to grow its Loan portfolio driven by focused efforts to grow Gold Loans. To that end, Gold Loan facilities were introduced at 15 People's Leasing branches during the current financial year, bringing the total number of Gold Loan enabled branches to 104 as at 31st March 2024. The standard product portfolio was further enhanced with the inclusion of more flexible Gold Loan schemes, accompanied with extensive promotional activities, especially localised pocket campaigns to increase awareness among target customer groups. Internal systems were also further strengthened with a view to improving the customer experience.

Meanwhile, given the sluggish performance of the local equities market, the margin trading activities were scaled back in the current financial year.

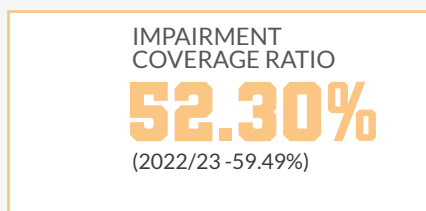
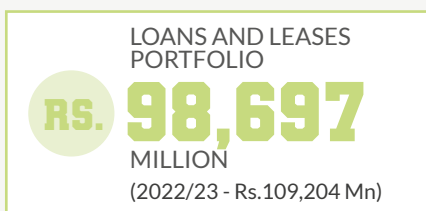
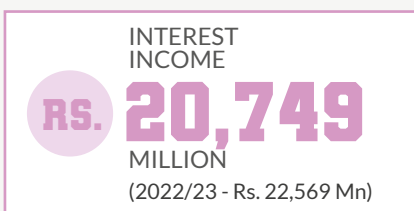
BUSINESS PERFORMANCE

Aggressive credit expansion strategies from January 2024 onwards produced incremental month-on-month growth in disbursements, with the January to March 2024 quarter recording a total of Rs. 14,898.27 million in new disbursement volumes, which represents almost 36.40% of the total disbursements for FY 2023/24. Despite the high volume growth achieved in the latter part of the year however, the combined impact of the cautious lending approach in the first half and the deeper focus on the recovery efforts, saw People's Leasing's Loans and Leases portfolio recording an overall decline of 9.62% from Rs. 98,697.26 million in FY 2022/23 to Rs. 109,203.95 million as on 31st March 2024.

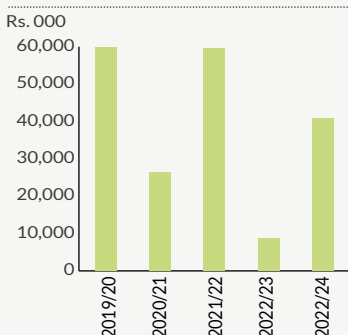
Leases continued to account for the largest share (53.85%) of the Company's total lending portfolio as at 31 March 2024, followed by Loans (41.37%). Within the Loan portfolio, Gold Loans recorded the strongest expansion in the current financial year. Buttressed by strong contributions from the branch network, the Gold Loan portfolio grew by to cross the landmark Rs. 10 billion mark and end at an all-time high of Rs. 10,957.78 million as at 31 March 2024.

Motor Loans on the other hand reported a decline of 49.80% year on year. Nonetheless,

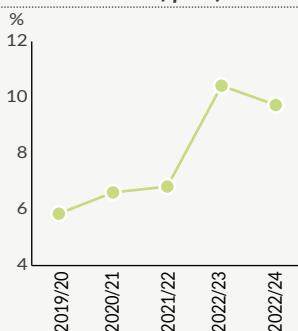
Performance Highlights of 2023/24



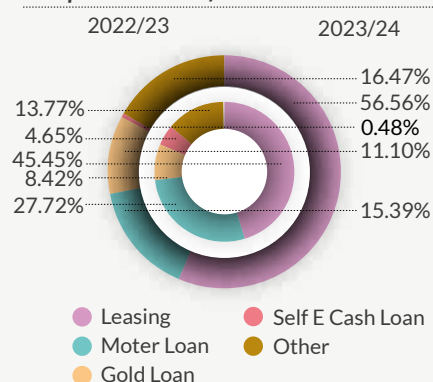
Loan and Lease Disbursements



Impairment as a % of portfolio



Composition - Portfolio



Motor Loans remained the largest contributor to Loan portfolio followed by Gold Loans.

The Loans and Leases portfolio experienced a notable enhancement in overall quality during the current financial year, with the impairment provision declining to Rs. 8,854.79 million from Rs. 10,409.26 million reported in the preceding financial year, a testament to the aggressive recovery and collection efforts deployed throughout the year.

With no notable activity in the local equity market, the Margin Trading Portfolio moving from Rs. 6,377.19 million at the end of the previous financial year to Rs. 5,600.45 million by end of FY 2023/24.

FUTURE OUTLOOK

With the low interest rate environment highly conducive for credit expansion, People's Leasing will rely on the newly formed Credit Department and the new PLCCORE system add fuel to grow its Loans and Leases portfolio in a sustainable manner over time. These efforts will be further complemented by product innovation and service delivery enhancements to improve customers' overall experience.

Ensuring steady growth in the Gold Loan portfolio will remain another key priority in the next 12 -18 months. In this regard, People's Leasing will look to consolidate its position by deepening the penetration into existing segments coupled with broad based strategies to systematically improve access to the Company's Gold Loan offerings and island-wide coverage in the year ahead.

ISLAMIC FINANCE

CONTEXT AND STRATEGY

Many of the same conditions that affected People’s Leasing’s Loans and Leases and Deposit businesses in FY 2023/24, affected the Company’s Al-Safa Islamic Finance Unit as well. Subdued activity in the first few months was followed by robust growth as the Al-Safa Islamic Finance Unit moved ahead with plans to grow captive market share amidst signs of economic revival in the Country from mid-2023 onwards.

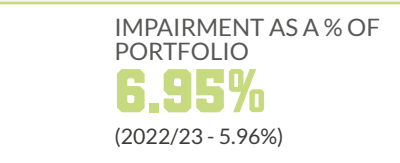
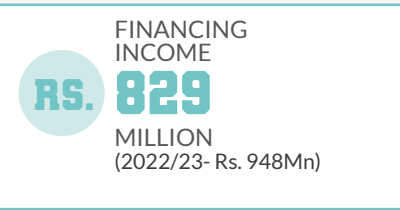
Being one of the leading non-bank financial institutions in Sri Lanka to offer Islamic Finance, the main priority for Al-Safa was to consolidate its first mover advantage. To that end, all products were marketed aggressively by the network of 7 dedicated Al-Safa branches. To further increase island-wide visibility, Al-Safa’s Islamic Finance product range was introduced at over 15 People’s Leasing Branches in the current financial year. With this latest development, a total of 53 People’s Leasing Branches have been enabled to offer Al-Safa’s Islamic Finance product range.

In parallel, promotional activities were further intensified as direct marketing, street promotions and pocket marketing campaigns conducted by branch teams. High impact social media campaigns and digital marketing initiatives were also carried out to drive awareness about the entire product range, with more emphasis on popularising the latest additions to the product basket - the Wakalah Investment solution and the Wadi’ah – Gold Safekeeping product.

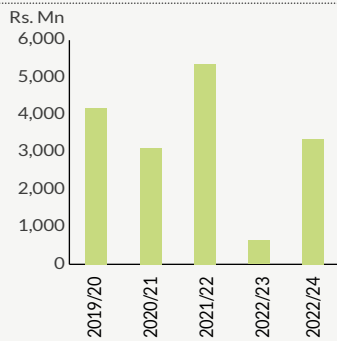
Meanwhile, the roll out of the PLC Core System has also proven to be a key catalyst in Al-Safa’s efforts to promote its lending products. With its highly streamlined credit approval mechanism, the PLC Core System helps to significantly reduce turnaround times to enable a speedier service to the customers, thereby improving their overall experience and enhancing satisfaction.

To further strengthen the internal operational framework of the Islamic Finance Unit and provide assurance regarding its Shari’ah compliance, new recruitments in the Shari’ah supervisory board was taken place during the year. All policies and procedures across our product lineup were reviewed and updated to in conformity with Shari’ah, compliance and legal requirements.

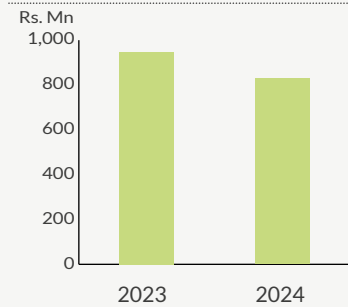
Performance Highlights of 2023/24



New disbursements



Financing Income



As always, strict control was maintained over recovery and collections to ensure internally established NPA threshold were not exceeded.

BUSINESS PERFORMANCE

On the back of more conceive market conditions, Al-Safa recorded a significantly improved performance compared to the previous year, with new disbursements reporting a 425.53% growth year on year. Fuelled by strong demand, both the Wakalah Investment solution and the Wadi’ah – Gold Safekeeping product grew rapidly within a short period of time, with the Wakalah Investment portfolio reaching Rs. 4,235.65 million and the Wadi’ah – Gold Safekeeping portfolio standing at Rs. 464.38 million on 31 March 2024.

FUTURE OUTLOOK

Going forward, Al-Safa’s main thrust would be to strengthen its market presence via a two-pronged approach involving expansion of the network of dedicated branches and increasing the number of People’s Leasing branches equipped to offer Islamic financial services. Reconstituting existing products to offer more flexibility and enhance features for greater customer convenience, will also be critical in Al-Safa’s efforts to sustain captive market share, while product innovation will spearhead entry into new market segments in the coming years. In this regard, the Company will aim to expand the Shari’ah related business product line up through the launch of Sahim (Investment Plan) and Sukuk (Bonds).

DEPOSITS

CONTEXT AND STRATEGY

The general decline in demand for term deposits observed in the current financial year is attributed to several reasons. Most notable among them is the consecutive rate cuts imposed by the CBSL as part of the IMF-led monetary policy reforms which saw the SDFR (Standing Deposit Facility Rate) declining progressively from double digit levels at the start of the financial year to 8.50% as at 31st March 2024. The stress on personal disposable incomes caused by prolonged economic uncertainty and heightened inflationary conditions was also partly responsible for the weak appetite for deposits in the current financial year. The demand for savings too was similarly affected as the saving capacity of households declined rapidly on the back of lower disposable incomes.

Amidst this backdrop, the NBFi industry as a whole, People's Leasing included, had to contend with sizeable outflows of term deposits as investors began redirecting funds towards higher yielding alternatives. Responding proactively to the situation, People's Leasing prioritised customer retention. Aiming to maintain the Company's benchmark 61.12% retention ratio, a series of special offers were initiated targeting existing customers with bulk deposits with longer maturities.

In a bid to further consolidate the deposit book, the Company also leveraged its long-standing reputation and strong island-wide branch footprint to broaden the customer base, with more emphasis on deepening the penetration into regional markets. To complement these efforts, a new product - "Senehas" minor FD was launched, marking Sri Lanka's first-ever tailor made long term investment solutions for minors. The new offering which is clubbed to the "Senehas" - offers the benefits of both FD's and savings. The "Senehas" minor FD scheme was launched as part of the "Ithurum Themasa" - a mega campaign that ran from May 2023 to July 2023.

With the rate gap between savings and term deposits closing significantly owing to the low interest rates environment, the Company seized the opportunity to promote retail savings by encouraging customers to move their investment into a more liquid form during these uncertain times. The Company's recent tie up with its parent People's Bank to enable access to Western Union International Money Transfer services across all 109 People's Leasing branches, also represents an important step in the ongoing effort to drive savings.

BUSINESS PERFORMANCE

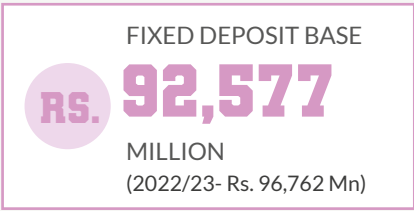
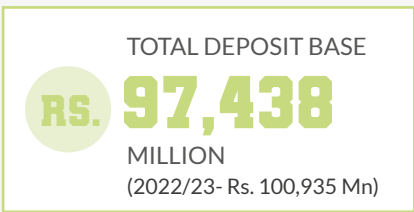
Even though the Company's deposit mobilisation strategies proved successful in achieving the desired inflows, the high volume of outflows during the year saw People's Leasing's overall deposit portfolio contracting from Rs. 100,935.11 million in FY 2022/23 to Rs. 97,437.73 million as at 31st March 2024, signalling a decline of 3.46% year on year.

When analysing the detailed classification of deposit trends, it shows a 4.32% decrease in Fixed Deposits portfolio and a 16.46% improvement in the savings portfolio.

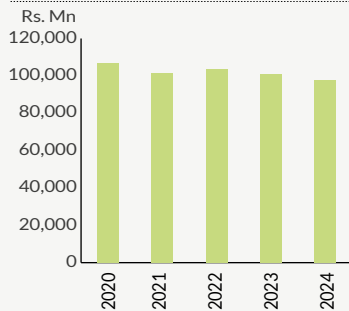
FUTURE OUTLOOK

With all indications suggesting that the current low rate environment will likely to continue for the foreseeable future, People's Leasing will place equal emphasis on customer retention and customer acquisition in order to grow captive market share in the years ahead.

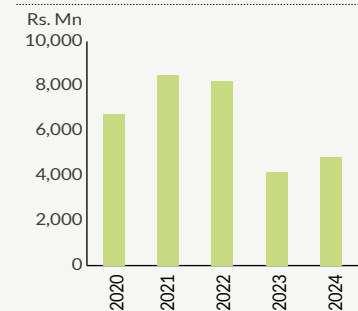
Performance Highlights of 2023/24



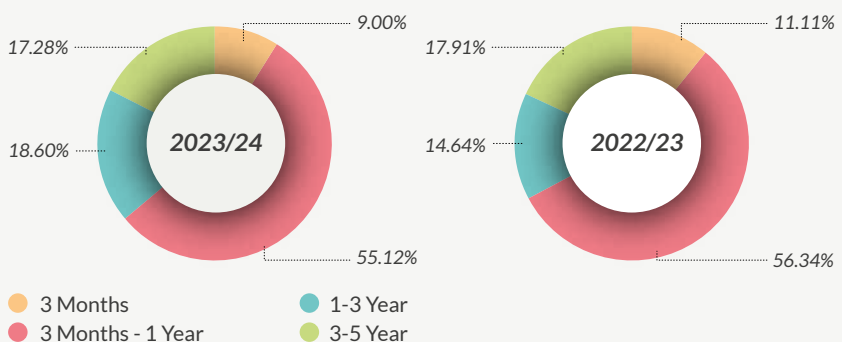
Total Deposit Portfolio



Saving Portfolio



Deposit based on Maturity



SUBSIDIARY REVIEW

PEOPLE'S INSURANCE PLC



CONTEXT AND STRATEGY

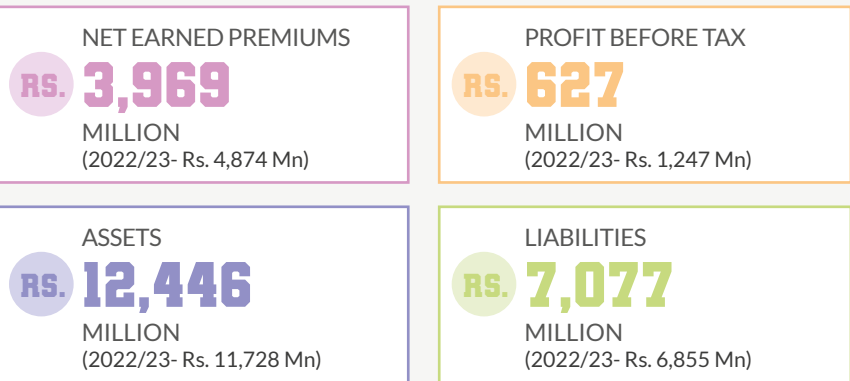
People's Insurance PLC (PI) operates within the General Insurance industry in Sri Lanka, which remains a highly price competitive space inherently characterised by narrow margins. The general insurance industry as a whole came under considerable stress in the current financial year amidst muted demand for motor and non-motor insurance products attributed to the prolonged economic downturn experienced in recent years, causing a majority of general insurers to report underwriting losses. Adding to the pressure, the National Insurance Trust fund (NITF) requested all General Insurance companies to remit 100% ceding of the motor SRCC & TC premium to them with effect from 01st January 2023. The VAT rate increase from 15% to 18% also further exacerbated the situation.

At a time when most general insurers in Sri Lanka began revisiting their pricing strategies to cover losses, PI refrained from doing so and focused instead on technology-driven service quality enhancements to support customer retention and consolidate market share. An important milestone in this regard, was the launch of the "Call and Go" feature, a new innovative mechanism for PI's motor-segment customers to call the designated hotline to report minor accidents and continue their journey without waiting for the assessor to arrive. In parallel, the new the Assessor App was launched to create a platform to streamline backend systems to expedite motor claim settlements.

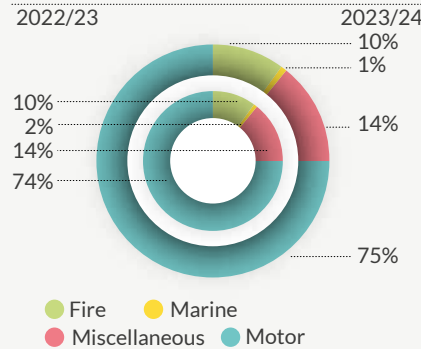
The Company's digital presence was further strengthened in 2023, following the launch of several new front end interfaces, among them a dedicated portal for authorised travel agents to generate travel insurance policies for their clients and the online portal upgrade to enable customers to generate third party motor insurance policies, via the corporate website.

Meanwhile ongoing improvements to backend systems saw the roll out of the fully automated workflow management system to expedite document processing at the claims department. New digital tools, including power BI dashboards were implemented in the underwriting department, to facilitate online real time monitoring of portfolios, claim details, arrears position etc.

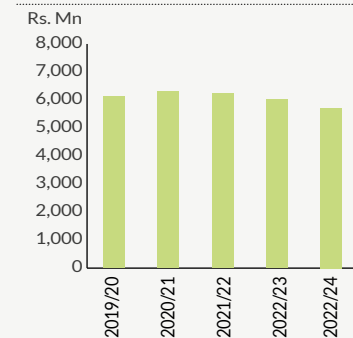
Performance Highlights of 2023/24



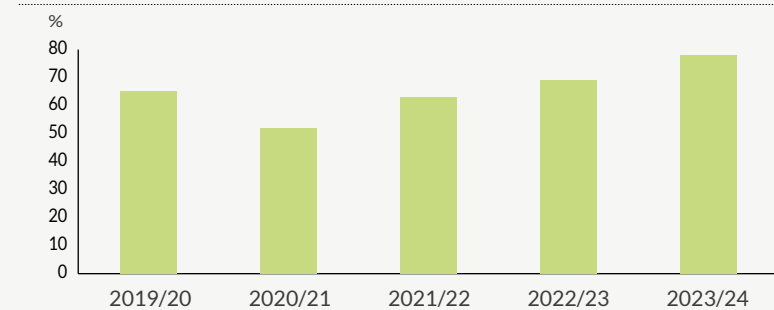
Portfolio Split



Gross written premium



Claims Ratio



PI's advertising and marketing activities also gathered momentum in 2023, with the Company seeking to reinforce its brand identity across all key customer segments. Notable initiatives included the appointment of Dilantha Malagamuwa as the Brand ambassador for PI's motor insurance products, followed by a special campaign to create awareness about the 'Call and Go' service. In tandem with these efforts, the Company continued to further strengthen its social media presence with an increasing number of activities run through this medium. Other brand visibility initiatives through conventional ATL and BTL campaigns also continued throughout the year

A culmination of these efforts saw PI deliver a resilient performance for FY 2023 to further solidify its position in the local general insurance industry.

FUTURE OUTLOOK

The future outlook for PI and indeed the entire general insurance industry will depend on the robustness of Sri Lanka's economic recovery and its ability to generate and grow the demand for general insurance products over time. In the meantime, PI will aim to take the lead in increasing insurance penetration in Sri Lanka to provide the impetus for sustained long term growth.

SUBSIDIARY REVIEW

ALLIANCE FINANCE PLC



CONTEXT AND STRATEGY

The year 2023 posed significant challenges for Bangladesh's economy. With disruptions in supply chains precipitated by widespread geopolitical uncertainty coupled with a sharp increase in fuel and commodity prices worldwide causing unprecedented inflationary conditions globally, Bangladesh's long-standing macroeconomic stability, often characterised by robust growth, modest inflation rates, and a resilient external sector, visibly weakened in 2023. With these challenges affecting most sectors of the economy, the year 2023 was labelled as one of the most onerous periods in the Country's recent history.

Aiming to succeed despite the odds, Alliance Finance PLC - Bangladesh (AFPLC) adopted a cautious approach to business growth underscored by focused recovery efforts aimed at maintaining the Company's historically low NPL ratio.

Working concurrently to further strengthen the Company's customer outreach, AFPLC's footprint was further expanded with a new booth set up in the Uttara region.

Ongoing efforts to position AFPLC as a fully-fledged financial services institution in Bangladesh saw several improvements to strengthen back-end operational architecture and streamline front-end interfaces throughout the year. In this regard, the core system upgrade undertaken during the year saw the introduction of a new "Treasury Module" along with a few other mandatory modules including the Electronic Dealing System (EDS Money) and Real Time Gross Settlement (RTGS) in compliance with regulatory directives issued by the Bangladesh Bank. To accommodate the enhanced scalability of the business, a secondary disaster recovery site was also established in the latter part of 2023. Concerning improving front-end interfaces, the e-KYC process was rolled out to support digital customer onboarding for deposit clients.

BUSINESS PERFORMANCE

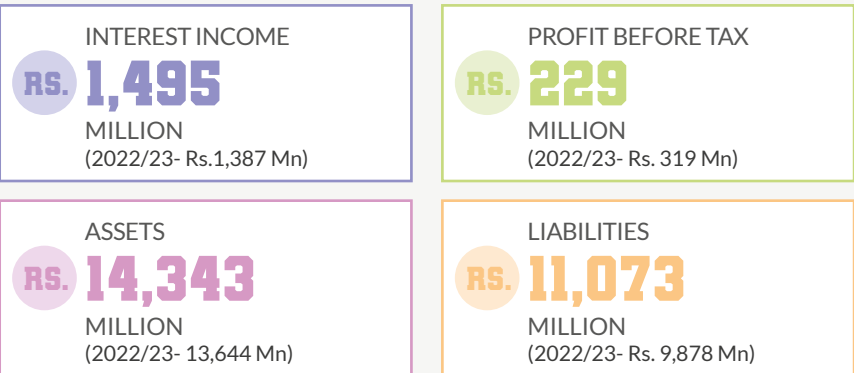
Testifying to the success of the AFPLC's prudent lending approaches, the Company succeeded in restricting NPLs to 0.27% which is considered one of the best in the NBFi sector. It is also noteworthy that the low NPL ratio is despite the loan portfolio reporting 35% growth year-on-year.

FUTURE OUTLOOK

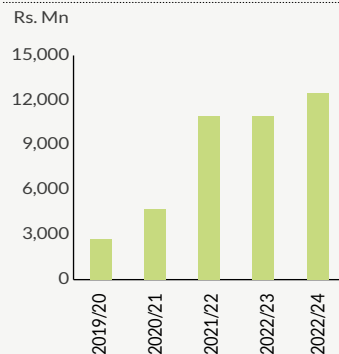
Moving forward, the primary focus will be on bolstering AFPLC's stature as a comprehensive financial institution, providing a wide array of financial solutions. This encompasses expanding services beyond traditional financing and investment options to include wealth management, capital markets participation, merchant banking, advisory services, and obtaining an issue manager license, among others.

As a first step, the Company will aim to establish itself as a key player in the Country's capital markets and systematically pursue further diversification into the Islamic finance sphere. Meanwhile, further consolidating its position and strengthening captive market share attributed to the core business, the Company will look to leverage technology-driven product innovation to gain first mover advantage to cement its leadership status in Bangladesh's emerging fintech space.

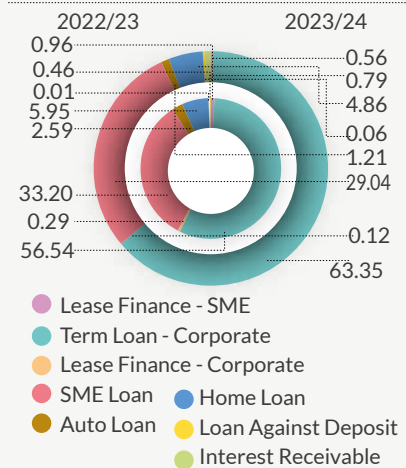
Performance Highlights of 2023/24



Lease and Loans portfolio



Portfolio Split - (%)



SUBSIDIARY REVIEW

PEOPLE'S MICRO-COMMERCE LTD



CONTEXT AND STRATEGY

With muted credit demand against the backdrop of the prolonged economic downturn in the Country as well as the ongoing vehicle import restrictions, adversely affecting the lending operations of People's Micro-Commerce Ltd. (PML) in the first half of the year, the Company resolved to focus on optimal margin management and technology-driven cost efficiencies in order to safeguard the bottom line.

However, with improving economic conditions and low interest rates signalling a more conducive environment for lending, PML seized the opportunity to grow market share in its stronghold markets. Marketing and promotional activities were accelerated. At the same time, a focused approach to diversify the lending mix, saw the launch of two new products - Personal Loans and Education Loans in the latter part of 2023.

The Company's advisory services and financial literacy training activities were also further strengthened to help both existing and new customers to acquire the skills, knowledge and financial discipline for sustained business growth.

Another notable development was the roll out of the "Docubinet System", to expedite checking and approval of customer files, thereby reducing turnaround times and enhancing customer experience.

BUSINESS PERFORMANCE

PML registered robust results for FY 2023/24, marked by 142.26% year on year improvement in new disbursement volumes and a notable improvement in the Company's NPA ratio.

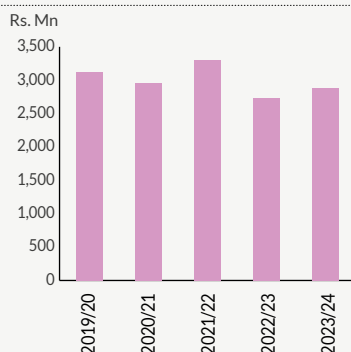
FUTURE OUTLOOK

As a microfinance company, PML will make substantial contributions to economic empowerment and productive employment by enhancing access to financial services, fostering entrepreneurship, mitigating poverty, facilitating skill development, promoting women's empowerment, and catalysing rural development.

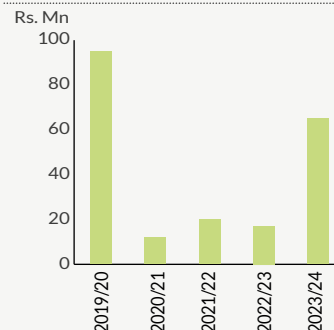
Performance Highlights of 2023/24

<p>INTEREST INCOME</p> <p>RS. 884</p> <p>MILLION</p> <p>(2022/23 - Rs. 765 Mn)</p>	<p>PROFIT BEFORE TAX</p> <p>RS. 198</p> <p>MILLION</p> <p>(2022/23 - Rs. 77 Mn)</p>
<p>ASSETS</p> <p>RS. 2,949</p> <p>MILLION</p> <p>(2022/23 - 2,621 Mn)</p>	<p>TOTAL PORTFOLIO</p> <p>RS. 2,883</p> <p>MILLION</p> <p>(2022/23 - Rs. 2,728 Mn)</p>

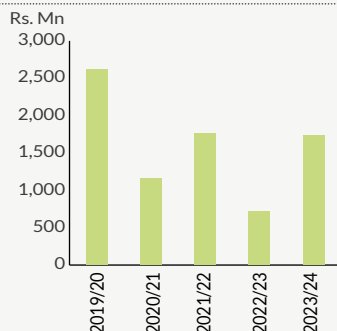
Total Portfolio



Loan Portfolio



New Disbursements



SUBSIDIARY REVIEW

PEOPLE'S LEASING PROPERTY DEVELOPMENT LIMITED



CONTEXT AND STRATEGY

People's Leasing Property Development Limited which was set up for the purpose of carrying out property development and facilities management activities, made good headway in the current financial year.

Nevertheless, noticeable increases in operational and maintenance expenses were observed due to inflationary conditions. Finance costs also experienced a notable rise in the first half of the year, and this momentum persisted throughout the year due to fixed interest rates borrowings.

During the year, the Company successfully obtained the solid waste management certificate from the Colombo Municipal Council to support an orderly solid waste management system, marking an important milestone in efforts to implement ESG best practices.

BUSINESS PERFORMANCE

The company experienced an increase in profitability in the financial year 2023/24 compared to the financial year 2022/23, which amounted to Rs. 471.60 million inclusively Rs. 360 million fair value gain which net of taxes.

FUTURE OUTLOOK

Going forward, People's Leasing Property Development Limited will strive to further expand corporate green initiatives specifically to focus on energy saving activities that will contribute towards reducing the environmental footprint and also result in sustained cost advantages.

Performance Highlights of 2023/24

REVENUE RS. 292 MILLION (2022/23 - Rs. 283 Mn)	PROFIT BEFORE TAX RS. 604 MILLION (2022/23- Rs. 524 Mn)
ASSETS RS. 3,535 MILLION (2022/23 - Rs. 3,067 Mn)	ROE 18.68% (2022/23- 19.18%)



SUBSIDIARY REVIEW

PEOPLE'S LEASING HAVELOCK PROPERTIES LIMITED



CONTEXT AND STRATEGY

People's Leasing Havelock Properties Limited takes pride in owning and overseeing a distinguished 12-story commercial office building nestled in the vibrant heart of Colombo.

The occupants of the building are affiliated with the People's Bank and People's Leasing Group, bound by contracts on average minimum of seven years. Despite economic slowdown challenges, the company effectively navigated these circumstances by previously securing lease agreements. Furthermore, it successfully renegotiated leases with tenants, resulting in increased monthly rentals and safeguarding revenue streams. Additionally, the company capitalised on opportunities by generating supplementary income through renting out the building's rooftop for events.

Meanwhile, operational costs increased significantly in the year under review owing to inflation-induced cost pressures. In response to cost escalation, energy saving strategies were promoted for the building and low energy consuming electric bulbs and other equipment were replaced. However cost increases were largely offset by lower finance costs resulting from the beneficial impact of declining interest rates from mid-2023 onwards.

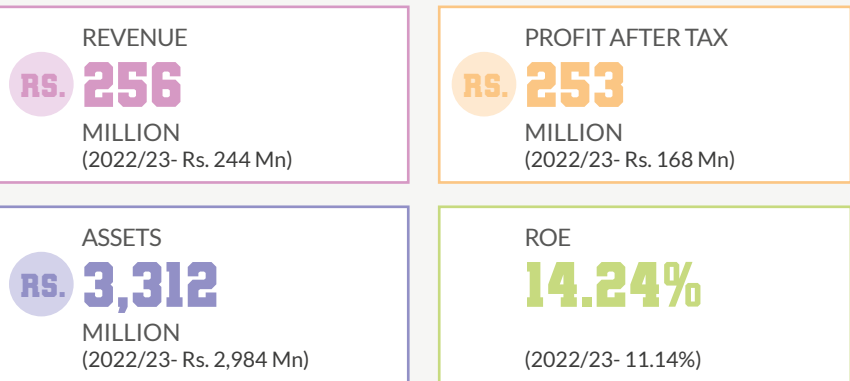
BUSINESS PERFORMANCE

The company experienced an increase in profitability in the financial year 2023/24 compared to the financial year 2022/23, which amounted to Rs. 253.37 million inclusively Rs. 240 million fair value gain which net of taxes.

FUTURE OUTLOOK

The Company is currently exploring various profitable ventures which enhance returns for the People's Leasing Group.

Performance Highlights of 2023/24



SUBSIDIARY REVIEW

PEOPLE'S LEASING FLEET MANAGEMENT LIMITED



CONTEXT AND STRATEGY

People's Leasing Fleet Management Limited specialises in, valuation and insurance claim assessments. Given that its vehicle Valuation operation relies mainly on the market demand for vehicles, the Company's performance and prospects in recent years has been adversely affected by the restriction on vehicle imports that was introduced by the government at the onset of the COVID-19 pandemic in 2020 and continues to remain in effect to date.

Considering the daunting challenges encountered in the immediate past, a broad based restructuring programme was undertaken in the current financial year, to right-size the organisation and improve its readiness for the future. As part of this endeavour, a strategic decision was made to divest the vehicle hiring business in 2023. In parallel various cost saving initiatives were also implemented to spearhead the transition into a leaner and fitter business model.

BUSINESS PERFORMANCE

The valuation income reflected a significant improvement in the financial year, escalating to Rs. 82.87 million in 2023/24 from Rs. 37.13 million in 2022/23. However, the profit for the financial year 2023/24 experienced a decline compared to 2022/23, amounted to Rs. 31.17 million. This decline primarily reflects the disposable profit recorded in the financial year 2022/23 in contrast to 2023/24.

FUTURE OUTLOOK

The company is prioritising the integration of advanced technologies into its existing operations. Furthermore, there is a deliberate focus on transitioning towards business operations characterised by variable costs, departing from the traditional fixed cost-based structure.

Performance Highlights of 2023/24

REVENUE RS. 51 MILLION (2022/23- Rs. 66 Mn)	PROFIT BEFORE TAX RS. 41 MILLION (2022/23- Rs. 58 Mn)
PROFIT AFTER TAX RS. 24 MILLION (2022/23- Rs. 45 Mn)	ASSETS RS. 224 MILLION (2022/23- Rs. 444 Mn)
LIABILITIES RS. 22 MILLION (2022/23- Rs. 90 Mn)	ROE 15% (2022/23- 12.77%)

FINANCIAL CAPITAL

The returns from investment are many; chief among them is the satisfaction of knowing that success is at hand.

RETURN ON ASSETS (ROA)

3.25%

NET INTEREST MARGIN (NIM)

7.69%

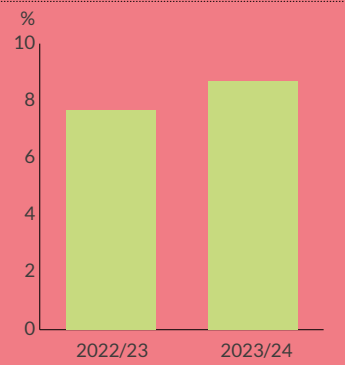


PROFIT AFTER TAX (PAT)

RS. 3,540.50 Mn.






ROE



FINANCIAL CAPITAL

VALUE CREATION HIGHLIGHTS

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

KEY PRIORITY
Consistent Profitability

VALUE DRIVERS

- » Income Growth
- » Cost Efficiency
- » Credit Quality Management
- » Tax Policy

KEY PRIORITY
Right-Sizing of the Balance Sheet to support Financial Stability

VALUE DRIVERS

- » Stable Asset Growth
- » Prudent Management of Liabilities

KEY PRIORITY
Strategic Management of Capital and Liquidity

VALUE DRIVERS

- » Stated Capital
- » Cash Flow Position







KEY PRIORITY
Sustainable wealth Creation for Investors

VALUE DRIVERS

- » Dividend
- » Value to Investors

STAKEHOLDER OUTCOMES - DIRECT IMPACT

VALUE ENHANCED / PRESERVED

-  **17.33%**
year on year increase in profitability
-  **303.31%**
year on year reduction in impairment charges
-  **189.41%**
year on year increase in business volumes
-  **5.11%**
year on year increase in total equity
-  **30.00%**
Core capital ratio
-  **29.70%**
Total capital ratio

VALUE ERODED

-  **6.56%**
year on year decrease in total assets
-  **9.30%**
year on year decrease in lending portfolio



STAKEHOLDER OUTCOMES - INDIRECT IMPACT

1 EMPLOYEES

Financial stability of the Company ensures a safe working environment for employees

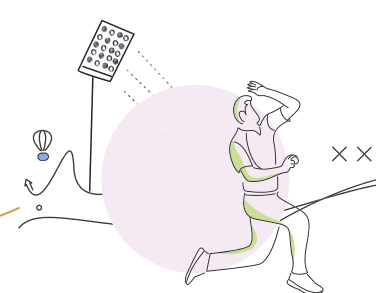
2 REGULATORS

Contribution towards the stability of the Country's financial sector

3 COMMUNITY

Improved financial access through formal channels

+ Value Enhanced = Value Preserved - Value Eroded



ESG Impact and Contribution to SDG's



- » 1.4 - By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
- » 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.



- » 8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- » 8.10 - Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
- » 16.6 - Develop effective, accountable and transparent institutions at all levels



FUTURE TARGETS

SHORT TERM

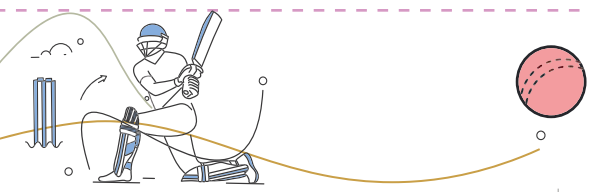
- » Achieve year-on-year profit growth over 20%
- » Achieve over 40% growth in loans and advances portfolio
- » Intensify focus on short-term lending products to navigate interest rate volatility
- » Shift from short-term investments to long-term lending

MEDIUM TERM

- » Enhance operational efficiency to consistently reduce the cost-to-income ratio
- » Enhance the funding mix by reducing reliance on a single source
- » Achieve a year-on-year growth over 25% in profit after tax

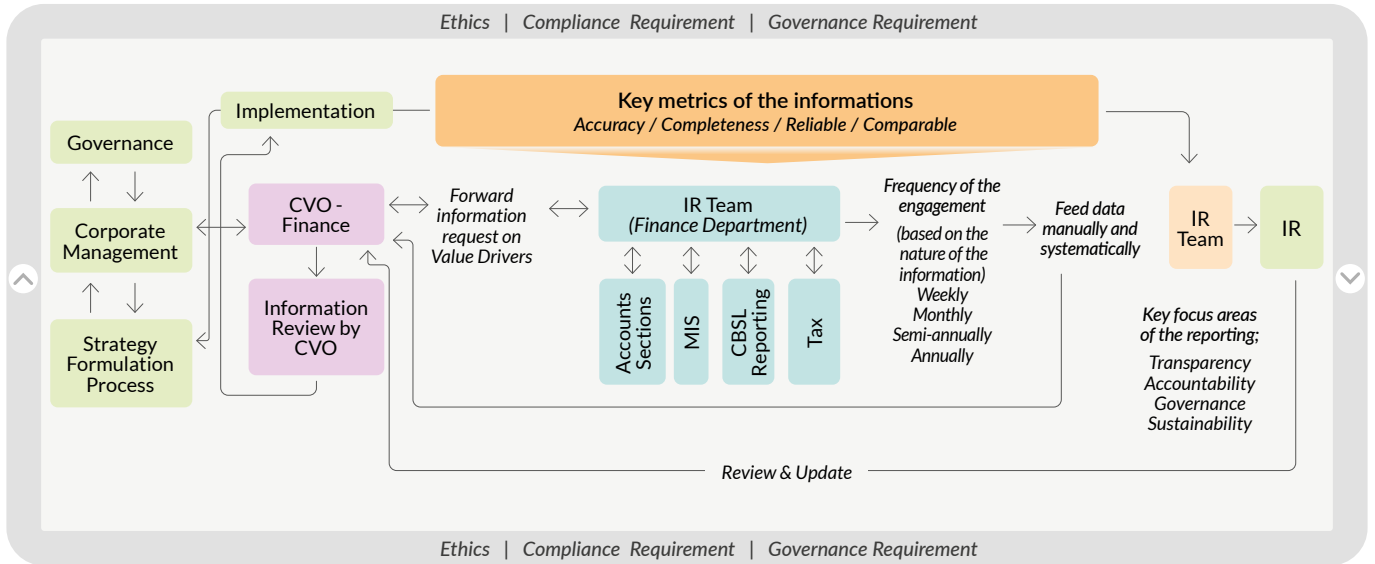
LONG TERM

- » Reduce cost to income ratio below 40%
- » Achieve over 50% growth in ROE



FINANCIAL CAPITAL

Information captured in this Financial Capital section has been gathered from various internal sources across the Company which is consistent with People’s Leasing’s approach to integrated thinking and reporting transparency. Detailed below is the information flow designed to provide assurance regarding the accuracy, completeness, reliability and comparability of the data and information captured within this Financial Capital section.



CONSISTENT PROFITABILITY

The overall profitability of the Company and the Group showed a significant improvement during the financial year 2023/24. The Company achieved a Profit After Tax (PAT) of Rs. 3,540.50 million, while the Group PAT reached Rs. 4,197.43 million, compared to Rs. 3,017.64 million and Rs. 3,441.70 million, respectively, reported FY 2022/23.

Income Growth

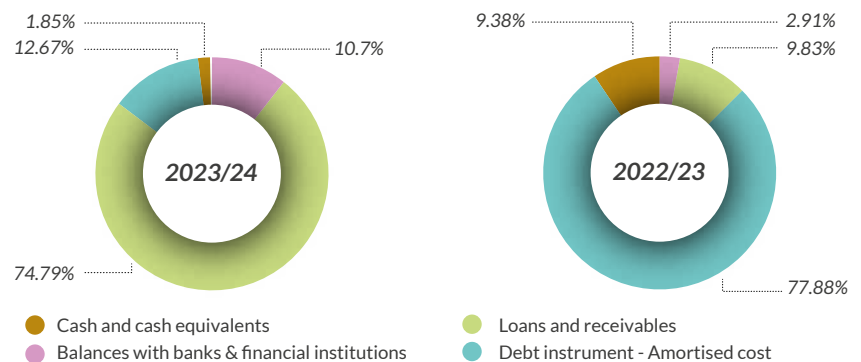
Net Interest Income (NII), is the primary source of income for People’s Leasing, as it serves as a key performance metric for the Company. NII represents the difference between the income generated from interest-earning assets and the interest paid on interest-bearing liabilities.

Interest Income:

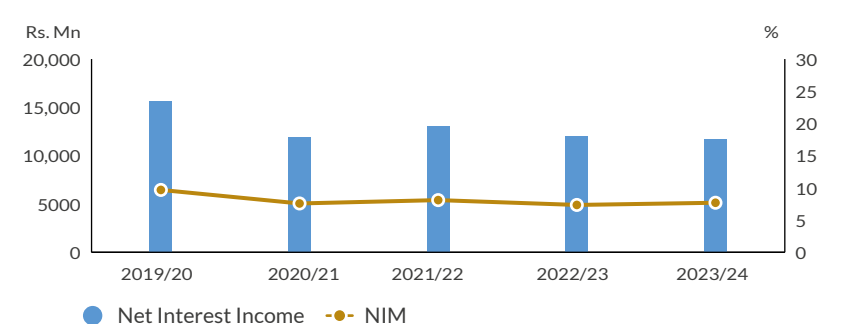
Interest income is derived from the company’s core activities, including loan and lease disbursements, investments in government securities, and placements with banks and other financial institutions. In FY 2023/24, interest income experienced a marginal decline of 4.45% year-on-year, mainly due to reduced interest income from loans and receivables, resulting from a strategic decision to curtail lending with long-term maturities, particularly during the first half of the financial year. Nonetheless, loans and receivables remained the main contributor to interest income, accounting for 74.79% of the total. This was followed by interest income from debt instruments and balances with banks and financial institutions. Interest income from debt instruments-amortised cost such as Treasury Bills indicated a significant year-on-year improvement of 29.02%.

The Group’s interest income also followed a similar pattern to the Company, experiencing a modest decline of 3.56% compared to the previous year.

Composition of interest income



NII and NIM

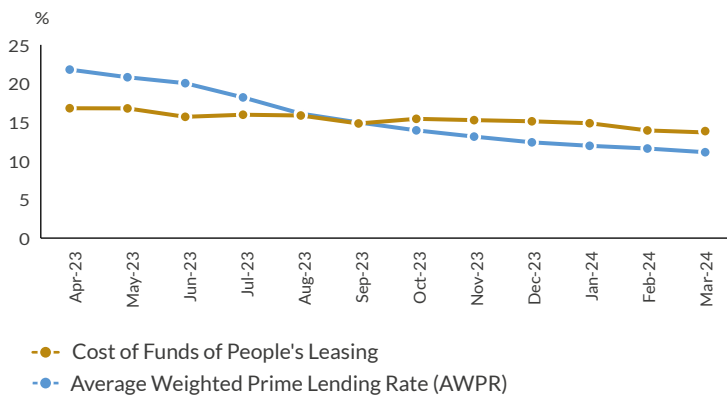


Interest Expense:

The interest expense of People's Leasing primarily consists of interest paid on deposits and debt funding, including short- and long-term bank borrowings and various issued debt securities such as securitisations, debentures, and commercial papers.

Although the interest paid on deposits showed a slight increase compared to the previous year, the interest expense on debt securities and bank borrowings notably decreased, reflecting the reduction in policy interest rates compared to the previous financial year. Consequently at Rs. 17,200.89 million, interest expenses for FY 2023/24 was well below budget, while also marking a year-on-year decline of 5.53%

Cost of Funds Vs AWPR



1.3 Net Interest Margin (NIM)

The decline in interest expense outpaced the decrease in interest income, resulting in a slight improvement in the Company's Net Interest Margin, which increased to 7.69% from 7.35% in the previous financial year. Due to the same reason NIM of the Group also increased to 8.03% in current financial year from 7.61% in financial year 2022/23.

COST EFFICIENCY

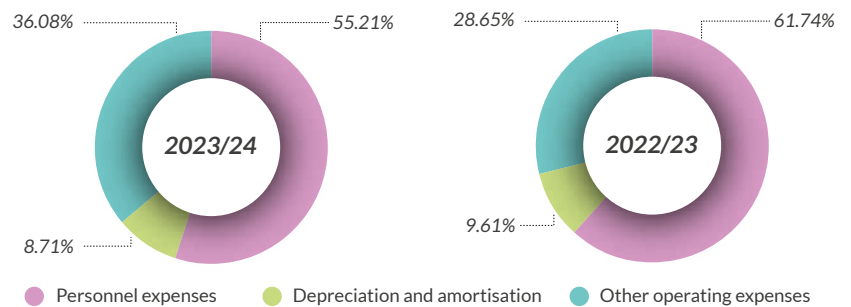
Operating Expenses

Operating expenses include personnel expenses, depreciation and amortisation and other operating expenses, incurred for the purpose of generating current and future income

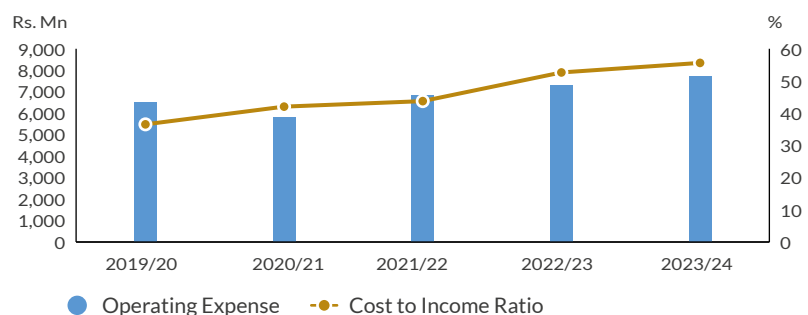
In the year under review, the Company focused on cost efficiency over expansion of operations to minimise expenses under an inflationary environment. Prudent management of operating expenses enabled the Company and the Group to restrict growth of overall operating expenses to 5.85% and 0.25% respectively compared to the previous year. Despite of the salary increments granted during the year under review Personnel expense which accounts for 55.21% of the total operating expense indicated a notable year-on-year decrease of 5.36% thanks to cautious reassessment of staff requirement to limit recruitments.

Given to the decline in total operating income the cost to income ratio of the Company for the financial year increased to 55.61% compared to 52.64% in financial year 2022/23. However, impairment adjusted cost to income ratio of People's Leasing reduced to 51.33% as against the industry average ratio of 52.8% for the year ended 31 March 2024.

Composition of Operating Expenses



Operating Expenses Vs Cost to income ratio



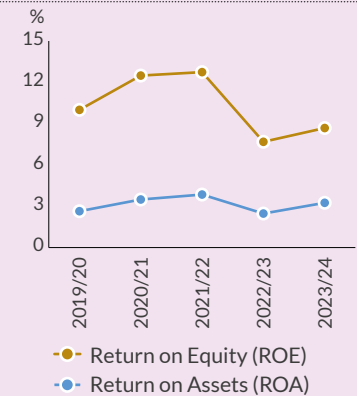
RETURN ON ASSETS (ROA) AND RETURN ON EQUITY (ROE)

Driven by improved profitability, People's Leasing's ROA increased from 2.47% in the financial year 2022/23 to 3.25% in 2023/24, while the ROE rose from 7.68% to 8.68% over the same period.

Similarly, the People's Leasing Group also saw enhanced performance, with its ROA rising from 2.66% in 2022/23 to 3.39% in 2023/24, and its ROE improving from 7.95% to 8.75%.

Profitability ratio line graph for five years – Graph 8

ROA and ROE



FINANCIAL CAPITAL

CREDIT QUALITY MANAGEMENT

Impairment Charges for Loans and Receivables

Impairment charges represent funds set aside for potential losses that may have to be incurred by the Company when borrowers do not honour their repayment commitments as agreed.

The Company's strategic focus on recoveries led to a cumulative collection ratio of 100.34% for the year, enabling People's Leasing to record a substantial reversal in impairment charges for loans and receivables, amounting to Rs. 1,155.78 million during the year under review, compared to a charge of Rs. 568.49 million in the financial year 2022/23.

However, due to a contraction in overall lending portfolio of the Company during the financial year total Non-performing advances ratio increased to 15.24% by March 2024 compared to 14.25% in March 2023. Despite this, the overall non-performing advances portfolio reduced to Rs. 17,544.36 million at the end of the financial year, compared to Rs. 18,086.12 million portfolio as at 31 March 2023.

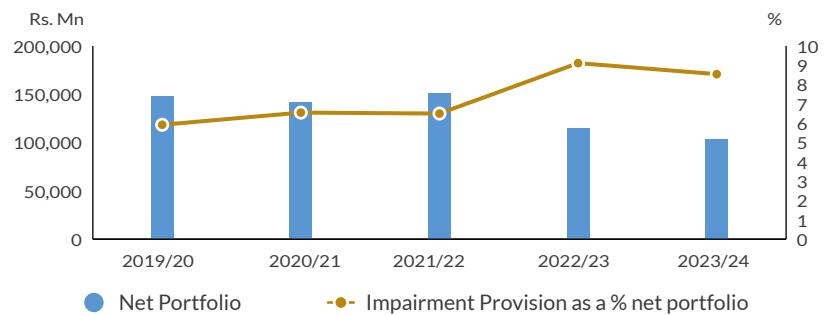
TAX POLICY

People's Leasing maintains a robust and transparent tax policy, based on proactive tax planning encompasses comprehensive consideration of all relevant tax frameworks, with a focus on timely payment of all applicable taxes.

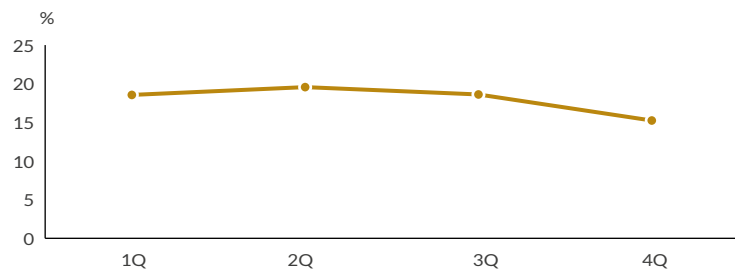
Tax Expenses

Profit earned during the year was subjected to income tax at the rate of 30% whilst financial services were subjected to an 18% VAT rate and a Social Security Contribution Levy (SSCL) of 2.5% for the financial year 2023/24.

Impairment Provision as a % Net Portfolio



Quarterly Non-performing Advances Ratio



Rs. Million	Tax on Financial Services	Income Tax	Total Taxation
Company	1,920.92	1,835.44	3,756.36
Group	1,996.43	2,231.79	4,228.22

RIGHT-SIZING OF THE BALANCE SHEET TO SUPPORT FINANCIAL STABILITY

Aiming to right-size its balance sheet to support financial stability People’s Leasing maintains a disciplined approach manage assets and liabilities, by aligning the balance sheet with long-term strategic goals.

STABLE ASSET GROWTH

Total Assets

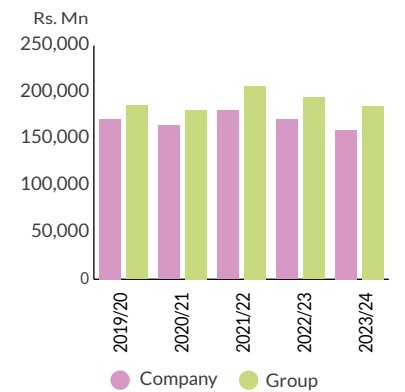
In response to the measures taken to right-size the balance sheet amid a challenging business environment, both the Company and the Group experienced a decline in total assets. As of 31 March 2024, the Company’s total assets stood at Rs. 159,852.09 million, and the Group’s at Rs. 185,257.87 million, compared to Rs. 171,073.16 million and Rs. 194,376.87 million, respectively, as of 31 March 2023.

Interest-earning assets, which constitute nearly 90% of the total assets for both the Company and the Group, reflected a year-on-year decline of 9.07% and 6.89%, respectively. This decrease was primarily due to the Company’s strategy to reduce long-term lending, particularly during the first half of the financial year 2023/24.

However, a notable expansion in the total asset base was seen in the last quarter of the financial year, on the back of the Company’s aggressive capping to grow business volumes.

As of 31 March 2024, People’s Leasing held a market share of 9.08% in terms of asset base.

Total Assets - Company and Group



Loans and Receivables

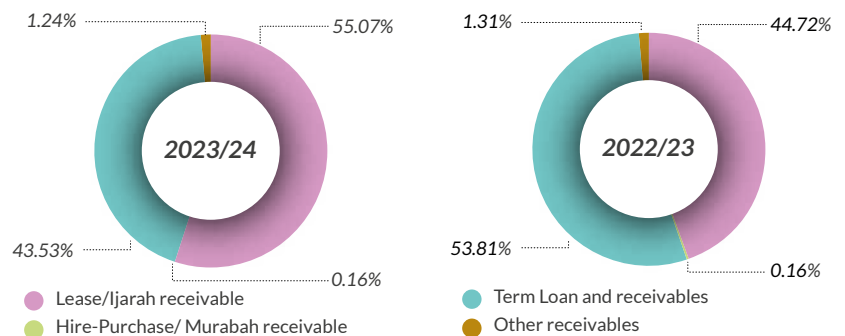
Loans and receivables portfolio of People’s Leasing represents the largest asset category in the Company’s balance sheet and generates the highest income in the form of interest income. Within the total lending portfolio, the lease and hire purchase portfolio, including Ijarah and Murabaha receivables, accounted to 55.23%, while loans and other receivables made up 44.77%.

Business volumes for the Company picked up during the second half of the financial year 2023/24, resulting in a notable improvement in the lease/Ijarah portfolio, which reached Rs. 61,953.26 million by year-end. However, due to a strategic focus on enhancing the leasing portfolio and improving portfolio quality, the term loans and receivables portfolio saw a year-on-year decline of 27.00%.

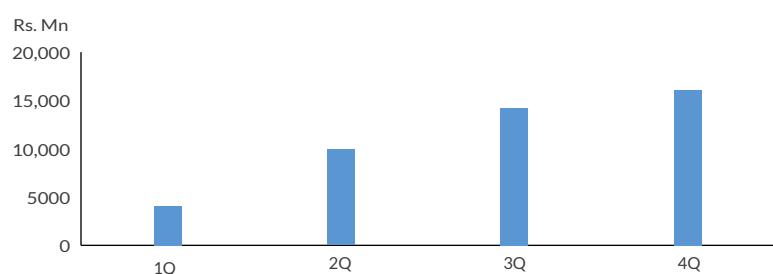
Gold loans, the emerging product in the lending portfolio of the Company touched Rs. 10 billion mark and reached to Rs. 10,957.79 million by the financial year end with a year-on-year improvement of 19.17%.

The Group’s total loans and receivables portfolio also mirrored the Company’s trend, experiencing a year-on-year decline of 6.75%.

Composition of Loans & Receivables



Business Volumes - Quarterly Basis



Other Interest Earning Assets/Investments

The decline in interest rates led to a significant decrease in the Company’s investments in banks and financial institutions. This decrease outpaced the 68.50% year-on-year increase in debt instruments, including investments in Treasury Bills and Bonds at amortised cost, resulting in an overall year-on-year decline of 8.49% in other interest-earning assets.

FINANCIAL CAPITAL

PRUDENT MANAGEMENT OF LIABILITIES

Interest bearing Liabilities

Interest-bearing liabilities, which include amounts due to banks, customers, and debt securities issued, represent 93.82% and 89.83% of the total liabilities for the Company and the Group, respectively. During the financial year 2023/24, the Company's emphasis on managing funding requirements through improved collections led to a year-on-year decline of 11.67% in its interest-bearing liabilities.

The deposit base of both the Company and the Group showed a slight decrease of 3.46% and 3.83%, respectively, as of 31 March 2024, compared to 31 March 2023. This decline is primarily due to the reduction in interest rates, in line with the policy rate cuts by the CBSL.

STRATEGIC MANAGEMENT OF CAPITAL AND LIQUIDITY

Ensuring capital adequacy and maintaining a strong liquidity position were primary objectives for People's Leasing during the financial year 2023/24. As a result, the Company's capital adequacy ratios saw improvements throughout the year, aligned with the growth in retained earnings, positioning it significantly ahead of industry average ratios as of the end of March 2024.

Moreover, in compliance with the CBSL Direction on Liquid Assets and in response to the challenges posed by the business context, People's Leasing prudently managed its liquidity, maintaining Rs. 41,679 million in liquid assets as of 31 March 2024 as against required liquid assets of Rs. 11,107 million.

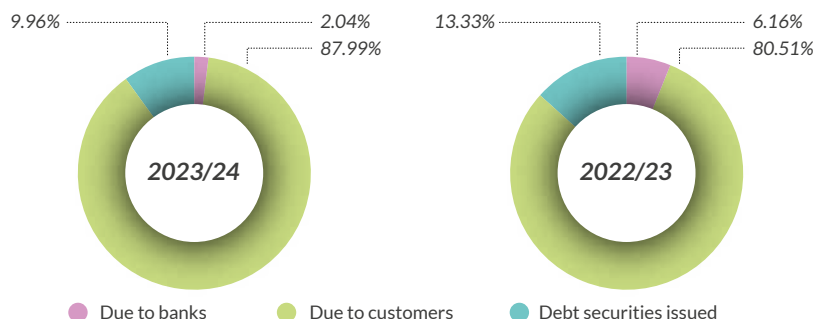
STATED CAPITAL

People's Leasing demonstrates a robust financial position with equity totalling Rs. 41,826.14 million, composed of Rs. 19,230.48 million in stated capital and Rs. 19,884.83 million in retained earnings. The Group's total equity for the financial year ending on 31 March 2024 reached Rs. 49,145.83 million. With the second interim dividend for the financial year 2023/24 paid in January 2024 in the form of a scrip dividend, both the Company and the Group witnessed an increase of Rs. 1,214.92 million in stated capital compared to the previous financial year.

CASH FLOW POSITION

Cash and Cash Equivalents of the Company and the Group increased to Rs. 9,728.13

Composition of Interest Bearing Liabilities



	2023/24	2022/23
Tier 1/ Core Capital Ratio (%)	30.00	25.76
Total Capital Ratio/Total Risk Weighted Capital Ratio (%)	29.70	26.61
Regulated Liquid Assets to Total Assets Ratio (%)	26.07	26.60

million and Rs. 10,636.51 million respectively as of 31 March 2024, up from Rs. 5,844.80 million and Rs. 6,316.00 million as of 31 March 2023. This increase is primarily attributed to net cash generated from operating activities, which amounted to Rs. 18,010.91 million for the Company and Rs. 17,290.16 million for the Group. For the Company, net cash generated from investing activities totalled Rs. 36.83 million, while net cash used in financing activities amounted to Rs. 14,419.43 million.

SUSTAINED WEALTH CREATION FOR INVESTORS

People's Leasing is committed to sustained wealth creation for its investors by integrating financial performance with sustainable and ethical practices. This approach involves long-term value generation through strategic investments, prudent risk management, and continuous innovation, coupled with the commitment good governance to build trust and confidence among its investors.

DIVIDEND PAYMENTS

The Company paid the first interim dividend for the financial year 2023/24 amounting to Rs. 0.70 per Ordinary share in the form of a cash dividend in August 2023 while the second interim dividend of Rs. 0.70 per share was disbursed in the form of a Scrip dividend in January 2024. Accordingly, a total of Rs.

2,858.64 million was paid as dividend for the financial year 2023/24 resulting a dividend payout ratio of 80.74%.

VALUE TO INVESTORS

Investors serve as the lifeblood of any organisation, providing essential financial capital, industry knowledge, and facilitating networking and collaborative opportunities. Their contributions play a vital role in fostering growth and sustainability within institutions.

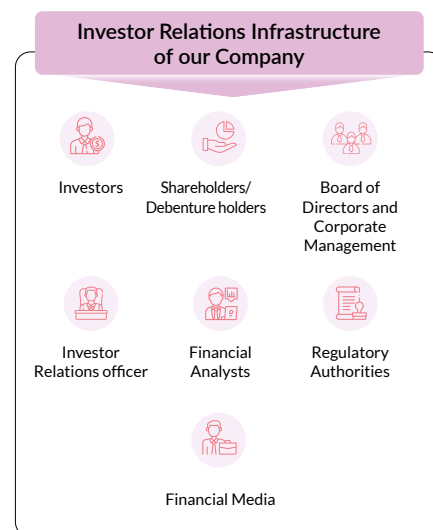
People's Leasing & Finance PLC, recognises the symbiotic relationship between the Company and its investors / shareholders and works continually to strengthen these bonds going beyond financial returns to encompass transparent operations, effective communication, and fair treatment of investors.

As articulated by its theme, the 'Value to Investors' supplement serves as a testament to People's Leasing's dedication to fostering effective engagement and providing transparent and accurate information to its investors. Accordingly, this section encompasses a variety of supplemental statistics and information that may prove valuable to the company's stakeholders.

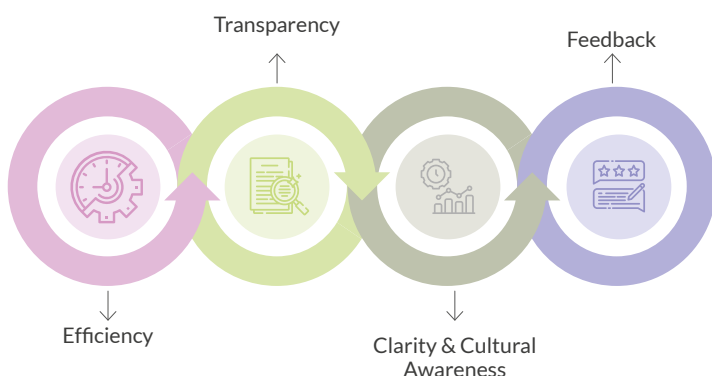
Considering regular and consistent interaction with the Company's investors as both a best practice and a responsibility, People's Leasing extends its efforts beyond mere financial reporting to cultivate proactive communication, feedback mechanisms, and timely responses to investor inquiries via various platforms.

Medium	Recurrence
Interim Financial Statements	Quarterly
Interim Paper Publications	Semi-annually
Annual General Meeting	Annually
Annual Report	Annually
Corporate Disclosure to CSE	As required
Updates on Investor	As required
Press Releases	As required

The company confirms that all aforementioned disclosures and communication were conducted in conformance to all compliance obligations and the principles set out under the organisational Communication Policy.



Fundamental Principles of the Communication Policy at People’s Leasing & Finance PLC



The Company pays close attention to continuous improvement to further refine its strategy for investor engagement to eventually enhance the value to its investors.

ANALYSING THE GLOBAL AND LOCAL EQUITY MARKETS - 2023

The Performance of Global Equity Markets

In 2023, global equity markets demonstrated resilience and adaptability amidst a backdrop of evolving economic dynamics and geopolitical uncertainties. Overall, the performance was characterised by a mix of highs and lows, influenced by factors such as monetary policy shifts, trade tensions, and technological advancements. While certain sectors, particularly technology and healthcare, experienced robust growth driven by innovation and digital transformation, others faced challenges amid supply chain disruptions and inflationary pressures.

All key equity markets in the world had closed out the year by providing returns in the double digits to their investors. The two major indexes of USA; the Dow Jones and the Nasdaq recorded jumps of 13.7% and 43.4% respectively.

While the British FTSE100 had zoomed by 3.8%, Germany’s DAX and the French CAC recorded an increase of 20.3% and 16.5% respectively, substantiating the positive effect of 2023 in the European continent.

However in the Asian region, while two of its major indices; the Straits Times index of Singapore and the Shanghai Composite Index based in China had declined by a 0.3% and 3.7% respectively, the Japanese Nikkei index had surged by a 28.2%, along with India’s BSE Sensex by an 18.7%.

FINANCIAL CAPITAL

The Performance of Local Equity Markets

In contrast to the restrained performance documented by the local equity market during 2022, the year 2023 saw the local equity market demonstrating a mixed performance with regard to key metrics comprising of price indices, market capitalization, and the daily turnover.

Both All-Share Price Index (ASPI) along with the Standard & Poor's Sri Lanka 20 (S&P SL 20) can be said to have succeeded in maintaining a positive rhythm throughout the entire year, with the ASPI expanding by a 24.9% and the latter by 15.7%. In 2023, the market capitalisation recorded a surge of 24.9% culminating at Rs. 4,233 billion upon the conclusion of the year, while the Colombo Stock Exchange documented a 43% decline resulting in an average daily turnover of Rs. 1,696 million as opposed to the preceding year's Rs. 2,972 million.

PERFORMANCE OF THE PEOPLE'S LEASING & FINANCE SHARE

PLC Share (PLC.N0000)	
Type of instrument	Quoted Ordinary Shares
Stock exchange listed	Colombo Stock Exchange (CSE)

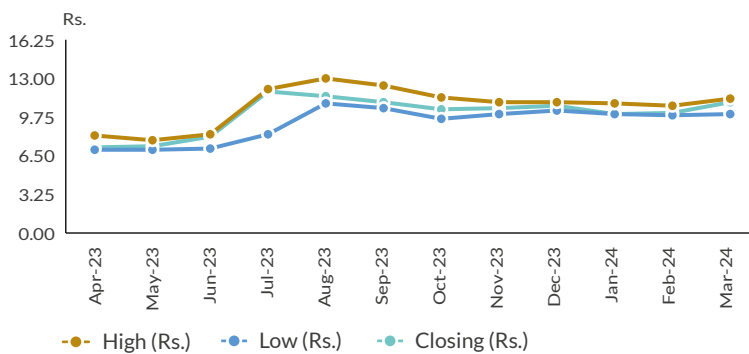
The People's Leasing share which registered its lowest price; Rs. 7.00 during two of the initial months; April and May of the 2023/24 financial year picked up later in the year to Rs. 13.00 in the August of 2023, marking the highest trading prices for the current financial year, before eventually closing at a price of Rs. 11.00 on the 31 March 2024. Comparatively the closing price of the People's Leasing share for 31 March 2023 was of Rs. 7.90.

SHARE INFORMATION

Share Capital

	2024		2023	
	Number	Rs. '000	Number	Rs. '000
Balance as at 1 April	2,041,883,116	18,015,559	1,887,195,002	17,071,961
Scrip Dividend	112,492,634	1,214,920	154,688,114	943,598
Balance as at 31 March	2,154,375,750	19,230,479	2,041,883,116	18,015,559

Share Price Movement



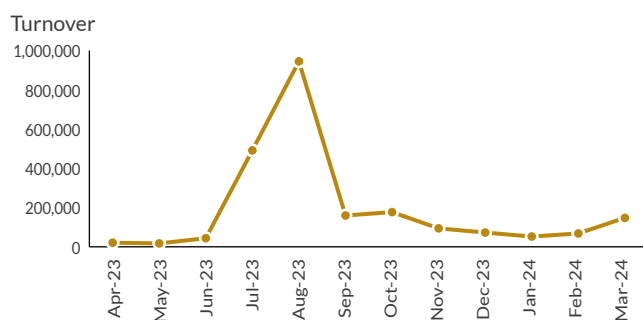
Information on the movement of shares represented by Stated Capital

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

Share Trading Turnover of People's Leasing & Finance PLC

While the share trading turnover of the Company has fluctuated throughout the financial year 2023/24, the highest turnover was recorded in August of 2023; Rs. 944.65 million. The lowest turnover which is a value of Rs. 17.21 million, had been documented during the May of 2023.

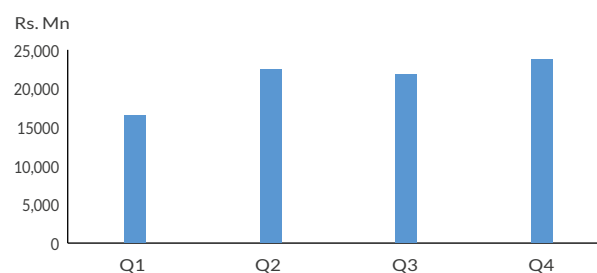
Share Trading Turnover



Market Capitalisation of People's Leasing & Finance PLC

The Company's market capitalisation as at the 31 March 2024 surmounted to a value of Rs. 23.70 billion; a 46.93% increment from the Rs. 16.13 billion recorded on 31 March 2023.

Market Capitalization



FINANCIAL CAPITAL

Profile of Ordinary Shareholders

	2023/24	Q4	Q3	Q2	Q1	2022/23
Share price (Rs.)						
Highest	13.00	11.30	11.40	13.00	8.30	9.30
Lowest	7.00	9.90	9.60	8.30	7.00	4.90
Closing	11.00	11.00	10.70	11.00	8.10	7.90
Number of transactions	21,035	2,731	2,695	13,157	2,452	19,493
Number of shares traded (million)	209.19	25.34	32.73	140.67	10.45	103.99
PLC Turnover (Rs million)	2,287.64	267.56	343.11	1,595.28	81.70	689.59
PLC turnover to total market turnover (%)	0.61	0.32	0.52	0.95	0.14	0.14
Number of days traded	238	58	63	60	57	235
Average daily turnover (Rs million)	9.61	4.61	5.45	26.59	1.43	2.93
Market capitalisation - CSE (MC) (Rs billion)	4,534.65	4,534.65	4,248.93	4,537.14	3,901.28	3,903.53
Market capitalisation - PLC(MC)(Rs billion)	23.70	23.70	21.85	22.46	16.54	16.13
PLC MC to CSE MC (%)	0.52	0.52	0.51	0.50	0.42	0.41
Market turnover- Rs million	376,004	82,617	65,942	168,749	58,696	500,918

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 capitalisation of Rs. 5,919.79 million, reflected by 538,233,546 shares and 9,973 shareholders as at the 31 March 2024. These metrics are in comparison to the public float of 24.96%, float adjusted market capitalisation of Rs. 4,026.27 million, 509,648,840 shares, and 10,757 shareholders recorded as at 31 March 2023.

Analysis of the Ordinary Shareholders

Distribution of Ordinary Shareholders

Distribution of Ordinary Shareholders	31-Mar-24				31-Mar-23			
	No. of Shareholders	Shareholder %	No. of Shares	Share %	No. of Shareholders	Shareholder %	No. of Shares	Share %
Less than or equal to 1000	3,161	31.66	803,077	0.05	3,218	29.88	876,342	0.05
1,001 - 10,000	4,925	49.33	15,164,073	0.70	5,401	50.15	16,814,874	0.82
10,001 - 100,000	1,539	15.42	43,350,044	2.01	1,796	16.68	50,302,811	2.46
100,001 - 1,000,000	307	3.08	85,997,384	3.99	313	2.91	84,210,489	4.12
Over 1,000,000	51	0.51	2,009,061,172	93.25	42	0.39	1,889,678,600	92.55
Total	9,983	100.00	2,154,375,750	100.00	10,770	100.00	2,041,883,116	100.00

Composition of Ordinary Shareholders

Composition of Ordinary Shareholders	31-Mar-24				31-Mar-23			
	No. of Shareholders	Shareholder %	No. of Shares	Share %	No. of Shareholders	Shareholder %	No. of Shares	Share %
Resident - Individuals	9,585	96.01	131,805,896	6.12	10,391	96.48	138,605,328	6.79
Resident - Institutions	352	3.53	2,012,073,965	93.39	327	3.04	1,893,401,618	92.73
Non-resident - Individuals	43	0.43	5,627,086	0.26	48	0.45	5,846,233	0.29
Non-resident - Institutions	3	0.03	4,868,803	0.23	4	0.04	4,029,937	0.19
Total	9,983	100.00	2,154,375,750	100.00	10,770	100.00	2,041,883,116	100.00

Twenty Largest Shareholders

No.	Name of the Shareholder	31-Mar-24			31-Mar-23	
		No. of Shares	%		No. of Shares	%
1	People's Bank	1,615,781,805	75.00	No Change	1,531,412,331	75.00
2	Employee's Provident Fund	116,931,207	5.43	No Change	110,825,541	5.43
3	National Savings Bank	59,547,976	2.76	No Change	56,438,626	2.76
4	Rubber Investment Trust Ltd A/C No 01	20,884,428	0.97	1 Position Up	20,372,112	1.00
5	Employees Trust Fund Board	20,273,922	0.94	1 Position Up	19,455,652	0.95
6	J.B. Cocoshell (Pvt) Ltd	18,355,558	0.85	10 Positions Up	3,691,299	0.18
7	Bank Of Ceylon No. 1 Account	15,618,671	0.72	No Change	14,803,129	0.72
8	Perera And Sons Bakers Pvt Limited	14,000,000	0.65	No Change	13,000,000	0.64
9	Ceylon Investment PLC A/C # 02	9,865,504	0.46	No Change	11,446,107	0.56
10	Sri Lanka Insurance Corporation Ltd-General Fund	9,576,844	0.44	No Change	11,215,823	0.55
11	Cargills Bank Limited/ Senthilvel Holdings (Pvt) Ltd	9,173,890	0.43	New Entrant	N/A	
12	Mercantile Investments And Finance PLC	8,029,351	0.37	1 Position Down	7,610,092	0.37
13	Ceylon Guardian Investment Trust PLC A/C # 02	6,285,724	0.29	1 Position Down	6,960,225	0.34
14	DFCC Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	5,803,009	0.27	New Entrant	N/A	
15	Phoenix Ventures Pvt Ltd	5,275,462	0.24	New Entrant	N/A	
16	Hatton National Bank PLC A/C No. 4 (HNB Retirement Pension Fund)	5,138,133	0.24	3 Positions Down	5,147,120	0.25
17	Seylan Bank PLC/JN Lanka Holdings Company (Pvt) Ltd	4,818,210	0.22	New Entrant	N/A	
18	Commercial Bank Of Ceylon PLC/Metrocorp (Pvt) Ltd	3,970,700	0.18	3 Positions Down	3,763,367	0.18
19	Mr. M. J. Fernando (Deceased)	3,480,680	0.16	2 Positions Down	3,298,934	0.16
20	Mr. K.D.H. Perera	3,288,890	0.15	1 Position Down	3,117,158	0.15
	Subtotal	1,956,099,964	90.77			
	Other Shareholders	198,275,786	9.23			
	Total	2,154,375,750	100.00		2,041,883,116	100.00

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

Name	Position	Appointed Date / Resigned date	No of shares
MR. M.P. Amirthanayagam	Chairman		13,632
MR. Y. Kanagasabai	Director	Appointed w.e.f 11 August 2023	-
MR. C.J. Wijetillake	Director		5,972
MR. U.L.A.W. Bandara	Director		-
MR. P.D. Samarasinghe	Director	Appointed w.e.f 6 November 2023	-
MR. T.M. Wellalage	Director	Appointed w.e.f 3 October 2023	-
MR. H.I Balapatabendi	Director	Appointed w.e.f 9 November 2023	-
MR. A.M.P.M.B Atapattu	Director	Appointed w.e.f 2 January 2024	-
MR. H.M.U.K Samararatne	Director	Appointed w.e.f 2 January 2024	-
MR. K.C.J.C. Fonseka	Director		66,133
MR. M.A.A. Ahamat	Director		-
Mr. S.J.M.Marcelline	CEO/GM	Resigned w.e.f 1st April 2024	-
Mr. Udesh Gunawardena	Acting CEO	Appointed w.e.f 1st April 2024	-
Total			85,737

FINANCIAL CAPITAL

Directors' and CEO's Shareholding (As at 31 March 2023)

Name	Position	Appointed Date / Resigned date	No of shares
Mr. Sujeewa Rajapakse	Chairman	Resigned w.e.f 12 September 2022	
Mr. M. Pradeep Amirthanayagam	Chairman	Appointed as a Director w.e.f 15 July 2022 Appointed as Chairman w.e.f 12 September 2022	12,921
Mr. Rohan Pathirage	Director		435,630
Mr. K.C.J.C Fonseka	Director		62,680
Mr. C.J Wijetillake	Director		5,661
Mr. U.L.A.W Bandara	Director		
Mr. Azzam A. Ahamat	Director		
Ms. M.C Pietersz	Director		
Mr. Ranjith Kodituwakku	Director	Resigned w.e.f 03 February 2023	
Mr. M.S.H Gunawardana	Director	Appointed w.e.f 28 November 2022 Ceased to be a Director w.e.f 21 March 2023	
Mr. S. J. M Marcelline	CEO/GM		
Total			516,892

Value delivered to Shareholders in 2023/24

Adhering to the uniform dividend policy erected with the aim of deriving satisfactory returns to its shareholders, People's Leasing & Finance PLC declared a gross dividend of Rs. 1.40 per share during the financial year 2023-2024.

	2023/24	2022/23
Earnings per share - Group (Rs.)	1.64	1.40
Dividend per share (Rs.)	1.40	0.50
Dividend payout (%)	80.74	35.71
Dividend yield (%)	12.73	6.33
Dividend cover (times)	1.24	3.20
Net asset value per share (Rs.)	19.41	19.49
Price earning (times)	6.71	5.64
Price to book value (times)	0.57	0.41
Return on equity (%)	8.68	7.68
Earning growth (%)	17.14	(35.18)

Debenture Market Information

During the financial year 2023-2024, the Company did not render any debentures owing to the high interest regime and the uncertainty of the economic environment which existed.

As at 31 March 2024

Type	Type A	Type B	Type C	Type D
Type	Type A	Type B	Type C	Type D
Tenure (Years)	3 years	3 years	5 years	5 years
Issue Date	21-August	21-August	21-August	21-August
Maturity Date	24-August	24-August	26-August	26-August
Interest Rate	Fixed	Zero Coupon	Fixed	Zero Coupon
Coupon Rate (%)	8.00	-	9.00	-
Effective Annual Yield (%)	8.00	8.00	9.00	9.00
Interest Rate Comparable Government Security (%)	6.25	6.25	6.93	6.93
Frequency of Interest Payable	Annual	Maturity	Annual	Maturity
Rating	A+	A+	A+	A+
Amount (Rs. Mn)	2,943	2,420	4,272	365
ISIN No.	LK0399D24847	LK0399D24839	LK0399D24821	LK0399D24854
Market Value (Rs.)				
Highest	Not traded	Not traded	Not traded	Not traded
Lowest	Not traded	Not traded	Not traded	Not traded
Closing	Not traded	Not traded	Not traded	Not traded
Current Yield (%)	8.00	8.00	9.00	9.00
Yield to Maturity (%)	8.00	8.00	9.00	9.00

As at 31 March 2023

Type	Type B	Type A	Type B	Type C	Type D
Tenure (Years)	5 years	3 years	3 years	5 years	5 years
Issue Date	18-April	21-August	21-August	21-August	21-August
Maturity Date	23-April	24-August	24-August	26-August	26-August
Interest Rate	Fixed	Fixed	Zero Coupon	Fixed	Zero Coupon
Coupon Rate (%)	12.80	8.00	-	9.00	-
Effective Annual Yield (%)	12.80	8.00	8.00	9.00	9.00
Interest Rate Comparable Government Security (%)	9.77	6.25	6.25	6.93	6.93
Frequency of Interest Payable	Annual	Annual	Maturity	Annual	Maturity
Rating	A+	A+	A+	A+	A+
Amount (Rs. Mn)	5,295	2,943	2,420	4,272	365
ISIN No.	LKR0399D23989	LK0399D24847	LK0399D24839	LK0399D24821	LK0399D24854
Market Value (Rs.)					
Highest	Not traded	Not traded	Not traded	Not traded	Not traded
Lowest	Not traded	Not traded	Not traded	Not traded	Not traded
Closing	Not traded	Not traded	Not traded	Not traded	Not traded
Current Yield (%)	12.80	8.00	8.00	9.00	9.00
Yield to Maturity (%)	12.80	8.00	8.00	9.00	9.00

Solvency and Debt Capital

	2023/24	2022/23	Change %
Debt to equity ratio excluding deposits (Times)	0.32	0.61	(0.29)
Tier 1 capital/Core capital ratio - %	30.00	25.76	4.24
Total capital ratio/Total risk weighted capital ratio - %	29.70	26.61	3.09
Interest cover (Times)	1.31	1.24	0.07
Current ratio (Times)	1.04	1.17	(0.13)



Current Progress of the Targets set in F/Y 2022/23

Selective lending to minimise credit concentration risk exposure across long term asset positions.	On going
Effective management of asset and liability portfolios to minimise the maturity mismatch	On going
Drive low risk short term products	Completed
Ensure a governance mechanism is in place to enable the introduction of Sustainable Finance activities based on strong risk management principles	Commenced
Pursue revenue diversification opportunities	On going
Safeguard liquidity positions and ensure liquid asset ratio remains above the regulatory requirements during normal and stressed conditions	On going

Capital Trade-offs

Consistent profitability and a stable balance sheet enhances the Company's brand equity



Improved profitability paves the way for CAPEX to strengthen the Company's asset base



Improved profitability facilitates higher benefits for employees and the wider community



MANUFACTURED CAPITAL

As we rise above ground, we rely on the tools of immense value that render themselves towards our prosperity.

55

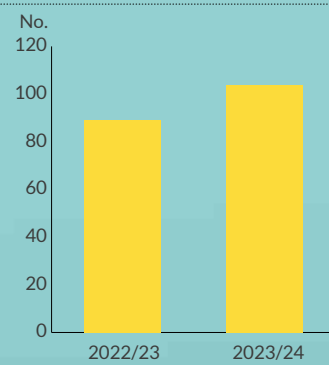
IMPLEMENTATION ONGOING AT 35 OF THE BRANCH NETWORK

FULLY INTEGRATED NEW LOAN ORIGINATION PLATFORM AND CREDIT APPROVAL ENGINE





Gold Loan Operations



MANUFACTURED CAPITAL

VALUE CREATION HIGHLIGHTS

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.

KEY PRIORITY

Improving the robustness of physical touch-points

VALUE DRIVERS

Branch Network Transformation

KEY PRIORITY

Facilitate "anytime-anywhere" access to financial services

VALUE DRIVERS

Digital Channel Enablement

KEY PRIORITY

Strengthen business resilience

VALUE DRIVERS

IT Infrastructure investment

STAKEHOLDER OUTCOMES - DIRECT IMPACT

VALUE ENHANCED / PRESERVED

IST
Launch of the first smart branch in Kalmunai

PLCCORE
Loan Origination System Implementation

GREEN BUILDING
CLASSIQUE by PLC Emerges as Sri Lanka's First EDGE-Certified Green Building

"CLASSIQUE"
Launch of the first "Classique" branch for high net-worth customers

35
5S implementation ongoing at 35 of the branch network (21- 2022/23)

DMS
Upgrade the existing Document Management System

VALUE ERODED

2
Cessation of branch operations

STAKEHOLDER OUTCOMES - INDIRECT IMPACT

1 + SHAREHOLDERS
Higher returns due to cost effective branch operations.

2 - EMPLOYEES
Resistance to change resulting from automation

3 + REGULATORS
Effective management of compliance risk

4 + ENVIRONMENT
Reduction in paper waste across the branch network owing to paperless operations

+ Value Enhanced = Value Preserved - Value Eroded



ESG Impact and Contribution to SDG's



- » 13.3 - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



- » 1.4 - By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, in-heritance, natural resources, appropriate new technology and financial services, including microfinance.
- » 9.3 - Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.
- » 9.4 - By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



- » 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour intensive sectors.
- » 8.3 - Promote development oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro small and medium sized enterprises, including through access to financial services.
- » 8.10 - Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
- » 16.6 - Develop effective, accountable and transparent institutions at all levels.

FUTURE TARGETS



SHORT TERM

- » Implement "Smart Branch" concept in conventional branches
- » Increase digital channel enablement with the introduction of e-KYC to facilitate customer on-boarding.



MEDIUM TERM

Strengthen IT infrastructure with investment in a CRM (Customer Relationship Management) solution and a Delinquency Management Solution.



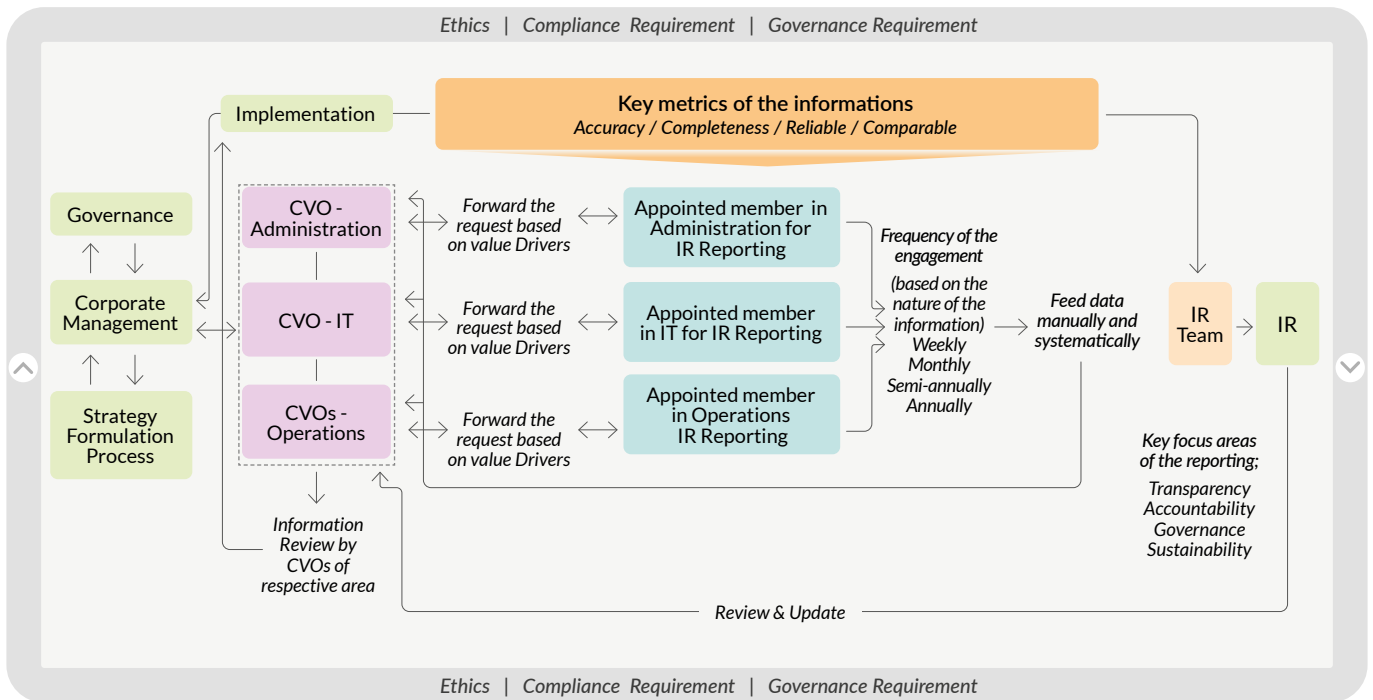
LONG TERM

Invest in Robotic Process Automation (RPA) and AI technology to leverage predictive analytics tools for improved decision making.



MANUFACTURED CAPITAL

Information captured in this Manufactured Capital section has been gathered from various internal sources across the Company which is consistent with People’s Leasing’s approach to integrated thinking and reporting transparency. Detailed below is the information flow designed to provide assurance regarding the accuracy, completeness, reliability and comparability of the data and information captured within this Manufactured Capital section.



IMPROVING THE ROBUSTNESS OF PHYSICAL TOUCH-POINTS

Branch Network Transformation

Intent on promoting greater financial inclusion across Sri Lanka, People’s Leasing has over the past 27 years made consistent investments in expanding its island-wide branch network. Underscored by this key objective, the Company has focused on establishing branches in key locations across the Country to support the economic empowerment of both individuals and businesses in these areas, thereby facilitating their growth and prosperity. On this basis, People’s Leasing has built a solid island-wide footprint, which today is represented in all districts across all nine provinces in Sri Lanka.

Given the Company’s strong island-wide presence, no new brick-and-mortar branches were opened in the current financial year with the Company focusing instead on transforming its branch network for the benefit of the Company and stakeholders. Several parallel approaches were initiated, among them the smart positioning strategy to relocate existing branches with a view to capitalising on area-specific strategic location advantages to maximise customer outreach.

This was accompanied with the branch right-sizing strategy underscored by the smart branch concept that aims to optimise branch performance by deploying multidisciplinary teams and maximising space utilisation. Meanwhile, considering the high levels of employee attrition across the industry as a consequence of the prolonged economic downturn, People’s Leasing began exploring the possibility of pooling branch resources to effectively leverage synergies for optimal benefit. In tandem with these efforts, the ongoing 5S implementation was also further accelerated.

Based on these principle approaches the People’s Leasing Kalmunai branch was transitioned as a smart branch with a limited team of ten. Uniquely designed to operate within a 1500 sq ft space, the team at the Kalmunai branch were fully trained to enhance their capability to offer the Company’s full range of products and services, encompassing all lending and deposit products.

Furthermore, substantial investments were made during the year to increase digital integration across the branch network. Branch managers and deputy managers were

equipped with laptops to facilitate remote access to the Company’s core systems, while marketing teams were empowered with mobile access to enable virtual activation of credit processing. The added benefit from this virtual environment was the paperless process, which has led to a substantial reduction in branch costs.

In yet another important development, the People’s Leasing “Classique” Centre was unveiled in late September 2023, representing a further diversification of the Company’s physical footprint to broaden the market reach.

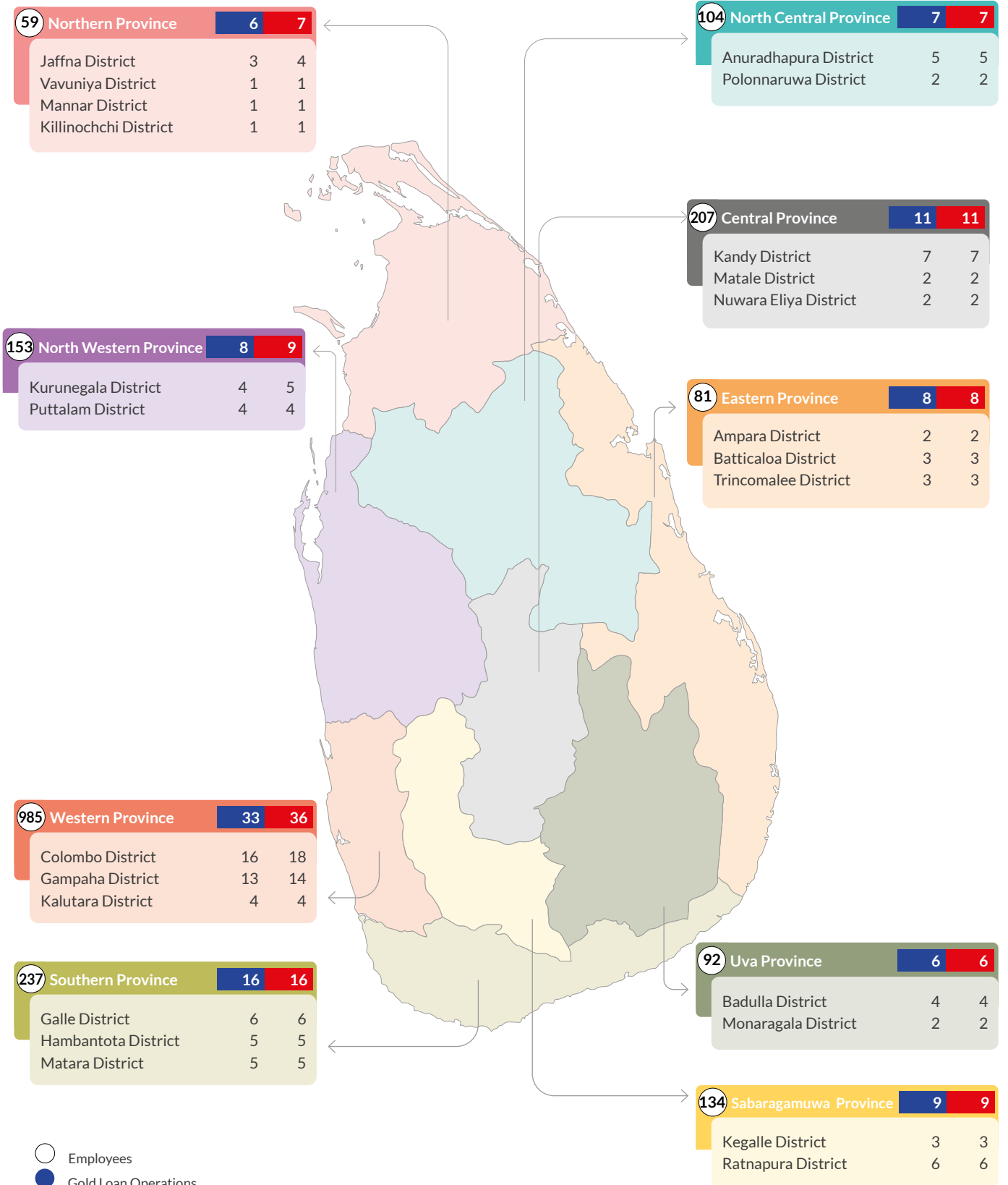
FY 2023/24

Costs involved in branch network transformation initiatives

Rs. 8.83 million

Investment in IT Infrastructure

Rs. 53.73 million

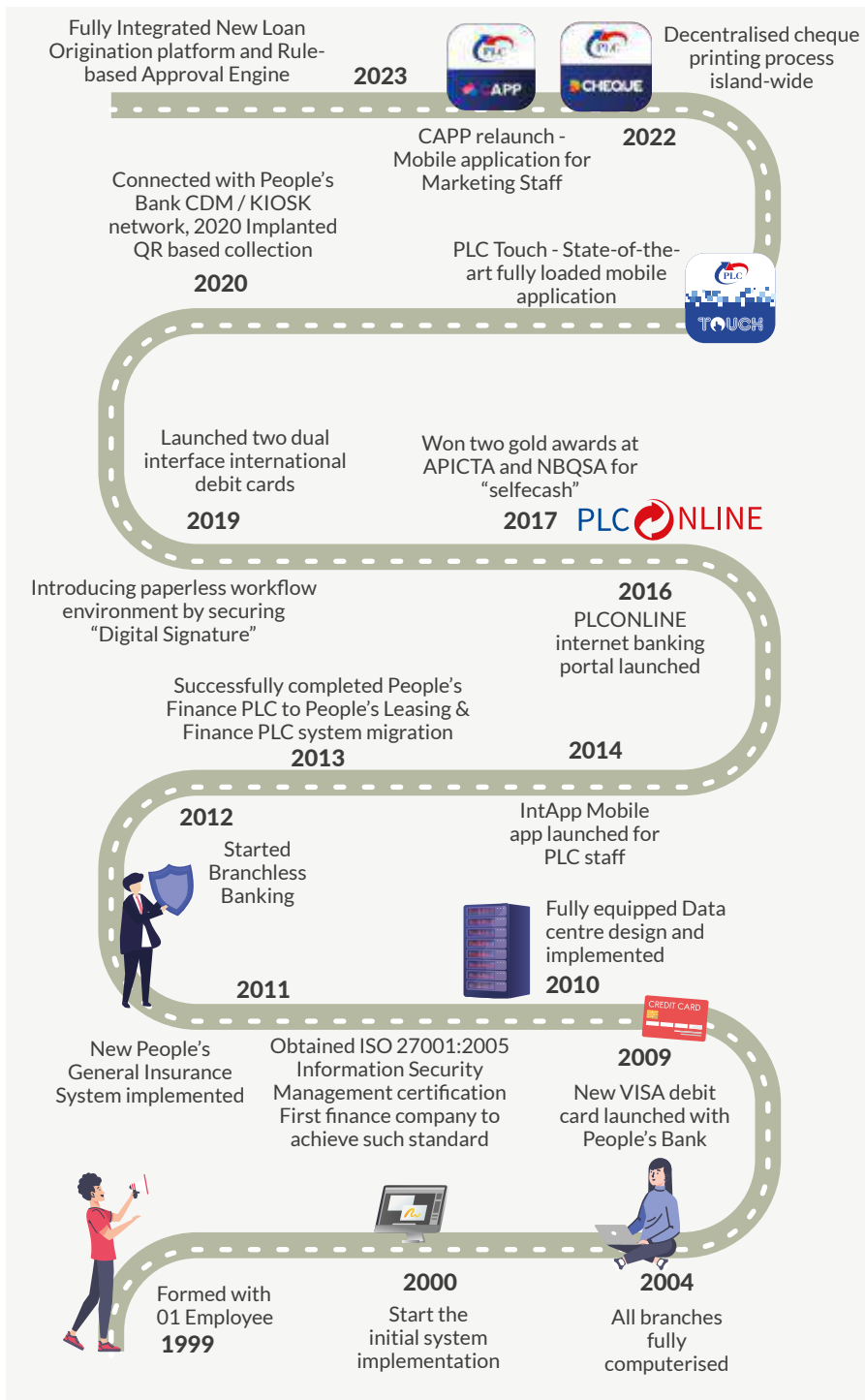


MANUFACTURED CAPITAL

FACILITATE “ANYTIME-ANYWHERE” ACCESS TO FINANCIAL SERVICES

Digital Channel Enablement

Operating within the highly competitive and fast paced non-bank financial services industry in Sri Lanka, People’s Leasing is well aware that digital channel enablement provides a crucial competitive advantage, both in terms of driving customer outreach as well as sustaining cost efficiencies over time. Premised on this, the Company has progressively advanced its digital footprint through strategic investments to develop groundbreaking front end customer interfaces such as the PLC Online platform, the PLC Touch mobile app etc. The current financial year saw the Company marking yet another milestone in its digital enablement roadmap, by pledging its support to facilitate UPI transactions via LankaQR, a government-led initiative to transform Sri Lanka’s digital payment ecosystem.



CLASSIQUE by PLC Emerges as Sri Lanka’s First EDGE-Certified Green Building



The Classique Centre, which was designed and built around the concept of green building, is a true example of the fusion of product innovation and sustainable transformation, redefining the financial services landscape. Recognising this quantum leap forward in green building, together with the facility’s outstanding incorporation of sustainability, and its integration of smart technology, the Classique Centre has now earned distinction as Sri Lanka’s 1st EDGE-Certified Green Building. EDGE, an acronym for “Excellence in Design for Greater Efficiencies”, represents a free software, a green building standard, and an international green building certification system, developed by the International Finance Corporation (IFC), a member of the World Bank Group.

STRENGTHEN BUSINESS RESILIENCE

IT Infrastructure Investment

In an era where technology drives efficiency and competitiveness, People’s Leasing has come to rely increasingly on the latest state-of-the-art IT infrastructure to streamline operations, enhance customer service, and effectively manage risks. The focus on IT infrastructure development gathered significant momentum in the current financial year with the company undertaking and completing several major projects.

#1 Project - PLCCORE Loan Origination System Implementation - A fully fledged system to serve as the backbone for the Company’s lending operations. Consisting of 14 seamlessly integrated modules covering the full spectrum of activities from the initial application stage to credit evaluations, processing and approval to the ultimate disbursement, the new system provides substantial benefits in terms of workflow optimisation and efficiency improvement through remote accessibility. In addition the system which was developed in-house is equipped with advanced data security protocols and robust analytics for real time reporting to support for improved decision making and effective compliance

Enhancing People's Leasing's virtual engagement with stakeholders



ATM	
2023/24	260,298 Rs. 3.46 Bn
2022/23	235,748 Rs. 3.23 Bn



Dcheque Transactions	
2023/24	42,092 Rs. 38.18 Bn
2022/23	30,615 Rs. 15.73 Bn



POS	
2023/24	249,258 Rs. 834.57 Mn
2022/23	220,074 Rs. 787.91 Mn



Transactions Via. CDM Network of Parent Bank	
2023/24	138,323 Rs. 3.87 Bn
2022/23	155,852 Rs. 4.43 Bn



Online Transfer	
2023/24	107,135 Rs. 4.79 Bn
2022/23	99,262 Rs. 4.66 Bn



mCash	
2023/24	2,212 Rs. 54.19 Mn
2022/23	2,179 Rs. 66.85 Bn



SLIPS Transactions	
2023/24	140,923 20.61 Bn
2022/23	130,222 Rs. 16.27 Bn



QR Payments	
2023/24	1,735 Rs. 13.61 Mn
2022/23	1,331 Rs. 8.74 Bn

Volume Value (Rs.)

risk management. Moreover, the paperless environment created by the PLCCORE system is expected to lead to a broad based reduction in paper usage across the branch network, resulting in significant cost savings as well as lower the Company's environmental footprint in terms of paper waste generated.

#2 Project- Upgrade the Existing Document Management System - The new high performance version with built-in user friendly features, including dynamic user interfaces supports greater compatibility with the Company's latest operating systems to deliver faster response times, improved system efficiency, and better overall user experience. The upgraded version with its focus on the accuracy and timeliness of data capture, also facilitates better compliance with reporting on industry standards and regulations.

#3 Project- Classique Centre System Development - To provide bespoke solutions to enhance the experience for discerning customers, including high corporate and net worth customers. Among the key developments were the implementation of digital onboarding tools and the creation of a dedicated "Classique" tab on the PLC touch app providing a dynamic user-friendly interface to drive customer engagement. Other initiatives that remain in progress under the Classique centre system development initiative, are e-receipts and e-certificates for FD's

#4 Project - Dedicated PEO TV Channel - To create a centralised platform to strengthen internal communication to employees. The channel has helped to streamline the flow of information, announcements, and updates provided to employees as well as communicating training material, and other relevant content to ensure that the workforce stays well-informed and engaged.



Current Progress of the Targets set in F/Y 2022/23

Setting up Premier Branches dedicated for high net worth customers	Ongoing
Leverage Group synergies to access the People's Bank network	Completed
Introducing a fully fledged digital wallet platform	Completed
Revamp traditional branch model through the introduction of the Smart Branch concept	Completed

Capital Trade-offs

Increase cost efficiencies associated with branch right-sizing, smart branches and automation.



In the short term, achieving optimisation through right-sizing and automation necessitates a financial commitment.



Enhanced customer experience attributed to technology-driven service fulfilment leading to improved customer satisfaction, in turn paving the way for business growth and expansion.



Strong reliable physical and digital infrastructure to enable uninterrupted operations, enhances the Company's competitive position and industry standing.

INTELLECTUAL CAPITAL

Altering the bowler's angle to fit the situation is crucial. Spinning the ball away from the batsman is common, but changing bowling style to exploit the rough can be more effective. The surprise of using the other arm offers a big advantage.



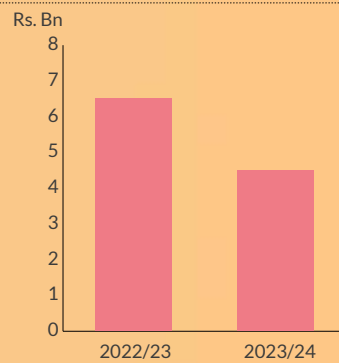


A- [LKA] OUTLOOK STABLE
BY FITCH RATINGS LANKA
LIMITED

RS. 25 Mn

TO FORTIFY ITS DR
ARCHITECTURE

Brand Value



INTELLECTUAL CAPITAL

VALUE CREATION HIGHLIGHTS

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

KEY PRIORITY

Enhancing competitive positioning and industry standing

VALUE DRIVERS

- » Brand Value
- » Business Conduct and Ethics

KEY PRIORITY

Strengthen business resilience

VALUE DRIVERS

- » BCP and DR Architecture
- » Information Security Systems
- » IT Support Systems
- » Tacit Knowledge

KEY PRIORITY

Drive shared value

VALUE DRIVERS

- » Standards and Certifications
- » Group Synergies
- » Memberships and Affiliations

STAKEHOLDER OUTCOMES - DIRECT IMPACT

VALUE ENHANCED / PRESERVED

- Launch of **"CLASSIQUE BY PLC"**
- AA** Brand rating from Brand Finance
- Ranked among the **TOP - 40** in the LMD's Most Respected Entities for 2023
- Ranked **28TH** in the LMD's Most Awarded Entities in 2023
- Ranked **49TH** in the LMD's Top 100 in 2023
- Appointment of a **DEDICATED INCIDENT MANAGEMENT TEAM** to strengthen BCP

- A- [LKA]** Outlook Stable
A- [LKA] RWN : 2022 by Fitch Ratings Lanka Limited
- RS. 25 MN** to fortify its DR architecture
- Appointment of the Information Security Committee in compliance with the **CBSL DIRECTION NO.01 OF 2022**, Technology Risk Management and Resilience framework
- Established dedicated **ICT BUSINESS ANALYSIS** Unit to support improved decision making based on business analytics
- Appointment of the **ICT QUALITY ASSURANCE UNIT** to focus on ensuring the quality, reliability, and performance of Company-wide IT systems and applications

Nearly **50%** from the IT budget allocated to IT Security

VALUE ERODED

- BRAND VALUE - RS. 4.49 BILLION** by Brand Finance Sri Lanka (Rs. 6.51 billion - 2022/23)

STAKEHOLDER OUTCOMES - INDIRECT IMPACT

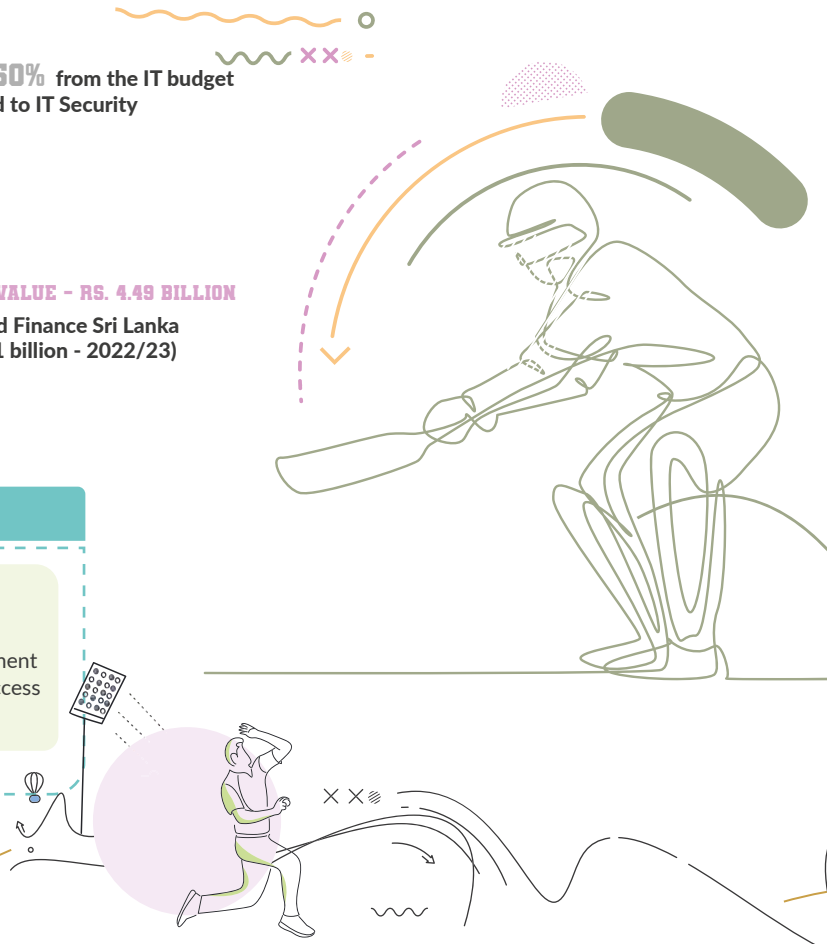
1 REGULATORS

Contribution towards the stability of the Country's financial sector

2 COMMUNITY

Opportunities for economic empowerment through increased access to financial services

+ Value Enhanced = Value Preserved - Value Eroded



ESG Impact and Contribution to SDG's



- » 12.5 - By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- » 12.7 - Promote public procurement practices that are sustainable, in accordance with national policies and priorities.
- » 12.8 - By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.



- » 9.3 - Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.
- » 9.4 - By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



- » 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
- » 8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including thorough access to financial services.
- » 8.10 - Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
- » 16.4 - By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime.
- » 16.5 - Substantially reduce corruption and bribery in all their forms.
- » 16.6 - Develop effective, accountable and transparent institutions at all levels.



FUTURE TARGETS

SHORT TERM

- » Improve brand positioning in the premier segment by strategically expanding the "Classique" concept to hub cities across Sri Lanka.
- » Invest in commissioning the latest Privileged Access Management software, Security Operation Centre and Security Information and Event Management tools to further strengthen information security systems.

MEDIUM TERM

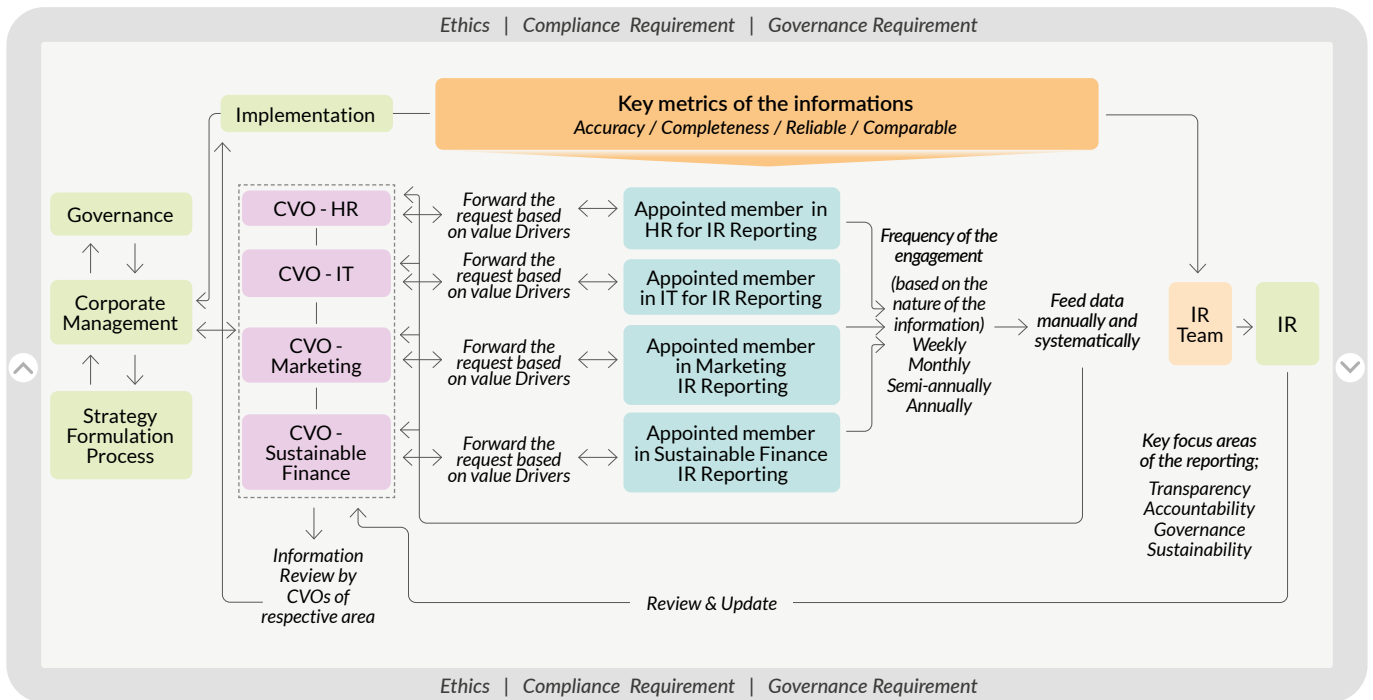
Migrate to ISO 27001: 2022 by 2025.

LONG TERM

Invest in Data Leakage Prevention solutions to safeguard information security systems against internal data breaches / leaks.

INTELLECTUAL CAPITAL

Information captured in this Intellectual Capital section has been gathered from various internal sources across the Company which is consistent with People’s Leasing’s approach to integrated thinking and reporting transparency. Detailed below is the information flow designed to provide assurance regarding the accuracy, completeness, reliability and comparability of the data and information captured within this Intellectual Capital section.



BRAND VALUE

People’s Leasing & Finance PLC’s (People’s Leasing) brand identity is synonymous with trust, reliability and innovation. For the past 2+ decades People’s Leasing has evolved in tandem with changing needs of customers, further solidifying its status as a champion for people and businesses across Sri Lanka to achieve financial prosperity. Backed by this legacy of service to the nation and its people, People’s Leasing today stands out as a symbol of strength, integrity and progress within the local NBF1 sector.

The FY 2023/24, posed some notable challenges for People’s Leasing arising from economic uncertainties, market volatility, and heightened competitive pressure from within the financial services sector, together threatening the erosion of market share. However, moving to arrest these challenges, the Company embarked on a multi-pronged strategic roadmap to focus on reorienting to market trends, such as the strong demand for bespoke financial services from high-net-worth individuals and the growing appetite for digital financial solutions, thereby positioning People’s Leasing as a fully-fledged financial solutions provider with the bandwidth to serve the full gamut of customers’ needs.

These efforts were driven by a series of distinctive brand-building initiatives, strategically executed throughout the year, to enhance People’s Leasing’s brand equity and position the brand as a trusted and forward-thinking financial partner for all customers across Sri Lanka.

The largest campaign undertaken during the year was the "Jeevithe Match Eka Dinanna Enna Api Langata – Api Eka Karale Wee ", a spin off from the "Api Eka Karale Wee" campaign launched in the previous financial year to coincide with Sri Lanka’s the 75th Independence Day celebrations. The new campaign, which leverages the influence of leading cricketing personalities, was conceptualised to highlight People’s Leasing’s capability to fuel post-crisis economic recovery based on precision-driven responses to emerging customer needs. The "Jeevithe Match Eka Dinanna Enna Api Langata – Api Eka Karale Wee " campaign was mobilised through a multi-channel communication approach encompassing social media, traditional media, and internal platforms to support optimal brand exposure and strengthen the People’s Leasing competitive position in the market.

Another key brand building initiative was the "Ekwa badhaka paradamu, Ekwa aramunu

wetha yamu," campaign to underscore the importance of synergy in building resilience and overcoming obstacles. The key objective of the campaign was to reinforce top-of-mind brand awareness among both new and existing customers across all market domains.

At the same time, efforts to strengthen People’s Leasing’s brand positioning and bolster market competitiveness in new and emerging markets also gathered momentum in the current financial year, underscored by the launch of "Classique by PLC," a premium offering tailored to the specific needs of high net worth customers. This visionary initiative, housed within a state-of-the-art financial services centre in Colombo not only redefines customer experience with its seamless, personalised services but also showcases People’s Leasing’s dedication to environmental stewardship through eco-friendly features such as rainwater harvesting and solar energy utilisation, all key considerations that are increasingly influencing the decisions of upscale customers. In a strategic move to further build brand equity and strengthen its presence in this premier market, People’s Leasing tied up with the Classic Car Club of Ceylon to become the exclusive event partner for the Classic Car Club Members Christmas Car Rally.

As always, consolidating brand presence in the mainstream market remained a key priority, prompting People’s Leasing to take early action to venture into the sustainable finance sphere with the launch of a new solar financing solution in partnership with Hayleys Solar.

Meanwhile, eager to close the gap in the digital space, the Company undertook several large projects to leverage digital innovation to transform both back end systems and front end interfaces with a view of augmenting overall customer experience. The digital transformation agenda was also partly influenced by People’s Leasing’s fresh commitment to embed environmental, social, and governance (ESG) principles at the heart of core business.

The emphasis on 360 degree consolidation saw the launch of the CEO’s club, a comprehensive reward and recognition platform to retain the top-performing, a strategic response to mitigate high levels

of employee attrition witnessed across the NBFi sector. The initiative was also intended to boost People’s Leasing’s reputation as an employer of choice.

 GRI 2-25, 205-1, 205-2, 205-3

BUSINESS CONDUCT AND ETHICS

People’s Leasing is deeply committed to upholding exemplary standards of business conduct and ethics in all facets of its operations. Anchored by the principles of transparency, accountability, governance and sustainability, the Company adheres rigorously to ethical standards and legal regulations.

The People’s Leasing Board sets the tone from the top to foster a culture of ethical decision-making, which is cascaded down through the Board approved Code of Conduct that aims to inculcate responsible behaviour among employees. These efforts are supported by comprehensive training and robust internal controls. In recent years, significant emphasis

has been placed on training and strengthening controls to prevent bribery and corruption as well as combat money laundering and terrorist financing. A total of 13 training programmes relating to these topics were conducted in the year under review to educate employees of the potential risks

As a part of the commitment to business conduct and ethics, the corporate management operating under the delegated authority of the Board, strives to exemplify the open door approach to promote frequent and ongoing conversations to address stakeholder concerns effectively and efficiently. In addition, formal grievance mechanisms, including the Whistleblower process, are in place to facilitate reporting of grievances or perceived misconduct.

There were no incidents of corruption reported in the current financial year.

People’s Leasing & Finance PLC - Brand achievements for FY 2023/24

Reporting Excellence

- » TAGS Annual Report Awards 2023 conducted by the Institute of Chartered Accountants of Sri Lanka - Silver Award (*Finance and Leasing companies with assets above Rs. 20bn*)
- » CMA Excellence in Integrated Reporting Awards, 2023 - Best Integrated Report Award in the Finance & Leasing (State Sector) category
- » ARC Awards, organised by Mercomm Inc., USA
 - The Grand Award for Infographics
 - Gold Awards for Financial Data, Infographics, and Chairman/President’s Letter, as well as a Bronze Award for Non-Traditional Annual Report
- » SAFA Best Presented Annual Report Awards, 2023 - Certificate of Merit

Digital Excellence

- » Winner of the Best Digital Process Enabler of the Year Award at the National Best Quality Software Awards (NBQSA) Awards 2023
- » Merit Award for in-house development, at the National Best Quality Software Awards (NBQSA) Awards 2023 in recognition of the strides in digital innovation and technology integration
- » Gold Award for Financial Institution of the year for adopting LankaSign Digital Signatures from LankaPay Technnovation Awards 2024

Marketing Awards

- » Sumathi Award for Best Commercial of the Year at the 29th Sumathi Awards 2024. The honour recognises PLC’s impactful Independence Day campaign, “Api Eka Karale Wee”.

Stability

- » AA Brand rating from Brand Finance
- » A- (Ika) Outlook Stable by Fitch Ratings Lanka Limited

Brand Reputation

- » Ranked 23rd among the top 30 Most Valued Brands in Sri Lanka in the LMD Brand Finance Report 2023
- » Placed 36th in the list of the Most Respected Brands in Sri Lanka in the LMD Brand Finance Report 2023
- » Ranked 31st in Business Today Top 40, 2023

Sustainability Certificates

- » Certificate of Acceptance for Sustainability Standards and Certification Initiative (SSCI) from European Organisation for Sustainable Development (EOSD)
- » EDGE Green Building Certificate for Classique by PLC from Green Business Certification Inc. (GBCI)
- » Certificate from Biodiversity Sri Lanka in appreciation for commitment of People’s Leasing towards Life Kanneliya Reforestation Project.

INTELLECTUAL CAPITAL

Business Continuity Plan (BCP) and Disaster Recovery (DR) Architecture

People's Leasing has established a robust BCP framework to ensure seamless operations and uninterrupted service delivery, even in the face of unforeseen challenges or disasters. At its core, the BCP prioritises the safety and well-being of employees, customers, and stakeholders while safeguarding the integrity of the Company's operations. The BCP, with its meticulously tailored strategies for risk assessment, crisis and contingency management covering Company-wide operations including the Head Office and island-wide branch locations, represents the institutional commitment to reliability, stability, by ensuring business continuity even in the most challenging circumstances.

As part of the ongoing improvements to the BCP, the Risk & Control Department monitored BCP drills of all branches. Scheduled BCP drills covering branch operations were carried out as planned during the year, under the oversight of the Risk & Control Department, with outcomes reported to the BIRMC at least quarterly. To further strengthen the BCP process, a dedicated Incident Management Team was appointed in the current financial year and provided appropriate training to enable them to serve as first responders in the event of an emergency.

The BCP is also supported by sophisticated DR architecture, to mitigate risks and ensure the rapid restoration of critical business functions in the event of a disaster. Built upon redundancy, resilience, and redundancy, People's Leasing's DR architecture encompasses a multi-layered approach to data protection, infrastructure redundancy, and operational continuity. Leveraging state-of-the-art technology and best practices, the architecture includes primary and secondary data centres at designated locations equipped with redundant network connectivity to enable real-time replication of vital systems and data.

Regular testing and continuous refinement ensure the readiness and effectiveness of the disaster recovery plan, to safeguard the Company's operational integrity and ability to deliver uninterrupted service, even in the face of the most challenging circumstances. In the year under review, People's Leasing invested close to Rs. 25 million on to fortify its DR architecture in line with CBSL requirements. Key implementations included the Firewall upgrade for secondary site, Data switch upgrade and Data centre core switch upgrade. The Company-wide CCTV monitoring system

was also upgraded along with the installation of a security alarm system for identified branches.

Information Security Systems

Given the scope and scale of People's Leasing's business, robust and resilient information security systems are vital to safeguard sensitive data and maintain customer trust. To that end, the ISO 27001:2013 Information Security Management Standard certification, which has been in place since 2011, serves as the cornerstone of the Company's information security system. Based on the ISO 27001 a comprehensive policy framework guides efforts to safeguard the Company's data assets.

All policies are maintained under the stewardship of the newly formed Information Security Committee (ISC) - the apex management level body responsible for information security and technology resilience of the Company. The formation of the ISC is in line with the minimum regulatory requirements stipulated by the CBSL Direction No.01 of 2022, Technology Risk Management and Resilience framework. The ISC, headed by People's Leasing's Chief Executive Officer (CEO), is responsible for providing oversight for both strategic and operational aspects of information security and technology risk management. The duties of the ISC also include reviewing and updating the information security policy framework as needed to reflect latest global best practices. Several new policies such as Log Management Policy, Technical Vulnerability and Patch Management Policy, Information Security Incident Management Policy were introduced in FY 2023/24, further strengthening the Company's information security vigilance.

In addition, internal audits, VAPT (Vulnerability and Penetration Testing) by independent experts, together with the CBSL onsite examinations and annual surveillance audits under ISO 27001 provide the ecosystem to identify and deploy immediate remedial action to arrest potential risks. On this basis, all the necessary software, hardware, servers and peripherals were upgraded at both primary and DR sites (as described above) in order to strengthen information security resilience.

Following its annual examination, the CBSL imposed a penalty of Rs. 500,000 on the Company owing to an operational lapse. Subsequently, the Company proceeded to address these lapses by implementing new controls to reinforce the control environment.

IT SUPPORT SYSTEMS

Keen to leverage IT for the purpose of optimising process efficiency, a dedicated ICT Business Analysis Unit was established to focus on understanding the business needs, processes, and requirements that can be enhanced with the use of technology. The primary goal of this unit is to bridge the gap between business objectives and technology solutions, ensuring that ICT systems effectively support and contribute towards achieving the Company's strategic objectives.

A new ICT Quality Assurance Unit was also set up as a dedicated team to focus on ensuring the quality, reliability, and performance of 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 specified requirements and adhere to quality standards.

STANDARDS AND CERTIFICATIONS

Understanding its commitment to regulatory compliance and industry best practices, People's Leasing has over the years sought out standards, certifications and licenses to add value to various aspects of its business model. These include mandatory licenses issued by the CBSL as well as voluntary certifications such as the ISO 27001: 2013 Information Security Management Standard and the 5S Certification from the National Productivity Secretariat. The latest addition to the portfolio of certifications, is the EDGE (Excellence in Design for Greater Efficiencies) Green Building certification secured for the "Classique" centre.

These certifications exemplify the Company's unwavering commitment to benchmark the highest standards for operational excellence, customer satisfaction, and sustainability.

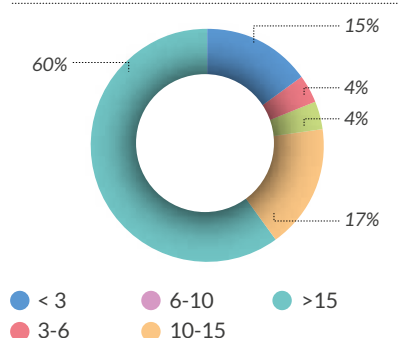


Tacit Knowledge

People's Leasing boasts a wealth of tacit knowledge of its employees cultivated over years of industry experience and expertise. From seasoned financial experts to dedicated customer service professionals, each member of the People's Leasing team contributes a unique blend of tacit knowledge that drives the Company's success. This tacit knowledge encompasses not only technical know-how but also a deep understanding of customer needs, market dynamics, and best practices. Harnessing this tacit knowledge empowers the Company to make informed decisions, innovate and adapt swiftly to changing circumstances, thereby maintaining its position as a trusted leader in the financial services industry.

*The competencies and skill sets needed in Corporate Management encompass a range of domains. Thus, one member's expertise to be represented across multiple areas to comprehensively reflect their diverse capabilities.

Senior Management's Proficiency



GROUP SYNERGIES

People's Leasing derives substantial benefits as a member of the People's Bank Group. As a part of one of the largest financial services Groups in Sri Lanka, People's Leasing has access to a broader network of resources, expertise and knowledge sharing to drive cost optimisation, innovation, operational efficiencies and risk mitigation. Furthermore, cross-selling opportunities among Group companies helps boost competitive positioning to spearhead market penetration and drive business expansion.



Memberships and Affiliations

Acknowledging the power of collaboration, People's Leasing leverages its memberships and affiliations to enhance value creation across its operations. Affiliations with industry associations, professional bodies, and trade organisations, allow the Company to access to knowledge, resources, and networking opportunities and also keep abreast of industry trends, regulatory changes, and best practices. Memberships also lend credibility, further enhancing the Company's reputation and industry standing.

People's Leasing has obtained memberships of the following organisations;

- » The Financial House 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)

Bench Strength of People's Leasing Corporate Management

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



Capital Trade-offs

Strong market position and reputation in the industry paves the way for business growth and expansion leading to improved revenue generation



In the short run, expenses incurred for business growth and expansion need financial commitment

Reputed brand, competent team, resilient systems and good business conduct helps to build stakeholder trust



Current Progress of the Targets set in F/Y 2022/23

Digital KYC implementation	Completed
Implementation of a digital Delinquency management system	Ongoing
HRIS Mobile app roll out	Commenced
Update the ethics framework with the inclusion of formal anti-bribery and anti-corruption policies	Commenced
LMS Mobile app roll out	Ongoing
Expand the brand proposition to target a wider customer market, with special emphasis on attracting high net worth clientele	Commenced

HUMAN CAPITAL

A wealth of experience, skill, and knowledge paves the path to sustained success and deserved celebration.



1,498



554

NUMBER OF EMPLOYEES



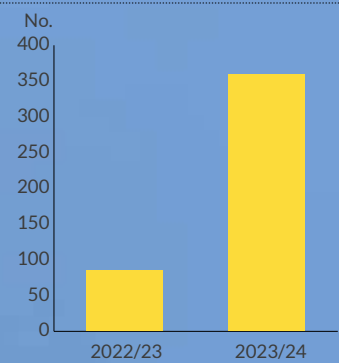
79.74%

RETENTION RATE

198

PROMOTIONS

Recruitments



HUMAN CAPITAL

VALUE CREATION HIGHLIGHTS

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

HR GOVERNANCE

KEY PRIORITY
Attract and retain the best in-class team

VALUE DRIVERS

- » Strategic Recruitment
- » Cadre Planning
- » Employee Value Proposition
- » Remuneration and Benefits
- » On-Boarding
- » Diversity and Inclusion

KEY PRIORITY
Develop a reliable and high functioning workforce

VALUE DRIVERS

- » Performance Management
- » Training and Development
- » Career Advancement

KEY PRIORITY
Invest in strengthening employee resilience

VALUE DRIVERS

- » Employee Relations
- » Safety and Well-being

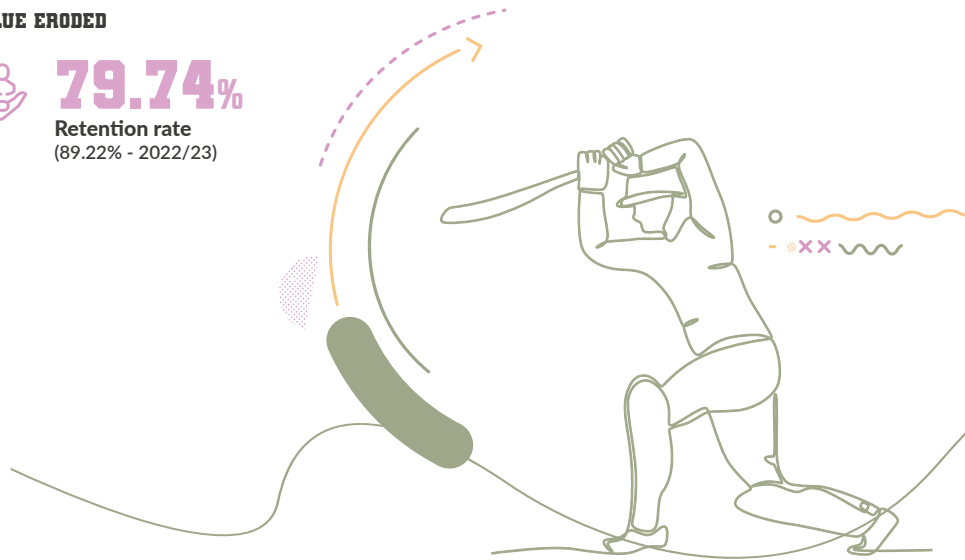
STAKEHOLDER OUTCOMES - DIRECT IMPACT

VALUE ENHANCED / PRESERVED

- 359** New Recruits (85 - 2022/23)
- RS. 4,488.55 MN** distributed as monetary benefits to employees (Rs. 4,488.55 Mn- 2022/23)
- 1:2.67 (F:M)** training hours (1: 3.01 - 2022/23)
- 1,498:554** Gender Balance (1,591:523 - 2022/23)(Male:Female)
- 25** females in leadership roles (25 - 2022/23)
- 198** promotions (28 - 2022/23)

VALUE ERODED

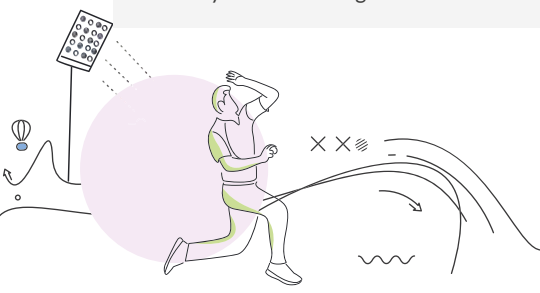
- 79.74%** Retention rate (89.22% - 2022/23)



STAKEHOLDER OUTCOMES - INDIRECT IMPACT

- 1 CUSTOMERS** = Best in-class service quality.
- 2 SHAREHOLDERS** = Higher returns fuelled by consistent business growth
- 3 REGULATORS** + Increased Taxes and job creation attributed to business expansion

+ Value Enhanced = Value Preserved - Value Eroded



ESG Impact and Contribution to SDG's



- » 13.3 - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



- » 4.4 - By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
- » 4.7 - By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development



- » 5.1 - End all forms of discrimination against all women and girls everywhere
- » 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
- » 8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- » 8.5 - By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- » 8.7 - Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- » 8.8 - Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- » 16.7 - Ensure responsive, inclusive, participatory and representative decision-making at all levels



FUTURE TARGETS



SHORT TERM
Talent retention initiatives are in place to prevent our skilled employees from being poached by competitors.



MEDIUM TERM
Strengthen the succession planning process to ensure 1:1 talent backup for all positions from middle management upwards.

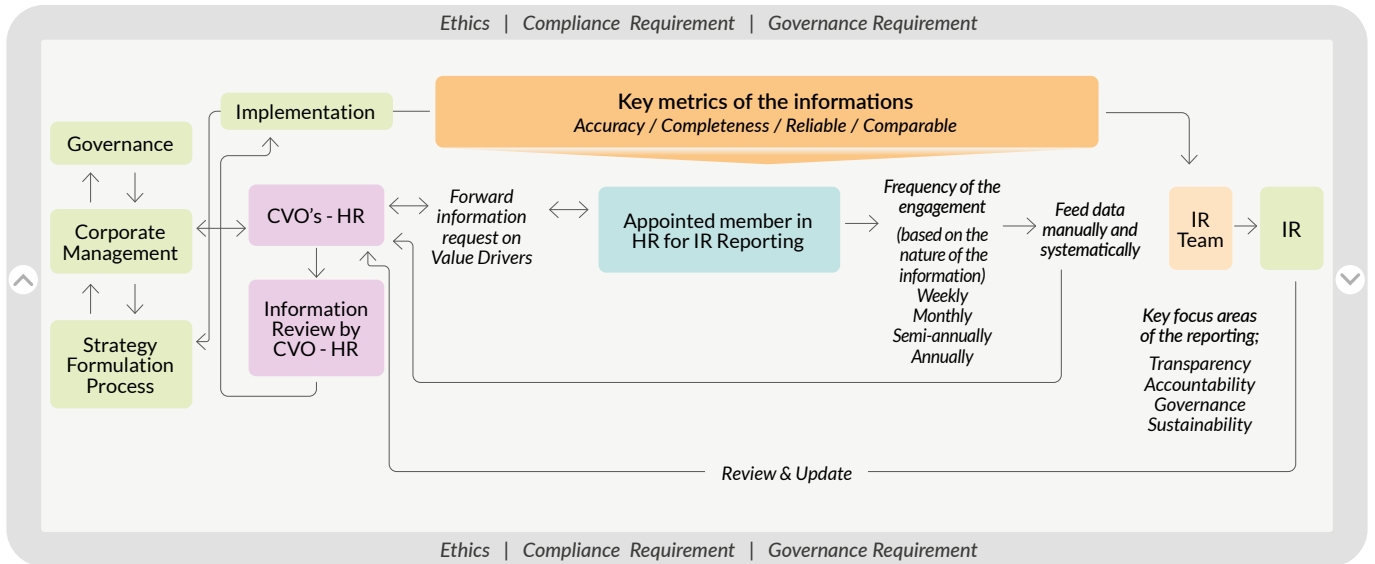


LONG TERM
Leverage digital technology to expand the scope of the work-life balance programme.



HUMAN CAPITAL

Information captured in this Human Capital section has been gathered from various internal sources across the Company which is consistent with People’s Leasing’s approach to integrated thinking and reporting transparency. Detailed below is the information flow designed to provide assurance regarding the accuracy, completeness, reliability and comparability of the data and information captured within this Human Capital section.



GRI 2-23,2-24

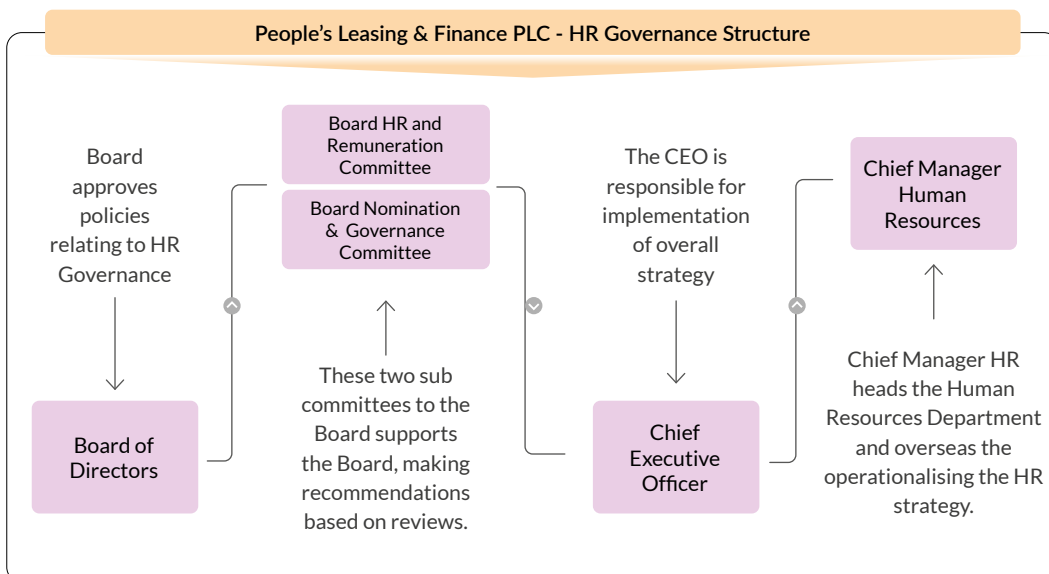
HR GOVERNANCE

HR governance stands as the umbrella framework to support People’s Leasing’s 360 degree approach to human capital management. The Company’s HR governance framework is underpinned by the Board-approved HR Policy manual which sets out clear mandates, procedures, and guidelines, developed in line with legal and regulatory compliance and due consideration of best practices to ensure consistency and fairness

across all HR processes. The success of the framework is further anchored to clearly defined roles and responsibilities. In this regard, the People’s Leasing HR Department (HRD) is the primary authority charged with policy implementation, monitoring and reporting. The fully fledged HRIS (Human Resource Information System) maintained under the stewardship of the HRD assists in driving transparency, accountability, and best practices for the purpose of continuous improvement of the HR governance framework.

In the year under review, the HRD undertook a comprehensive review of the Company’s HR Policy Manual resulting in several policy updates. The HR policy was updated in line with best practices, and relevant guidelines.

Compliance audits conducted by both regulatory authorities as well as the Company internal Compliance Department serve to provide further assurances regarding the HR Policy framework and the efficacy of implementation.



People's Leasing & Finance PLC - HR Policy Manual

COMPLIANCE

- Shop and Office Employees Act, No. 19 of 1954
- Employees' Provident Fund Act No. 24 of 1971
- Gratuity Act No. 12 of 1983
- Inland Revenue Act No. 24 of 2017
- Employees' Trust Fund Act No. 46 of 1980

HR POLICIES AND PRACTICES

- Recruitment
- On-boarding
- Promotion & Transfer
- Attendance & Leave
- Learning & Development
- Disciplinary Management
- Performance Management
- Compensation & Benefits
- Job Rotation
- Employee Facilities
- Rewards & Recognition
- Off-boarding

GRI 3-3, 406-1, 407-1, 408-1, 409-1

BEST PRACTICES

- Diversity and Inclusion
- Equal Opportunities
- Non-discrimination
- No Child Labour
- No Forced / Compulsory Labour
- Freedom of Association
- Female Empowerment

	New Recruits	(%)	Attritions	(%)
Gender				
Male	223	62.12	314	74.41
Female	136	37.88	108	25.59
	359	100.00	422	100.00
Age				
Less than and equal 29	294	81.89	286	67.77
30-39	50	13.93	100	23.70
40-49	10	2.79	23	5.45
50-59	2	0.56	13	3.08
Over 60	3	0.84	0	-
	359	100.00	422	100.00

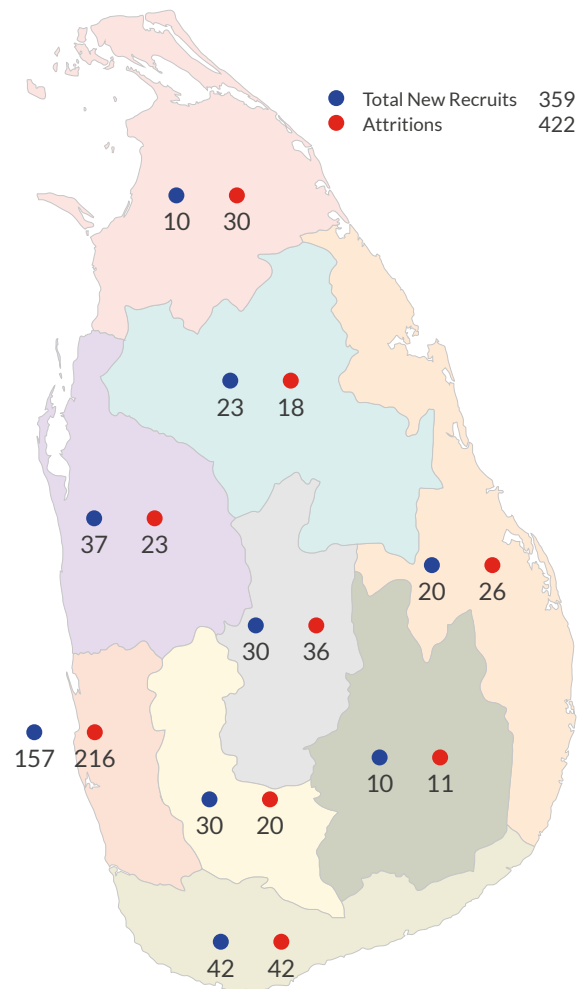
ATTRACT AND RETAIN THE BEST IN-CLASS TEAM

GRI 2-7,3-3,401-1

Strategic Recruitment

Strategic recruitment is paramount for People's Leasing, given that it directly impacts the Company's ability to stay ahead of peers in the highly competitive NBFi sector. By strategically recruiting individuals with the right blend of skills, experience, and cultural fit, the Company seeks to cultivate a diverse team, fostering creativity and adaptability while reflecting the varied needs of its customer base. Additionally, strategic recruitment enables the Company to build a workforce that not only meets current needs but also has the capacity to anticipate and respond proactively to future challenges and opportunities.

People's Leasing leverages its strong employer brand to recruit talented individuals with the attitude and mindset to understand the Company's vision, objectives and culture. Guided by the Board approved Recruitment Policy, selections are based strictly on merit, wherein a systematic approach to short-listing candidates considers suitability of skills, competencies, experience and mindset for the job role. Interviews are handled jointly by the HRD in collaboration with the respective HOD's and where relevant the involvement of the COO and / or the CEO/ GM. Final selections are made subject to the verification of the employees' credentials, including their age. Further, People's



HUMAN CAPITAL

Team Profile

GRI 2-7, 405-1



554

By Age		
203	Less than and equal to 29	377
251	30 - 39	715
71	40 - 49	304
27	50 - 59	91
2	Over 60	11

By Province		
42	Central	165
17	Eastern	64
18	North Central	86
37	North Western	116
11	Northern	48
33	Sabaragamuwa	101
55	Southern	182
15	Uva	77
326	Western	659
554	Grand Total	1,498

By Employment Level		
5	Senior Leadership	42
3	Middle Managers	41
17	Line Managers	113
126	Executives	439
401	Non executives	802
2	Minor staff	61



1,498

Employee Analysis by Employment Types

Region	No of Branches/Units	Permanent		Probation		Contract	
		Female	Male	Female	Male	Female	Male
Central	11	38	138	4	24	-	3
Eastern	8	6	61	8	2	3	1
North Central	7	14	66	2	16	2	4
North Western	9	27	90	4	22	6	4
Northern	7	9	39	2	5	-	4
Sabaragamuwa	9	25	79	7	15	1	7
Southern	16	42	157	7	19	6	6
Uva	6	12	69	3	4	-	4
Western	36	247	592	53	41	26	26
Grand Total	109	420	1,291	90	148	44	59

Diversity of Employees 2023/24

Employee category	Gender	Age Analysis (Years)					Total-Gender analysis (No.)
		> 60	50 - 59	40 - 49	30 - 39	<= 29	
Senior Leadership	F	0.00%	0.05%	0.15%	0.05%	0.00%	0.24%
	M	0.10%	1.22%	0.73%	0.00%	0.00%	2.05%
Middle Managers	F	0.00%	0.05%	0.05%	0.05%	0.00%	0.15%
	M	0.00%	0.49%	1.41%	0.10%	0.00%	2.00%
Line Managers	F	0.00%	0.29%	0.24%	0.29%	0.00%	0.83%
	M	0.00%	0.68%	3.41%	1.36%	0.05%	5.51%
Executives	F	0.00%	0.88%	2.44%	2.78%	0.05%	6.14%
	M	0.00%	1.22%	6.63%	13.26%	0.29%	21.39%
Non executives	F	0.10%	0.00%	0.54%	9.06%	9.84%	19.54%
	M	0.44%	0.44%	1.61%	19.15%	17.45%	39.08%
Minor staff	F	0.00%	0.05%	0.05%	0.00%	0.00%	0.10%
	M	0.00%	0.39%	1.02%	0.97%	0.58%	2.97%
Total (Number)		0.63%	5.75%	18.27%	47.08%	28.27%	100.00%

Leasing exclusively hires full-time employees and does not employ part-time staff.

With most organisations in Sri Lanka, including People’s Leasing experiencing high levels of employee turnover owing to the overseas skill migration trend, the Company accelerated its recruitment programme in the current financial year. An aggressive recruitment drive was launched in October 2023 to bridge skill gaps experienced across executive categories. Meanwhile, underscored by its “hire for potential” rationale, the Company pursued various targeted approaches, including placing more emphasis on regional hires, to recruit non-executives to be trained on-the-job.

CADRE PLANNING

Cadre planning is a formal procedure undertaken annually by the Company’s top management to ensure all areas of the business have access to adequate and competent workforce in alignment with business objectives. Preparation of the annual Cadre Plan is a meticulous process designed to complement People’s Leasing’s strategic recruitment approach to attract and retain capable employees who are the ideal fit for the Company.

Employee Value Proposition

People’s Leasing strives to position itself as an employer of choice by presenting a strong Employee Value Proposition (EVP) that stands out against industry peers. The Company’s

highly compelling EVP articulates the unique benefits and advantages that employees can expect from working at People’s Leasing beyond just salary and benefits. This proposition encompasses factors such as career development opportunities, a positive work culture, meaningful work, recognition and rewards, work-life balance, and opportunities for personal career advancement.

 GRI 2-19, 2-20, 401 -2

Remuneration and Benefits

Throughout its 2+ decades of operation in the local financial services industry, People’s Leasing has made a conscious effort to ensure remuneration benefit structures are competitive and above all, remunerate employees fairly and equitably for their skill, competencies and job responsibilities. In keeping with the Company’s equity principles, men and women in similar roles across all employee categories are remunerated equally without prejudice.

Moreover salary structures for all employee categories are reviewed regularly and adjusted to ensure compensation and benefits remain in tune with evolving trends and industry standards. Since no salary increments were granted in 2022 owing to the cost containment measures deployed in response to the economic crisis, the Board Remuneration Committee reviewed and updated salary structures for all employee categories in the current year.



HUMAN CAPITAL

On-Boarding

While hiring the right candidates is important, People's Leasing believes it is equally important to provide all new recruits with an inspiring on-boarding experience to encourage them to stay invested in the Company over the long term. As per People's Leasing's On-boarding Policy, all new recruits benefit from a comprehensive induction, where they are presented with key internal mandates such as Code of Conduct and Code of Ethics. In this way, the induction programme aims to equip new recruits with the tools that enable them to be productive as soon as possible. Upon completion of their induction, all new recruits are allocated to respective departments and placed on probation for a period of six months, whereafter the post-probationary review will determine their eligibility to be absorbed to the permanent cadre.

Diversity and Inclusion

People's Leasing greatly values diversity and inclusion in the workforce and strives to create an inclusive environment in which every individual feels valued, respected, and empowered to bring their authentic selves to work. This includes fostering a culture of belonging, providing equal opportunities for career advancement, and ensuring a harassment-free workplace for all employees.

The Company reinforces its commitment to diversity and inclusion through the voluntary adoption of global best practices, including the guidelines mandated by the ILO convention and the UNGC principles. These tenets are integrated into all HR policies, practices, and programmes, from recruitment and hiring to talent development and leadership initiatives. Embedding diversity and inclusion across the employment value chain, significantly enhances People's Leasing's reputation as an employer of choice and ideally complements the Company's strategic recruitment objectives.

GRI 3-3, 401-2

Remuneration and Benefits

	2023/24 Rs.million	2022/23 Rs.million	2022/21 Rs.million
Salaries and bonus	2,318.24	2,445.16	2,526.68
EPF	204.68	208.98	195.50
ETF	51.17	52.24	48.89
Overtime	34.07	23.24	33.16
Leave encashment	71.12	68.65	76.62
Allowance and incentives	1,187.21	1,351.64	873.71
Casual wages	1.55	1.45	0.82
Medical insurance	204.70	181.52	164.14
Gratuity	175.37	155.67	82.89
Total	4,248.11	4,488.55	4,002.41

GRI 401-3

Maternity Leave Indicators FY 2023/24

Service Indicator	Number	As a % of Total Female Workforce
Employees Entitled for Parental Leave	554	100
Employees on parental leave	47	8.48
Employees who returned after parental leave	35	6.32
Resignations after Parental Leave	2	0.36
Return to work rate of employees who took parental leave	74.47	-

DEVELOP A RELIABLE AND HIGH FUNCTIONING WORKFORCE

Performance Management

Understanding the importance of the performance-driven culture in fuelling the Company's competitive edge, People's Leasing has established a robust performance management system designed to empower employees, drive accountability, and facilitate goal congruence. At its core, the system emphasises clarity, transparency, and fairness, ensuring that the Company's expectations are clearly communicated to and supported by ongoing dialogue and collaboration between managers and employees to promote continuous improvement and accountability.

The 2-tier performance review cycle comprising the mid-year review and the annual performance appraisal is designed to encourage employees to take ownership of their performance and strive for excellence. The mid-year review provides an opportunity for employees to understand and overcome performance gaps, while the annual performance



People's Leasing & Finance PLC - Commitment to eliminate Gender Parity

As an equal opportunity, non-discriminatory employer, People's Leasing strives to reduce gender parity at every stage of the employee journey. To that end, the Company observes, gender-neutral recruitment practices, underscored by strict guidelines to prevent bias in the selection processes.

The Company's remuneration and benefits structures are designed to be fair and equitable regardless of gender. As part of this same commitment, the Company conducts regular pay equity analyses to identify and address any gender pay gaps across all employee categories.

Specific initiatives are being continually introduced to promote females in leadership roles. At the same time, training and awareness programmes are conducted regularly to educate employees and managers on the importance of gender equality, address unconscious bias, promote gender sensitivity, and create an inclusive work environment.

 GRI 405-2

Gender Gap Indicator

Employee category	Gender	Basic Salary Ratio
Senior Leadership	Male	1.00
	Female	0.99
Middle Managers	Male	1.00
	Female	0.92
Line Managers	Male	1.00
	Female	1.10
Executives	Male	1.00
	Female	1.11
Non executives	Male	1.00
	Female	0.94
Minor Staff	Male	1.00
	Female	0.81

Table : Gender wise Training Information

Category	Gender	No of Employees	Gender Wise proportion of staff trained	Training Hours	Average Hours
Senior Leadership	F	5	0.11	340	68
	M	42	0.89	1,302	31
Middle Managers	F	3	0.07	96	32
	M	41	0.93	3,157	77
Line Managers	F	17	0.13	714	42
	M	113	0.87	4,746	42
Executives	F	126	0.22	5,040	40
	M	439	0.78	17,560	40
Non Executives	F	401	0.33	16,842	42
	M	802	0.67	33,684	42
Minor staff	F	2	0.03	20	10
	M	61	0.97	1,098	18
		2,052		84,599	

Gender Parity Indicators

	2023/24	2022/23	2022/21
Female representation at Senior Management Level	10.64%	13.95%	15.38%
Female representation at Middle Management Level	6.82%	9.76%	8.00%
Female recruited as percentage of total new recruits	37.88%	42.35%	29.17%

appraisal serves as the key catalyst in enabling performance-based rewards.

In the year under review, the modalities of the annual performance appraisal process was further streamlined with the introduction of category-specific standardisation to fairly evaluate the qualitative performance of employees in each category.

During the reviewed period, a total of 1,825 permanent employees at People's Leasing underwent the mid-year review and the annual performance appraisal conducted, immediately after the conclusion of the FY 2023/24.

The "bright ideas" campaign to reward employee innovation, was linked to the newly launched "Chairman's Awards", programme to bring more focus on recognising employee commitment to overall performance excellence.

 GRI 404-1, 404-2

Training and Development

People's Leasing prides itself as a learning organisation and dedicates considerable resources each year towards training to ensure employees have the opportunity to continually upgrade their skills and knowledge with strong emphasis on enhancing skills pertinent to current positions. Accordingly, training is structured on the 70:20:10 principle, prioritising on-the-job experience (70%), mentoring (20%), and classroom training (10%). Additionally, leadership and soft skills training programs are implemented as needed to address specific developmental needs.

All staff are directed towards outbound training programs aimed at enhancing leadership skills and fostering teamwork dynamics. Additionally, tailored counselling sessions are conducted for Corporate Management to refine morale and attitudes, ultimately fostering high-value contributions to the Company.

This holistic approach to learning and development underscores the Company's commitment to nurturing talent and fostering continuous growth and improvement among its workforce.

 GRI 404-3

Career Advancement

Given the challenges encountered as a result of high employee attrition in 2023, People's

HUMAN CAPITAL

Leasing launched a broad based succession planning programme to provide employees with the opportunity to accelerate their career advancement within the Company.

Grounded in a forward-thinking approach, the new succession planning framework aims to ensure the continuity of leadership by identifying key positions critical to the Company's success and building a pipeline of qualified internal candidates to fill these roles. Accordingly, potential high performers identified through annual performance appraisal will be groomed for future leadership positions through a combination of mentoring, coaching, and ongoing training to nurture the skills and competencies required for succession. As a part of their development plans, selected candidates also benefit from job enrichment opportunities including long and short-term assignments internally, within other departments or businesses as well as job rotation schemes that allow them to take on additional responsibilities and explore new career paths. This is also in part to ensure the right leaders, with the right forward-looking skills, are in the right positions at the right time. By proactively preparing for leadership transitions, the Company's succession planning framework not only mitigates risks associated with key personnel turnover but also ensures a steady flow of capable leaders equipped to drive People's Leasing growth ambitions over the long term.

Following the rollout of the succession planning program, a pool of talented employees was identified who were

earmarked for development over the next 2-3 years.

 GRI 2-26, 2-30, 407-1

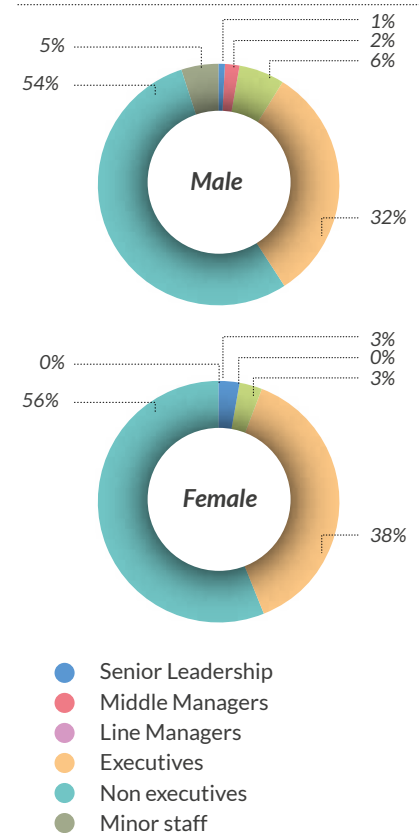
EMPLOYEE RELATIONS

Encouraging regular and open communication forms a major part of the Company's efforts to develop a reliable and high functioning workforce. To that end, daily / weekly team briefings and other routine meetings serve as effective channels to foster continuous and ongoing dialogue between employees and their respective team leadership, while the Company's open-door policy allows employees to reach out to their superiors to discuss any work related matters, one-on-one. Similarly town hall meetings provide an opportunity for employees to touch base with the Company's leadership on a regular basis. Operational changes are formally notified to all employees via the Company's intranet, with an advance notice prior to implementation.

Further with 58.63% of Company employees being organised under a union, People's Leasing seeks to develop strong ties with union representatives. The Head of HR and designated Senior Management members meet regularly with union representatives, which has ensured cordial relations and prevented the need for collective bargaining agreements.

A grievance handling process is in place for employees to formally intimate any issues that have not been resolved to their satisfaction through the aforementioned informal

Gender wise Promotion Details




Training Hours of the Employees by the Employee Category

Category	Gender	Training Mode					Total (hrs per employee)	Total Staff Trained	Training Hours	Average Training Hours
		Internal (hrs.- per employee)	External (hrs. per employee)	Overseas (hrs. per employee)	Online/ Virtual (hrs. per employee)					
Senior Leadership	F	20	5	40	3	68	5	340.00	68.00	
	M	20	5	3	3	31	42	1302.00	31.00	
Middle Managers	F	19	11	-	2	32	3	96.00	32.00	
	M	19	11	45	2	77	41	3157.00	77.00	
Line Managers	F	20	15	-	7	42	17	714.00	42.00	
	M	20	15	-	7	42	113	4746.00	42.00	
Executives	F	23	9	-	8	40	126	5040.00	40.00	
	M	23	9	-	8	40	439	17560.00	40.00	
Non Executives	F	25	8	-	9	42	401	16842.00	42.00	
	M	25	8	-	9	42	802	33684.00	42.00	
Minor staff	F	8	-	-	2	10	2	20.00	10.00	
	M	8	8	-	2	18	61	1098.00	18.00	
Total							2,052	84,599	40.33	

channels. All grievances are treated seriously and investigated immediately through an impartial review to ensure a fair and equitable resolution within the stipulated timeline. These are Company-wide practices that apply to all employee categories. There were no grievances reported in FY 2023/24.

Also forming an important part of the employee relations framework is the annual event calendar, which aims to foster greater interaction between employees and the leadership in an unofficial capacity.

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

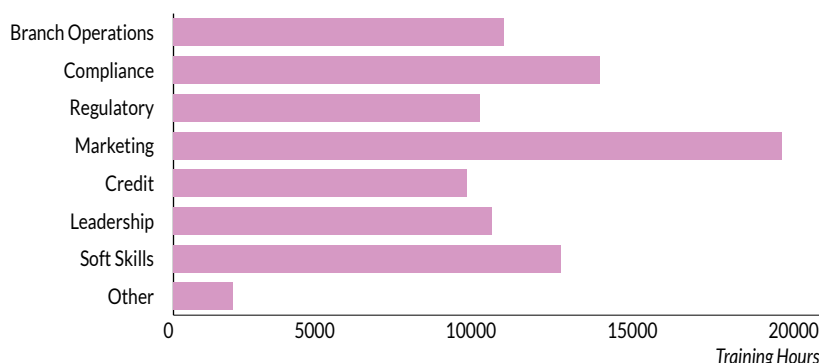
SAFETY AND WELL-BEING

Employees of People’s Leasing are not subject to occupational health risks owing to the nature of the Company’s operations. In the FY 2023, no work-related injuries were reported. Nonetheless, keen to assure the safety and well-being of its employees, customers and visitors to its premises, the Company complies with national fire safety regulations. Annual fire drills are organised in coordination with the national fire department.

Going beyond compliance, 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.

Moreover, all employees of People’s Leasing benefit from Personal Accident Cover, Surgical and Hospitalisation Cover and Life and Critical Illness Cover. Additionally, all marketing officers and recovery officers are entitled to Personal Accident Cover during their probation period as well.

Learning Distribution



Creating a healthy work-life balance is also a key component of the overall approach to safety and well-being. The Company believes that a healthy work-life balance is crucial for overall well-being and productivity of its employees. In recent years, People’s Leasing has significantly expanded its focus on work-life balance with some key initiatives conducted at frequent intervals.

Capital Trade-offs

- Higher staff costs associated with attracting and retaining the best in-class team increases short term operating costs 
- A reliable and high functioning team strengthens customer trust and contributes towards sustainable revenue generation long term earnings to boost Financial Capital over the long term 
- Strengthening employee resilience fosters employee loyalty, in turn enhancing brand reputation as an employer of choice 



Current Progress of the Targets set in F/Y 2022/23

Updating the Learning Hub with the introduction of new modules in partnership external partners	Commenced
Introduction of the HR branch visit programme to strengthen employee engagement	Commenced
Implement a Staff Secondment Policy and Procedure to support employee career mobility	Commenced
Launch Mobile version of the Learning Hub to reinforce the importance of continuous learning	Ongoing
Develop and implement a formal Grievance Handling Policy	Ongoing
Implement a structured leadership development pro-gramme to support succession planning	Commenced

SOCIAL AND RELATIONSHIP CAPITAL

The power of mutually beneficial partnerships is seen in the supported development of all players and parties.



DEPOSIT CUSTOMERS (Nos.)

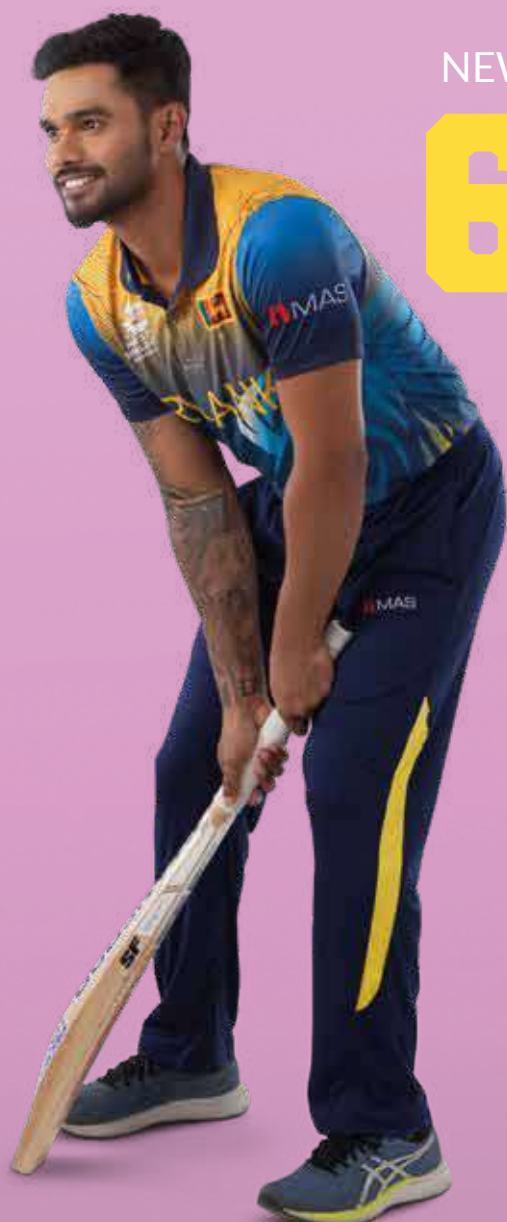
308,051

REPEAT CUSTOMER

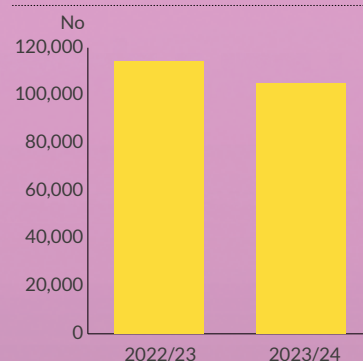
36.87%

NEW CUSTOMER

63.13%



Lending Customers



SOCIAL AND RELATIONSHIP CAPITAL










VALUE CREATION HIGHLIGHTS


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

KEY PRIORITY
Customer empowerment through timely and effective market orientation
VALUE DRIVERS
» Product Responsibility
» Service Excellence
» Marketing and Communications
» Complaint Handling
» Data Security

KEY PRIORITY
Socioeconomic development of communities
VALUE DRIVERS
» Sustainable Procurement
» Financial Inclusion
» Supplier Education and Capacity building
» Community Outreach

STAKEHOLDER OUTCOMES - DIRECT IMPACT

VALUE ENHANCED / PRESERVED	
 Launch of the "CLASSIQUE" centre	 Launch of Wakalah Investment solution and the Wadi'ah – Gold Safekeeping product
 Launch of SOLAR FINANCING for Retail and MSME Customers	 Reduction in average turnaround times between customer on-boarding to disbursement thanks to the PLCCORE system automation
 Branches offering gold Loan products increased to 104	 Implemented the PERSONAL DATA PROTECTION policy
 Established CUSTOMER SERVICE AND DISPUTE Resolution Department	 31 community youth trained under the "හරිත නෙණ" (Haritha Nena) skills development programme
 83,856 Total active Business Partners	 RS. 85.42 MN granted as micro finance loans

VALUE ERODED
 A total of 166 complaints were received in FY 2023/24. (2022/23 - A total of 128 complaints)



STAKEHOLDER OUTCOMES - INDIRECT IMPACT

1 REGULATORS + Contribution towards socio economic development across the Country	2 ENVIRONMENT + Supporting decarbonisation through fostering awareness and adoption of eco-friendly business practices
---------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------

+ Value Enhanced = Value Preserved - Value Eroded



ESG Impact and Contribution to SDG's



Environment

- » 12.7 - Promote public procurement practices that are sustainable, in accordance with national policies and priorities.
- » 12.8 - By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.
- » 13.3 - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



Social

- » 1.4 - By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
- » 1.5 - By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.
- » 4.3 - By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.
- » 4.4 - By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- » 4.5 - By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.
- » 9.4 - By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
- » 11.a - Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.



Governance

- » 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
- » 8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- » 8.10 - Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
- » 16.6 - Develop effective, accountable and transparent institutions at all levels.



FUTURE TARGETS



SHORT TERM

- » Educate staff about the financial Consumer Protection Framework (CPF) regulations according to the FCRD-CBSL guidelines with the aim of reducing customer complaints by 25% for FY 2024/25
- » Improve financial literacy especially among vulnerable groups with the involvement of island wide customer touch points
- » Enhance community awareness regarding ESG matters via social media



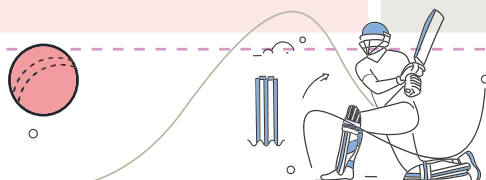
MEDIUM TERM

- » Emphasis on ESG integration through focused efforts directed at women's empowerment, social equity and inclusion
- » Facilitate MSME sector expansion by providing access to a range of high-quality structured lending products, with a specific focus on green and sustainable finance solutions for vulnerable groups



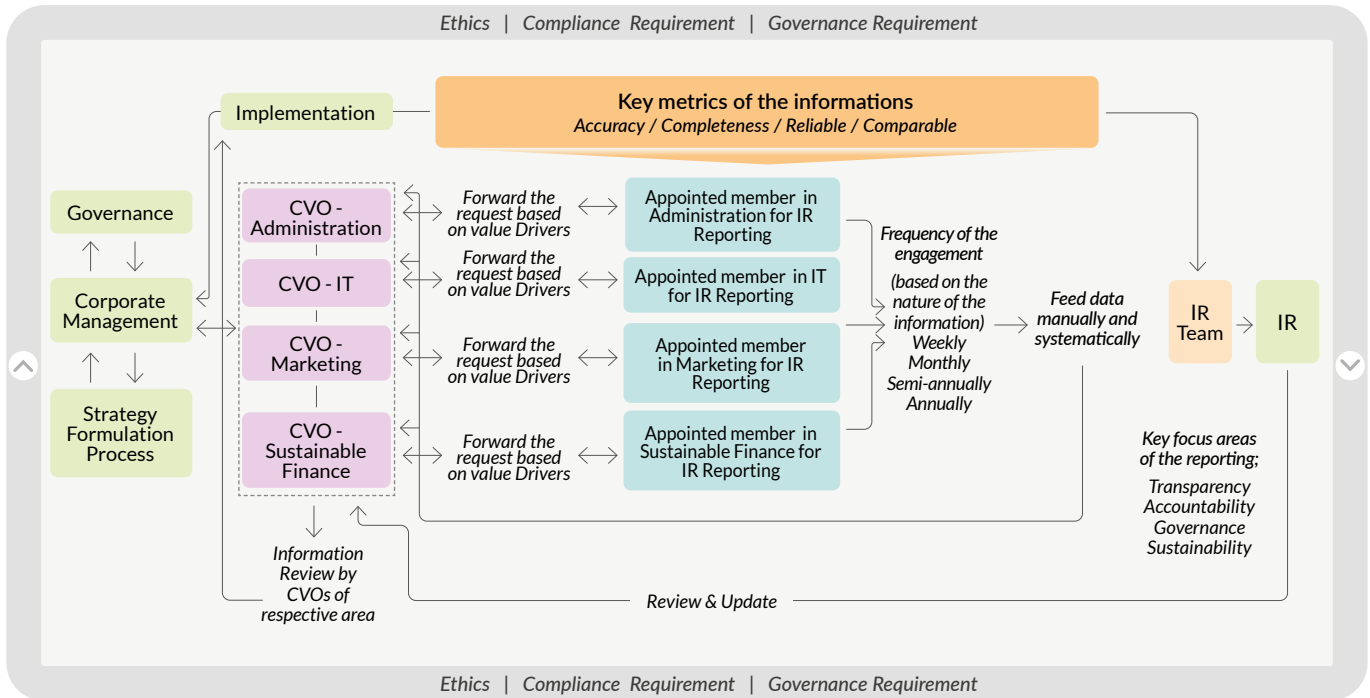
LONG TERM

- » Substantially increase financial literacy among consumers, particularly vulnerable groups, including women, youth and those with poor educational backgrounds
- » Promote sustainable leasing to increase investment in green projects and drive social entrepreneurship



SOCIAL AND RELATIONSHIP CAPITAL

Information captured in this Social and Relationship Capital section has been gathered from various internal sources across the Company which is consistent with People’s Leasing’s approach to integrated thinking and reporting transparency. Detailed below is the information flow designed to provide assurance regarding the accuracy, completeness, reliability and comparability of the data and information captured within this Social and Relationship Capital section.



CUSTOMER EMPOWERMENT THROUGH TIMELY AND EFFECTIVE MARKET ORIENTATION

GRI 416-1, 416-2

Product Responsibility

People’s Leasing acknowledges its fundamental role in providing responsible financial products and services that prioritise the financial well-being of customers and in doing so preserve the integrity of the local NBFIs sector.

From mainstream financial products and innovative financial tools to tailored leasing options and customised advisory services, People’s Leasing offers a full range of products and services to meet the needs of all customer segments. To that end, strong emphasis on safety, and reliability in every product offering. Through rigorous quality control measures and continuous improvement initiatives, the Company remains steadfast in its commitment to providing customers with products that not only meet their needs but also uphold the highest standards of responsibility and integrity.

Striving to lead by example in developing timely and relevant products that reflect the evolving and emerging needs in the market,

the Company’s product development process begins with a meticulous assessment of customer needs coupled with comparison of existing product positioning and peer reviews to determine potential opportunities for product enhancement or diversification.

Product development is undertaken in 2 phases, Eg: Innovating ideas from Chairman’s Awards with phase 1 from ideation and concept development to preparing the product paper strictly managed under the purview of the Company’s CEO/GM. Finalised product papers are then presented to the Board Integrated Risk Management Committee (BIRMC) for review and approval of the preliminary concept, which kicks off phase 2 involving prototype development, followed by product validation and quality assurance to determine compliance with regulatory requirements and ending in the pilot run prior to the final product launch.

In this way, all new products and services were assessed for health and safety impacts. Similarly, the market performance of existing products are constantly monitored enabling the Company to identify underperforming products, with findings reported to the Board Audit Committee for necessary corrective action.

Several new products were launched in the current financial year, denoting the Company’s commitment to offer its customers the best in class financial solutions. The launch of the Solar financing scheme for retail and MSME segments represents a historic milestone in People’s Leasing’s product diversification strategy.

The Company’s Islamic product range was also further expanded with the launch of the Wakalah Investment solution and the Wadi’ah – Gold Safekeeping product. In parallel, special short term, low rate and flexible gold loan options were introduced, while the number of branches offering gold Loan products was also increased to 89 from 104 in the previous year.

In keeping with its product responsibility guidelines, People’s Leasing continues to provide advisory services and tailor-made repayment plans to assist customers who remained under prolonged stress.

There were no any incidents of non-compliance concerning the health and safety impacts of products and services. All products & services were assessed for health & safety impacts.



LENDING CUSTOMERS

2023/24 : 104,865
2022/23 : 114,246



DEPOSIT CUSTOMERS

2023/24 : 308,051
2022/23 : 383,715



**REPEAT CUSTOMERS
36.87%**



**NEW CUSTOMERS
63.13%**

* Cross-selling exists.

Service Excellence

Service excellence has been the cornerstone of People's Leasing's customer value proposition since the inception. Over the past 27 years, the Company has continued to demonstrate its unwavering commitment to service excellence across all customer segments. Be it retail customers, MSME's, large corporations or high networth individuals, 100% customer satisfaction at every touchpoint remains the overarching mandate. With a dedicated team of professionals and a customer-centric approach embedded in its culture, People's Leasing consistently strives to deliver exceptional service experiences that demonstrate care, reliability, and trustworthiness to its valued customers. Continuous and ongoing improvement of service standards goes hand in hand with these commitments.

In the current financial year, the Company undertook the launch of the PLCCORE system, signifying an important step in efforts to achieve service excellence. By facilitating seamless integration of processes through end to end credit workflow automation, the new system has greatly streamlined the credit evaluation process and simplified approval protocols, reduction in average turnaround times between customer on-boarding to disbursement.

Yet another notable development was the launch of the "Classique by PLC" in September 2023, which revolves around an exclusive service proposition targeting high net worth clientele. Another key feature of the "Classique by PLC" is its profile as Sri Lanka's 1st EDGE-Certified Green Building which recognises that the centres structural design and interior / exterior layout is consistent with high levels of efficiency in energy use, water use as well embodied energy in materials compared to standard other buildings.

Launch of Solar Financing for Retail and MSME Customers

The PLC solar leasing product launched to the market in March 2024, marks an important milestone in People's Leasing's product diversification strategy for the retail market. Having identified a severe market gap owing to the lack of financing solutions to promote household investment in renewable energy, People's Leasing launched a new financing scheme to enable a larger population demographic across Sri Lanka to benefit from affordable access to solar energy through investments in investing in on-grid, off-grid and hybrid energy or other solutions such as solar water heaters and solar pumps. The main aim of the product which offers attractive interest, is to reduce customers' cost of switching to solar energy.

Seeking to further expand the outreach across the island, People's Leasing formed a strategic partnership with Hayleys Solar, to offer tailored financing to drive early adoption of solar energy among the MSME sector. The rapid expansion of the MSME sector in recent years has seen sector as a whole emerging as a major consumer of grid electricity. Hence the solar financing scheme by People's Leasing signals a timely move designed to facilitate the MSME sector transition to solar energy.

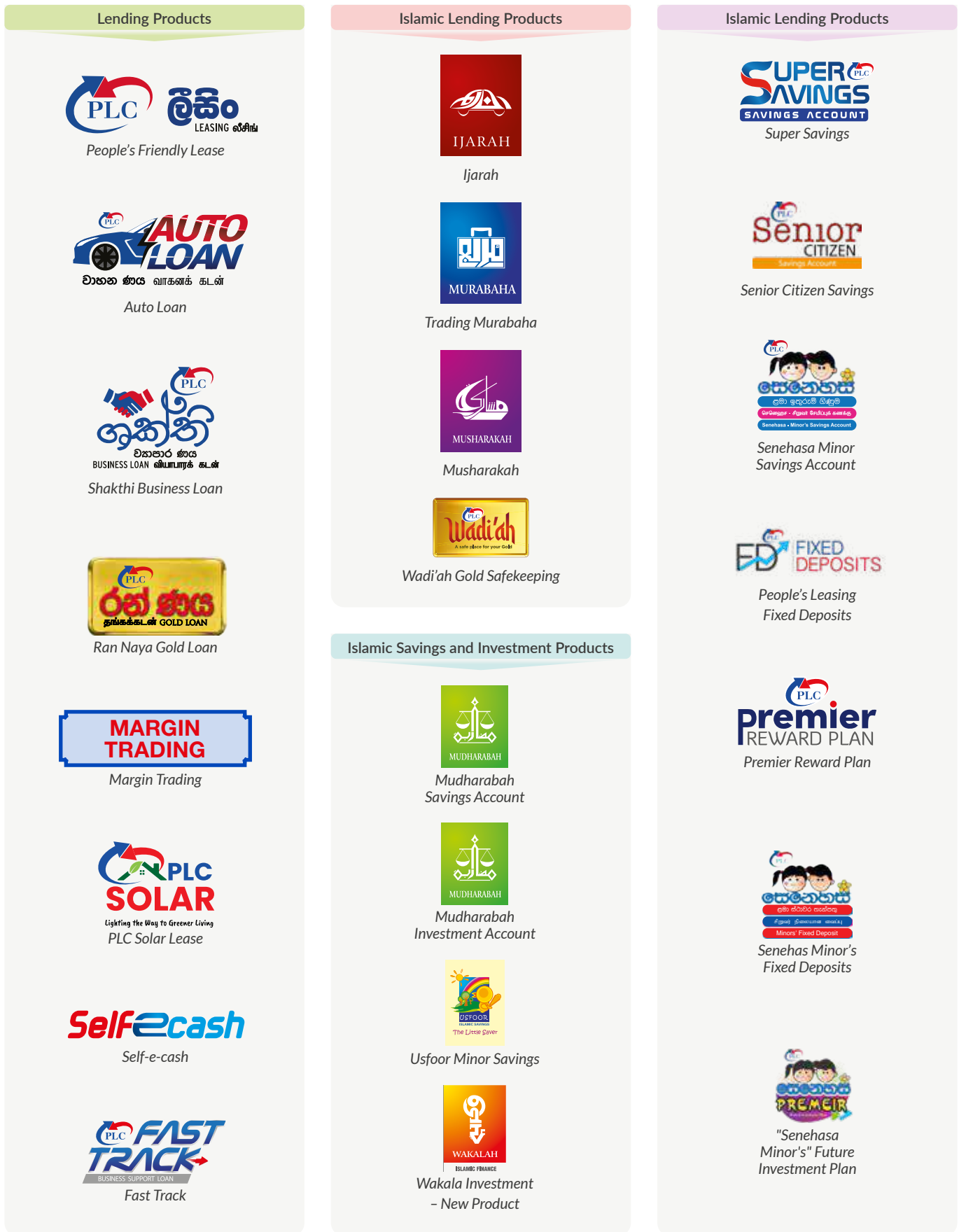
Launch of "Classique by PLC"



SOCIAL AND RELATIONSHIP CAPITAL

GRI 2-6

Product Portfolio Channel Architecture



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

MARKETING AND COMMUNICATIONS

People’s Leasing’s approach to responsible marketing and communication is anchored to the principles of transparency, integrity, and ethical practices. These principles are embedded when designing high impact marketing and communication material, thus ensuring all published information regarding the Company’s products and services are truthful, accurate, and compliant with relevant regulations and industry standards. By providing clear and comprehensive information about its products and services, People’s Leasing aims to empower customers to make informed decisions that align with their needs and financial goals.

Furthermore, seeking every opportunity to build trust and credibility with its customers, the Company strictly avoids deceptive or misleading tactics or any other activities that could be construed as anti-competitive behaviour.

To ensure its marketing and promotional campaigns achieve the desired reach and impact, the Company uses a combination of mediums ranging from Above The Line (ATL), Below the Line (BTL) and digital to social media. In the year under review, a sum of Rs. 127.35 million was incurred for marketing and communication activities.

In the year under review, there were no reported incidents of non-compliance in relation to the disclosure of product information or marketing and communications.



Marketing and Communication Campaign - FY 2023/24

Campaign Name	"ජීවිතේ මැවී එක දිනක එකක අපි ළඟට - අපි එක කරලේ වී"	"එකව බාධක කරලමු, එකව අරමුණු වෙත යමු"
Scope and Purpose	Brand awareness	To boost the market sentiment for asset and liability products,
Target Customer Segment	Existing customers and new customers	New customers & vehicle dealers
Mediums used	TVC	ATL and BTL
Expected Reach	Island wide	Island wide



SOCIAL AND RELATIONSHIP CAPITAL

GRI 2-26

COMPLAINT HANDLING

Effective resolution of complaints forms an integral part of People’s Leasing’s pledge to achieve 100% customer satisfaction. To that end, a high priority on addressing and resolving customer complaints effectively and efficiently. Several channels have been put in place to receive customer complaints, with all complaints received directed to the Customer Service & Dispute Resolution Department, where it is recorded and a complaint loop activated, before being redirected to relevant chain of command for investigation and resolution within the stipulated timelines. Customers are kept informed throughout the process, with clear communication channels available for updates and inquiries, while solutions and remedies provided are often tailored to each individual case. Recurring complaints often involve deeper scrutiny with more focus on root cause analysis.

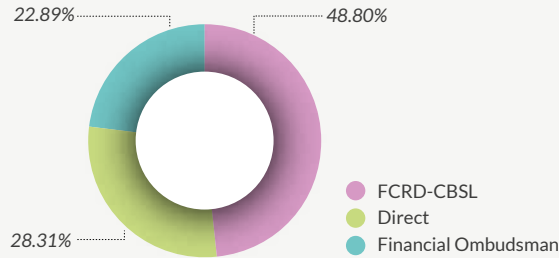
Moreover, assurance regarding the efficacy of the resolution process is sought through callbacks to gauge customer satisfaction of the resolution provided. Insights received as a result of these callbacks have proven to be immensely helpful driving continuous improvement of products, services, channels and customer service.

In tandem with continuous improvement efforts, the complaint handling mechanism was further streamlined in the current financial year, with disputes relating to POS/ATM/CEFT,CDMA, Utility, and Just Pay directed to the newly established Customer Service and Dispute Resolution Dept set up in the previous year. This new development has helped to expedite the solutions provided to customers in relation to these areas.

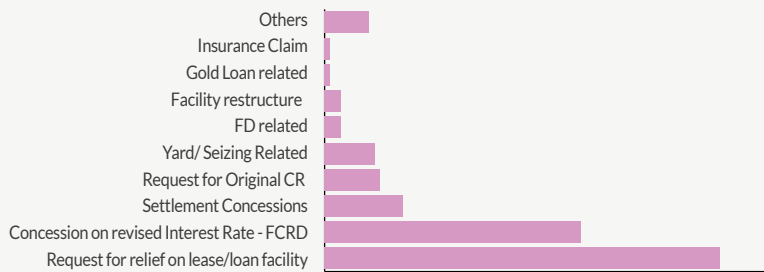
A total of 166 complaints were received in FY 2023/24 However it should be noted that a majority of these were not complaints, but rather inquiries regarding the decline in the interest rates.

Mode wise	Total
FCRD-CBSL	81
Direct	47
Financial Ombudsman	38
Total	166

Complaints/Requests Received During the Fy 2023-2024 Mode-wise



Nature of the complaint /Request



HIGHEST COMPLAINTS/ REQUESTS RECEIVED BRANCH-WISE

Name of the Branch	No. of complaints/ Requests Received from each Branch
Havelock	12
Wattala	8
Kalutara	7
Kelaniya, Neluwa	5
Ambalangoda, Kandy, Metropolitan, Nugegoda, Piliyandala, Thambuttegama	4

DISPUTES HANDLED FROM 17.01.2024 TO 31.03.2024

Transaction Type	Total
POS	107
Fund Transfers	96
ATM	31
Utility Payments	17
CDMA	16
Total	267

GRI 2-24, 3-3, 418-1

DATA SECURITY

At People’s Leasing, safeguarding customer privacy is not just a legal obligation but a core value ingrained in across the Company’s operations and executed through a 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.

Stringent measures are in place to ensure that sensitive customer data is securely stored, transmitted, and accessed only by authorised personnel for legitimate purposes. In this regard, People’s Leasing adheres to strict compliance with data protection laws and regulations, continuously updating its security protocols to mitigate emerging risks and safeguard against unauthorised access or misuse of customer data.

In the year under review, a new Board approved Personal Data Protection policy was implemented, formally documenting Company-wide data storage and retrieval procedures, including access controls and specified authority limits. This was

accompanied with a series of workshops to educate teams on the new procedures.

In FY 2023/24, one (01) complaint was received regarding breach of customer privacy by an employee. As per the guidelines established under the Customer Complaint and Grievances Handling Policy, the investigation was handled by the HR Dept, with two-way communication to ensure the customer is kept apprised about the progress throughout the investigative process. Based on the findings of the investigation, the company has undertaken to further strengthen internal controls in regard to the protection of confidential customer information.

GRI 417-1

SOCIAL AND RELATIONSHIP CAPITAL

 GRI 3-3, 308-1, 308-2, 414-1, 414-2

SOCIOECONOMIC DEVELOPMENT OF COMMUNITIES

Sustainable Procurement

Recognising that suppliers play an important role supporting business continuity and resilience, People’s Leasing aims to build and maintain an efficient and reliable network of suppliers. The Company’s principal approach is based on promoting sustainable procurement that delivers shared value by leveraging opportunities for mutual growth. The Company register suppliers annually and maintain a database for 24 categories, with new suppliers on-boarded subject to a stringent registration process. All registered suppliers are local and based in Sri Lanka and account for 100% of the annual procurement spend.

Supplier screening is carried out by the Company’s procurement department in accordance with the Board approved Procurement Process which sets out key assessment criteria such as price, quality, service delivery and after-sales support as well as social and environmental considerations. A total of 178 new suppliers screened in the year under review, with 25 being on-boarded to the Company’s supplier registry in FY 2023/24.

As per the ongoing process supplier registration forms under each category were made available for download on the corporate website.

Meanwhile no negative social or environmental impacts were identified among any of the suppliers during the year. Nonetheless, keen to further improve to secure supplier commitment towards environmental and social aspects, the Company began the groundwork to introduce an ESG due diligence check-list to facilitate evaluation of supplier’s commitment to environmental, social and governance best practices. The ESG due diligence check-list which aims to support sustainable procurement, will be applicable to new suppliers registering from the next financial year onwards. As per this procedure, all new suppliers will be evaluated based on the ESG criteria encompassing social and environmental best practices including compliance with labour laws, adherence to safety and human rights best practices and environmental standards.

 GRI 2-8, 410-1

Supplier Education and Capacity Building

Supplier education and capacity building forms an important part of the effort to encourage suppliers to align with People’s Leasing’s business practices and work ethic. Premised on this, special emphasis is placed on raising awareness on certain topics. For instance, managers are required to educate outsourced service personnel operating at Company locations on safeguarding basic human rights in general including responsible visitor/customer management.

Reputable outsourced service providers security services at the head office and branches, ensuring that security procedures preserve the dignity of employees and other stakeholders.

Financial Inclusion

People’s Leasing is deeply committed to advancing financial inclusion, recognising it as a cornerstone of sustainable economic development. The traditional market space in which NBFI’s in Sri Lanka operate provides an excellent opportunity for the Company to promote financial inclusion through innovative products, such as microfinance and small business loans, for rural communities who are often unable to access these financial services through the formal banking channels.

People’s Leasing -Micro-commerce Ltd (PML) specialises in empowering micro entrepreneurs through a combination of financial assistance and advisory services to instil greater financial discipline.

	2023/24	2022/23	2021/22
No. of loan granted	437	75	135
Total annual disbursement volumes (Rs.)	85,423,200	11,050,500	18,965,000
Total portfolio value	65,259,821	23,518,519	19,651,969

 GRI 3-3, 413-1, 413-2

COMMUNITY OUTREACH

People’s Leasing’s community outreach efforts embody the Company’s genuine commitment to the United Nations Sustainable Development Goals (SDGs). The Company strives to contribute to the advancement of various SDGs by aligning its actions with the Company’s roadmap towards sustainable development for positive social and environmental impact. People’s Leasing aims to make a tangible difference in the lives of people and the planet, in line with the overarching objectives of the SDGs underscored by programmes that focus on livelihood empowerment and environmental preservation as well as various CSR initiatives to address community needs. Further, by partnering with local stakeholders, NGOs, and government agencies, the Company leverages pooled resources and expertise to

create meaningful change at the grassroots level. These efforts typically focus on raising stakeholder awareness on ESG, improving community knowledge of fintech tools and digital literacy and strengthening ESG education both at the local level and organisational level, in order to promote responsible investment and borrowing practices,

In the year under review, the Company dedicated Rs. 0.71 million towards the following community outreach initiatives.

There have been no negative impacts on local communities by operation during thereporting year.

The progress and impacts generated by the community initiatives are monitored and assessed by the Head office level and Branch Level.

“හරිත නැණ” (Haritha Nena) - Youth Skill Development Initiative

People’s Leasing in partnership with the Vocational Training Authority (VTA) initiated a NVQ-level Hybrid Automobile Technology skill development workshop series aimed at developing automobile technicians specialising in hybrid automobile technology.



The move represents an important step towards developing expertise on hybrid automobile technology in Sri Lanka, in light of the national and international drive to accelerate the e-mobility transformation and growing demand for hybrid & electric vehicles. Two parallel programmes were conducted at the VTA Centre in Narahenpita, Colombo and at the VTA Centre in Wegiriya, Kandy. Collectively both programmes saw a total of 31 youth completing the 100 hours programme and received NVQ certificates.



Encouraging Rural Youth to Pursue Athletic Dreams

CP/W/A Rathnayaka Central College, Digana has consistently demonstrated excellence by securing victories in all-island school competitions and earning numerous medals at national-level athletic events.



Recognising the talent and commitment of these students of the school, People’s Leasing took the initiative to support them by providing required sporting gear. Sports footwears were presented to the students by the Company.

In addition, the Company also offered Ms. Tharushi Senarathna, (Gold medalist in the women’s 800 m category at the Asian Games), a complimentary, comprehensive disability insurance plan that will be effective for a period of ten years. This coverage assures her an opportunity to make a claim in the event that any injury within the next ten years. The facility aims to safeguard her financial well-being as she pursues her sporting career. The Company also offered Ms. Senarathna a job opportunity at People’s Leasing.



SOCIAL AND RELATIONSHIP CAPITAL

Saving Lives Together

As part of a community-based engagement, People’s Leasing’s Sports & Welfare Society collaborated with the National Blood Transfusion Service to carry out a blood donation campaign, which saw a total of 97 pints of blood was donated thanks to the contribution from a large number of Company employees.



Several company employees also committed to donate eyes other organs by pledging their support to the National Eye Association. A total of 157 employees signed pledges to donate their eyes and other organs.

Employees from several Group companies, including People’s Leasing Fleet, People’s Leasing Micro-Commerce, People’s Leasing Property Development, People’s Insurance, and People’s Bank also made voluntary contributions.



Recognising and Honouring the Diverse Talents Flourishing among PLC Employees’ Children

As part of a community-based engagement, People’s Leasing’s Sports & Welfare Society collaborated with the National Blood Transfusion Service to carry out a blood donation campaign, which saw a total of 97 pints of blood was donated thanks to the contribution from a large number of Company employees.



Several company employees also committed to donate eyes other organs by pledging their support to the National Eye Association. A total of 157 employees signed pledges to donate their eyes and other organs.

Employees from several Group companies, including People’s Leasing Fleet, People’s Leasing Micro-Commerce, People’s Leasing Property Development, People’s Insurance, and People’s Bank also made voluntary contributions.



Celebration of Women’s Day 2024

PLC Sports & Welfare Society has hosted an event with the theme “#InspireInclusion” in observance of World Women’s Day in 2024. The event recognises the commitment and dedication of women at all levels of the organisation as one of the diverse and dynamic work environments for all women. This event took place on March 7, 2024, at PLC’s head office. It brought together women employees from all branches of the Island wide branch network through a virtual platform, as well as all women employees from head office.



This event features a cooking demonstration in partnership with Singer Sri Lanka PLC and an overall campaign to raise awareness of women’s health in partnered with Nawaloka Hospitals PLC. In addition to that, every female employee of People’s Leasing & Finance PLC and People’s Leasing Fleet Management PLC received a token of appreciation. Aside from that, a special welfare market was held at the PLC head office where employees could affordably buy necessities for their households.



Promoting Health & Well-being of PLC Employees

Promoting Health & Well-being of PLC Employees

Awareness programme for employees

- » Session on Work Life Balance by Prof. Sarath Wijesooriya
- » Session on Planning of Retirement by Prof. Daya Rohana Athukorala
- » NCDs (Non-Communicable Diseases) Awareness - conducted by Vidyajyothi Prof. Arujuna De Silva on 13th July 2023 in partnership with Nawaloka Hospitals.
- » Diet & Nutrition Awareness - conducted by Nutritionist & Dietician Ms. Imihiri Pathirana on 14th February 2024 in partnership with Nawaloka Hospitals.



Weekly medical consultation & medical check-ups for employees

The People's Leasing Sports & Welfare Society tied up with Nawaloka Hospitals to arrange a weekly medical consultation session at Company's Head office premises where employees can obtain a free medical consultation from specialist General Physicians every Wednesday.

Vision screening programme

Organised in partnership with D.S. Jayasinghe Opticians, the free vision screening programme was held on 13th July 2023, at the Company head office saw over 200 employees benefiting from the free eye check up.



Launch of the memorial scholarship scheme

Initiated by the Company's Sports & Welfare Society to support deceased employees' children to pursue their education with eligible recipients receiving a monthly stipend until they turn eighteen years of age.



Awareness on financial literacy & cyber security for customers

People's Leasing enriches customer financial literacy and boosts cyber security awareness via social media platforms.



Current Progress of the Targets set in F/Y 2022/23

Continuous improvement in the customer value proposition through diversification and expansion of digital channels	Commenced
Introduce a comprehensive Supplier Management Framework including a Supplier Code of Conduct	Commenced

Capital Trade-offs

Earning the trust of customers improves customer loyalty and retention to support market share growth



Loyal customers and suppliers and good standing in the community helps bolster the Company's reputation and industry standing



Feedback from customers provides insights for continuous improvement in delivery channels.



NATURAL CAPITAL

Like instinct pays off in the field, our instinct is to make our natural resources a vital part of our genetic code.

RECYCLED WASTE

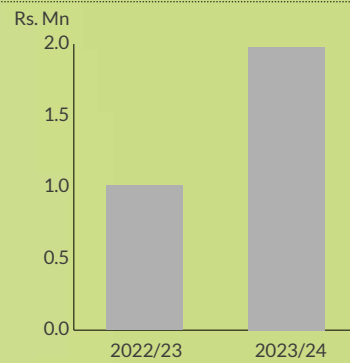
1,476 tCO₂e



CARBON FOOTPRINT

2,510.50 tCO₂e

Investment in Natural Environment



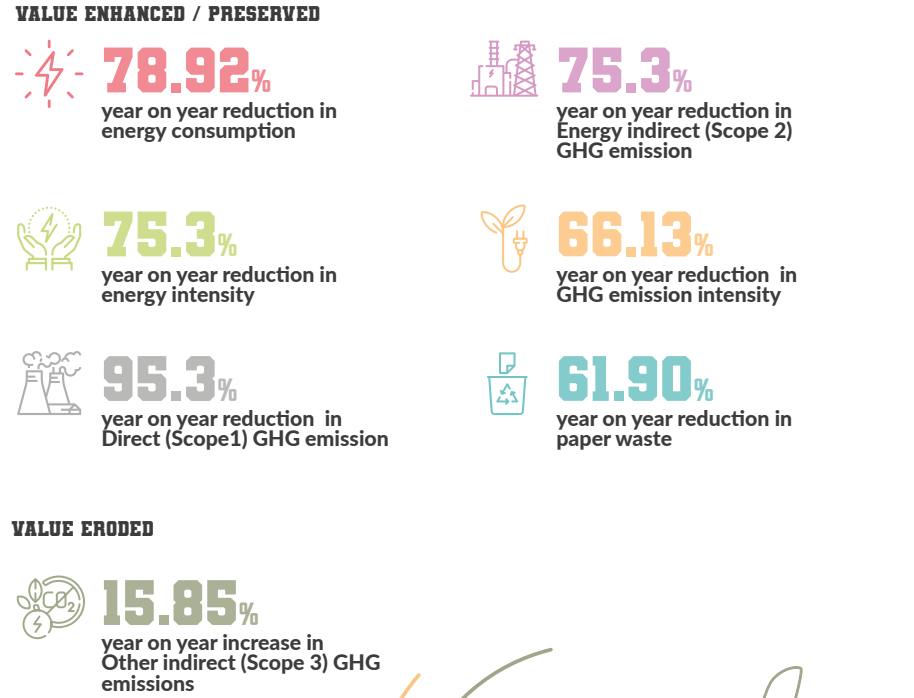
NATURAL CAPITAL

VALUE CREATION HIGHLIGHTS

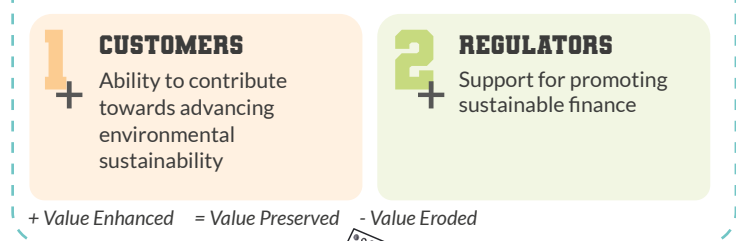
MATERIAL THEMES	
	Business model flexibility in an environment that is continually changing
	Developing sustainable ecosystems to support sustained wealth creation regardless of headwinds
	Increase customer awareness through responsible communication
	Heightened demands on governance, compliance and regulatory context

KEY PRIORITY
Advocating Responsible Lending
VALUE DRIVERS
» Green Financing
KEY PRIORITY
Strengthen business resilience
VALUE DRIVERS
» Green Operations
KEY PRIORITY
Drive shared value
VALUE DRIVERS
» ESG Awareness & Training
» Green Outreach Projects

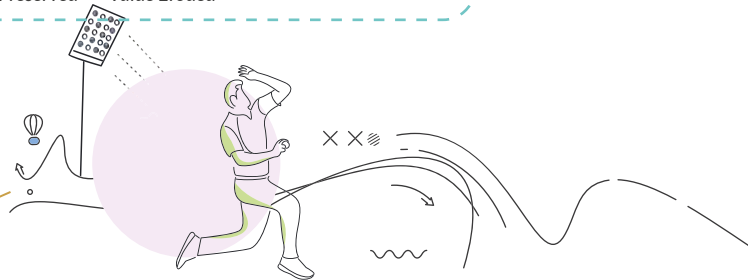
STAKEHOLDER OUTCOMES - COMMUNITY AND ENVIRONMENT (DIRECT IMPACT)



STAKEHOLDER OUTCOMES - INDIRECT IMPACT



* Calculations have been done based on the comparison between financial year 2022/23 Head office data with financial year 2023/24 Head office data.



ESG Impact and Contribution to SDG's



- » 6.5 - 6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.
- » 6.b - Support and strengthen the participation of local communities in improving water and sanitation management.
- » 7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix indicators.
- » 12.2 - By 2030, achieve the sustainable management and efficient use of natural resources
- » 12.3 - By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- » 12.7 - Promote public procurement practices that are sustainable, in accordance with national policies and priorities
- » 12.8 - By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature
- » 13.1 - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- » 13.2 - Integrate climate change measures into national policies, strategies and planning.
- » 13.3 - Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.
- » 15.6 - Promote fair and equitable sharing of the benefits arising from the utilisation of genetic resources and promote appropriate access to such resources, as internationally agreed



- » 1.5 - By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.



- » 17.7 - Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed



FUTURE TARGETS

SHORT TERM

- » Reduce the dependency on grid energy by investing in renewable sources across the branch network
- » Pursue fin-tech partnerships to strengthen digital channel architecture
- » Increase automation to generate a significant reduction in paper consumption
- » Establish a mechanism to facilitate data capture and reporting of the both positive and negative environmental impacts attributed to the core lending operations

MEDIUM TERM

- » Promoting environmentally friendly forms of staff transportation through a sustainable leasing approach
- » Implement a comprehensive Environmental Management System (EMS) to track all key environmental metrics, including energy, emission, water and waste
- » In line with the EMS, establish targets and KPI for all branches and departments
- » Setting energy reduction targets to reduce the Company carbon footprint.
- » Set KPIs for energy & emission targets

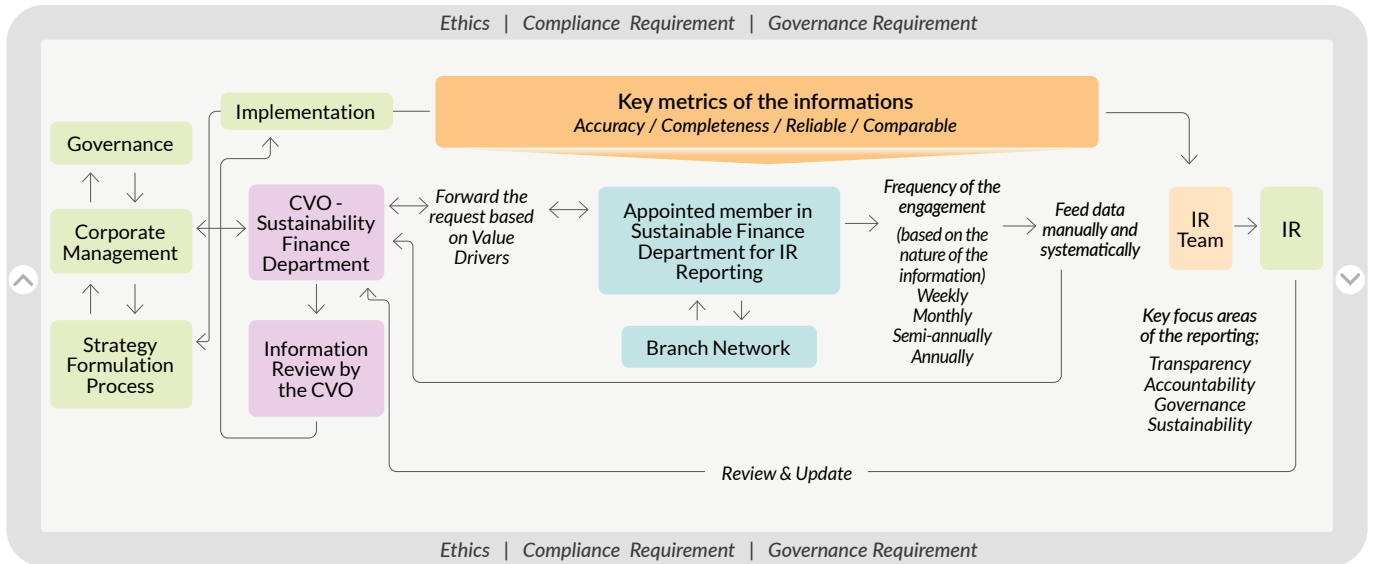
LONG TERM

- » Improve reporting transparency regarding performance and progress on environmental matters
- » Systematically adapt all branches to comply with the green building standards upheld by PLC branches, ensuring alignment with eco-friendly construction principles.



NATURAL CAPITAL

Information captured in this Natural Capital section has been gathered from various internal sources across the Company which is consistent with People’s Leasing’s approach to integrated thinking and reporting transparency. Detailed below is the information flow designed to provide assurance regarding the accuracy, completeness, reliability and comparability of the data and information captured within this Natural Capital section.



GREEN FINANCING

People’s Leasing has persistently positioned itself as an early adopter of green finance through its innovative vehicle leasing scheme for hybrid and electric vehicles, which has been in place for over a decade. The scheme is designed to offer special concessions to customers to encourage them to switch to the use of hybrid and electric vehicles. This approach underscores People’s Leasing’s commitment to responsible business, through the contribution towards reducing carbon emissions and also aligning with regulatory mandates such as the Central Bank of Sri Lanka’s Roadmap on Sustainable Finance, Sri Lanka Green Finance Taxonomy, and Guidelines on Sustainable Finance Activities, alongside directives from the Colombo Stock Exchange (CSE).

The Company continues to explore avenues to further develop and diversify its green portfolio to offer customers a wider range of solutions to secure their commitment towards combating climate change. The launch of the solar finance scheme in March 2024 for retail

and MSME’s customers, stands as a testament to the commitment to broaden the green portfolio.

Launch of PLC Solar Financing Scheme

The solar financing scheme launched to the market in March 2024, represents another landmark in People’s Leasing’s green product portfolio. The solar financing scheme, which offers attractive interest to reduce customers’ cost of switching to solar energy, aims to enable retail customers to benefit from affordable access to solar energy through investments in investing in on-grid, off-grid and hybrid energy or other solutions such as solar water heaters and solar pumps. Meanwhile as part of a targeted approach to enable MSME’s to access the solution, People’s Leasing formed a strategic partnership with Hayleys Solar.

Launch e-Wheel revolution

People’s Leasing partnered with Lanka E-Mobility Solution (PVT) Ltd (LeMS), a subsidiary of Island Climate Initiatives (PVT) Ltd (ICI), to unveil the first-ever battery-



Green Financing Solutions offered by People’s Leasing

- » Eco Leasing Facilities for Hybrid & Electric Automobiles
- » Solar financing scheme for retail customers and MSME’s in partnership with Hayleys Fentons
- » eWheel Solution in partnership with Lanka E-Mobility Solution (PVT) Ltd

swapping technology-powered three-wheeler conversion in Sri Lanka.

People’s Leasing remained the exclusive provider of financial services throughout the project’s pilot phase. The launch of this novel battery swapping technology means the three-wheeler owner no longer has to purchase a costly battery, or worry about end-of-life replacement. The entire conversion process which takes just two hours requires an initial investment of Rs. 500,000/-. Once converted, the vehicle can immediately start using our battery swapping service through battery swapping stations, saving approx. Rs. 20,000/- every month which equates to a 25-month return on investment.

The soft launch of the product took place on 16th November 2023 and has since gained good traction in the market.

Integration of ESG due diligence check list for credit proposals

Another key development in the Company’s Sustainable Finance Roadmap, is the ESG due diligence check list integration in to the credit evaluation process through the PLCORE system to enable ESG risk assessments to be performed for all new lending exposures. Through these efforts, the Company aims to systematically focus on reducing the ESG risks associated with its credit portfolio over time.

GREEN OPERATIONS

People’s Leasing has embraced green operations as the key principle to articulate its commitment to environmental sustainability. This involves driving energy efficient operations, conserving water as well as promoting waste reduction and recycling. Further reinforcing the commitment to green operations, energy, emissions, water and waste attributed to the day to day operations are strictly monitored.

Keen to encourage stakeholders across the value chain to also adopt green operations, a ESG due diligence check list was introduced for new suppliers offering their services to People’s Leasing.



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

Energy Efficient Operations

Electricity extracted from the national grid serves as the main source of energy used by People’s Leasing to power its head office & island-wide branch network. Energy consumption and energy efficiency levels are closely monitored on an ongoing basis through the state of the art Office Building Management System (BMS) at Head Office, to enable identification of energy wastage to initiate proactive steps to address areas of concern. Meanwhile branch-wise energy consumption is recorded on a monthly basis and measured against revenue and cost structures, while usage per employee is also monitored annually.

Consequently, the imported energy (grid electricity) consumption attributed to People’s Leasing in FY 2023/24 was 526,769 KWh.

Green Operations - Key Developments for FY 2023/24

- » Implementation of a formal Environmental, Social & Governance Sustainability Policy for the Company
- » EDGE Green Building certification for Classique by PLC
- » Automation & Digitalisation for Paperless operations, including E-Memo, E-Signature, Board Pac, Document Scanning, D-Cheque, E-Receipts and the E-FD Certificate as well as the E-Learning platform
- » Solid Waste Managements (Refuse/ Recycle/Reduce/Reuse)
- » Trees saved from paper recycling
- » Environment friendly desk calendar for 2024 & e-calendar launch of Classique by PLC



NATURAL CAPITAL

 GRI 305-1,305-2, 305-3, 305-4, 305-5

Emission Monitoring

Emissions attributed to People's Leasing operations are monitored through the annual GHG Inventory Report taking into account both direct (Scope 1) and indirect emissions (Scope 2 and Scope 3) attributed to the day-to-day operations.

The GHG Inventory report for FY 2023/24 which was prepared in accordance with the latest global emissions accounting standard ISO 14064:2018 and guidelines issued by the United Nation's Intergovernmental Panel on Climate Change (IPCC), signals the completion of a decade long journey in quantifying the Company's carbon footprint.


People's Leasing's articulates its commitment to environmental stewardship through the annual carbon footprint calculation which analyses data across all facets of its operations. This comprehensive evaluation not only demonstrates the Company's dedication to minimising its environmental impact attributed to its operations but also provides valuable insights for implementing effective mitigation strategies and promoting sustainable practices within the Company and the broader community.

Water Conservation

As a service organisation, People's Leasing's need for water is limited only to the utility needs of staff. However as a responsible environmental steward, the Company endeavours to contribute towards the global effort to save water resources and to that end strives to foster a culture of mindfulness among employees. This is accompanied by stringent monitoring of water usage at all levels of operations.

Types of Company Direct and Indirect Emissions

Direct Emissions	Indirect Emissions
Company owned vehicles	Imported Energy (grid electricity)
Stationary combustions (standby generators)	T & D Loss
Fire extinguishers refilling/ replacement	Employee Commuting –not paid by the company
Refrigerant leakages	Waste disposal
Employee commuting - paid by the company	Municipal Water Consumption
Rented vehicles – paid by the company	Business Air Travel
Business travel (Land)	Rented Vehicles
	Hired Vehicles
	Waste Transport
	Transport Locally Purchased


 GRI 3-3 306-1, 306-2, 306-3, 306-4, 306-5

Waste Management

While propagating 3R (Reduce, Reuse, Recycle) principles as much as possible in the day to day operations, the Company accepts that some degree of paper waste and e-waste is unavoidable as a result of its operations. Accordingly, strict guidelines have been established to ensure all such waste is segregated properly and disposed of responsibly to avoid adverse impact to the environment. Waste collection bins have been made available at all Company locations, while collected waste is handed over to Central Environment Authority (CEA) authorised waste disposal service providers.

Waste type	Location	2023/24 Recycled total(Kg)	2022/23 Recycled total (Kg)	Disposal method
Paper Waste	PLC Head Office	1,476	7,797	Recycled
Food Waste	PLC Head Office	1,507	-	Animal feed

*Data is only for People's Leasing Head office

 GRI 302-1, 302-2, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5

Company Greenhouse Gas House (GHG) Emission for 2023/24

Energy consumption within the organisation	2164.35 GJ
Energy consumption outside of the organisation	30696.0484 GJ
Energy intensity	9.279976956 GJ/Rs.Mn
Reduction of energy consumption	No reduction due to business travel
Reduction of energy requirements of products and services	Not Applicable
Direct (scope 1) GHG emissions	2146.36 tCO ₂ e
Energy indirect (Scope 2) GHG emissions	225.35 tCO ₂ e
Other indirect (Scope 3) GHG emissions	138.7913 tCO ₂ e
GHG emissions intensity	0.708980881 tCO ₂ e/Rs.Million
Reduction of GHG emissions	No reduction due to business travel
Emissions of ozone-depleting substances (ODS)	71.81 tCO ₂ e
NO _x ,SO _x and other significant emissions	Not Available

* Calculation has been done only for People's Leasing Head office and Business Travel has been increased due to the People's Leasing acquired vehicles from People's Leasing Fleet Management during the reporting year 2023/24 for recovery use.

Comparison of the company Carbon Footprint of financial year 2023/24 with Base Year

Emission Category	Scope	Emission Source	GHG Emissions (tCO2e)				
			2014/15 (Base Year)	2020/21	2021/22	2022/23	2023/24
Direct emissions	Scope 1	Employee commuting paid by the company	59.18	290.60	445.74	68.57	7.60
		Business travel (Land)	-	102.48	-	19.94	2,059.41
		Stand by generators	-	4,778.00	129.36	65.04	7.54
		Fire extinguishers	-	0.06	0.82	6.36	-
		Refrigerant leakages	83.27	136.20	152.24	72.81	71.81
		Total Direct Emissions	267.75	769.32	1,050.15	232.73	2,146.36
Indirect emissions	Scope 2	Imported Energy (grid electricity)	987.02	2,325.99	2,741.62	1,185.70	225.35
Indirect emissions	Scope 3	T & D Loss	-	208.60	273.80	120.17	21.75
		Employee Commuting (non-paid)	1,327.75	944.69	1,040.17	249.98	115.26
		Waste Disposal	0.13	44.63	37.35	4.59	0.42
		Municipal Water Consumption	9.83	5.99	5.94	2.94	1.36
		Business Air Travel	177.23	-	2.79	4.70	0.00
		Transport locally purchased	-	74.55	17.82	1.46	-
		Total Indirect Emissions	2,501.96	3,612.35	4,132.43	1,569.54	364.14
Total Emissions			2,769.71	4,381.67	5,182.58	1,802.27	2,510.50

Go Green Concept within Branch Network

Marking yet another important milestone in its journey to migrate to green building concept, People’s Leasing launched the “Classique” centre, denoting the first step in People’s Leasing’s endeavour to lead by example in championing environmental sustainability in the local NBF1 sector. Equipped with rainwater harvesting infrastructure, renewable energy systems and free EV charging service to its clientele, the “Classique” centre stands out as the epitome of a modern green building.

Retrofitted under the guidance of co-energi (Private) Limited, an independent specialist provider of sustainable and resource-efficient designs in building engineering services, the “Classique” centre has earned the distinction as Sri Lanka’s 1st EDGE (Excellence in Design for Greater Efficiencies) Certified Green Building.

The EDGE Certification, developed by the International Finance Corporation (IFC), a member of the World Bank Group, sets a benchmark, requiring a minimum projected reduction of 20% in energy use, water use, and embodied energy in materials compared to standard local buildings. To that end, the “Classique” centre’s design for energy efficiency, water conservation, and reduced emissions were independently verified by Transgreen Sustainability Solution - Indian

EDGE auditor and certified by Green Business Certification Inc. (GBCI), establishing the Classique Centre as a pioneering achievement in sustainable building practices in Sri Lanka.

GREEN AWARENESS

Awareness has always been a key component of People’s Leasing’s ESG ethos, promoting the Company to actively engage in creating environmental awareness among employees, customers and the wider community.

As part of this approach, the Company voluntarily allocates LKR. 1/= from company funds for every LKR.1,000/= in new savings deposits received by customers, towards sustainability and ESG education for local community.

A new initiative entitled “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

Through its Green Outreach Projects, People’s Leasing serves as a catalyst for positive environmental change, inspiring individuals and businesses alike to embrace sustainable living practices for the betterment of future generations.

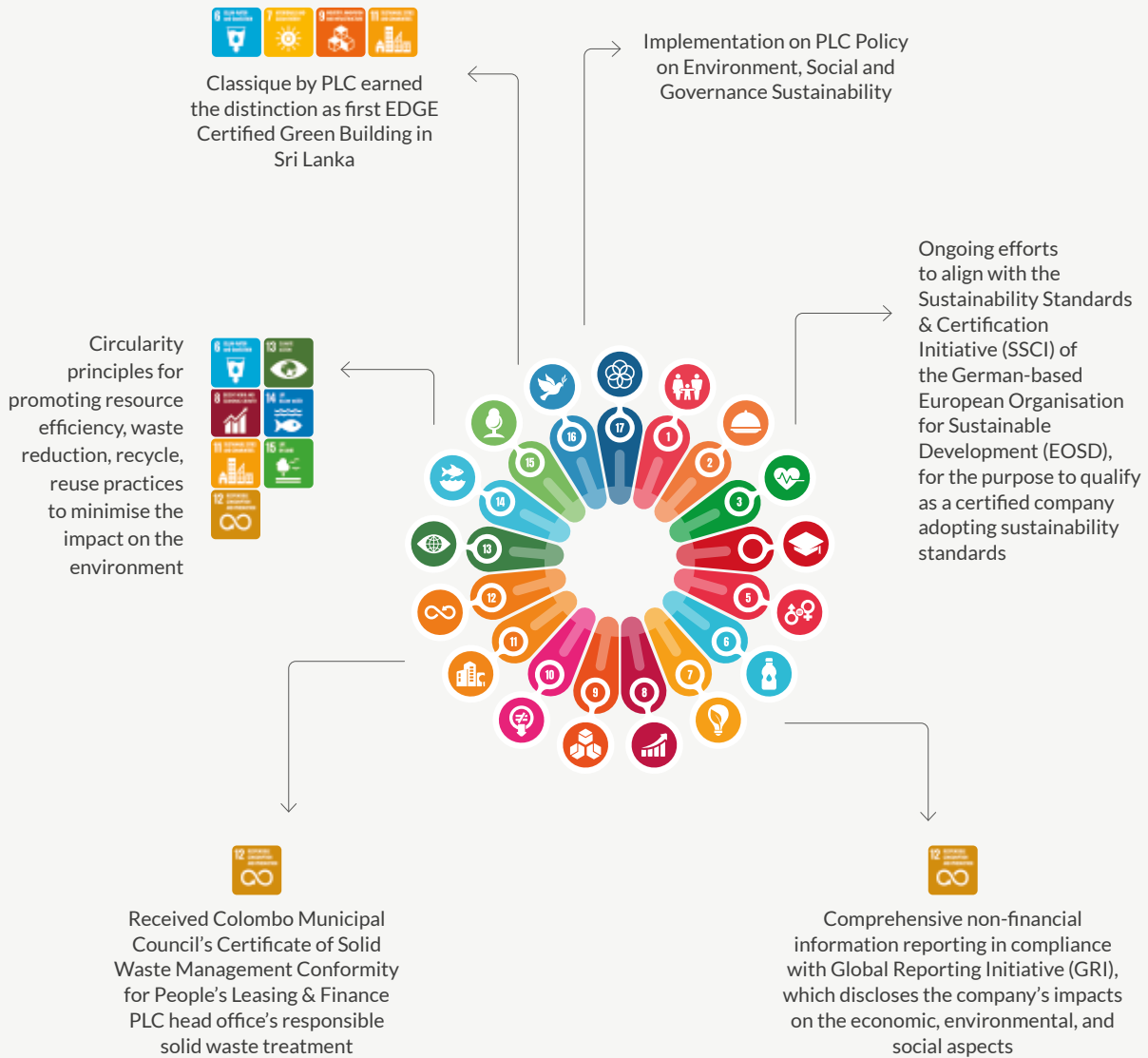
Moreover by actively involving employees and stakeholders in these initiatives, People’s Leasing not only contributes to mitigating environmental degradation but also cultivates a culture of ESG to that end, the Company often leverages partnerships with local environmental organisations, educational institutions, and government agencies, to spearhead initiatives aimed at fostering environmental awareness and promoting the adoption of eco friendly practices and lifestyles.



NATURAL CAPITAL

Migrating to Paperless Operations through Automation

In recent years the Company has made some major strides in system automation, which has resulted in a significant drop in the average daily paper computation and resultant waste. Notable contributors to paper reduction include digital tools implemented over the years, such as E-Memo, E-Signature, Board Pac, Document Scanning, D-Cheque and the E-FD Certificate as well as the E-Learning platform. The most recent PLCORE system implementation which represents the end-to-end automation of the credit approval process has helped to cut average daily paper usage.



Being a financial service provider, People's Leasing's operations are not directly responsible for the depletion of Natural Capital. Nevertheless, as a responsible corporate citizen, the Company has always expressed a strong commitment to sustainable practices which will help mitigate the impact of climate change. This commitment is underscored by a comprehensive Environmental strategy that seeks to embed sustainability into business decisions. The Environmental strategy, which serves as the umbrella

framework for addressing all material environmental concerns applicable to People's Leasing has been formulated to complement the environmental standards and global protocols adopted by the Company.

People's Leasing's a dedicated Sustainable Finance Unit is charged with the responsibility for implementing the Company's ESG strategy and driving continuous improvement.



Patron member of "Biodiversity Sri Lanka Platform"

Since 2013, People's Leasing has proudly served as a Patron member of Biodiversity Sri Lanka (BSL), a national platform exclusively owned and operated by the private sector. Over the past decade, the Company has continued to support BSL's core mission to foster robust corporate engagement in biodiversity and environmental conservation efforts across Sri Lanka. The BSL plays a pivotal role in safeguarding Sri Lanka's delicate ecosystem by advocating for biodiversity-friendly policies and championing positive conservation measures mainly through technical assistance programmes, knowledge sharing, and facilitating dialogue among stakeholders.



Current Progress of the Targets set in F/Y 2022/23

Prioritise sustainable finance by granting financial assistance for green and socially inclusive projects	Commenced
Accelerate process automation through introduction of web based application and digital tools	Commenced
Improve digital infrastructure to reduce customer carbon footprint	Commenced
Continue support on reforestation and climate action projects and promote awareness on biodiversity conservation through CSR initiatives	Commenced
Identify and disclose the both positive and negative environmental related impacts generated through investments	Commenced
Raise awareness regarding Environmental Sustainability and the importance of the ESG consideration among the younger generation, starting from pre-school level	Ongoing
Reduce dependency on National Grid for electricity requirements by ensuring all new branches are powered through renewable energy	Commenced
Enhance digital offering to reduce branch size	Ongoing
Progress towards a lean and agile operating model	Ongoing
Target to meet 75% of energy requirement from renewable sources	Ongoing
Establish social and environmental code of conduct for suppliers	Commenced

Celebration of World Environment Day 2023

In commemoration of the 65th Anniversary of the Finance Houses Association of Sri Lanka (FHA), a massive Island wide tree planting initiative was launched on 05th of June 2023 to coincide with "World Environment Day 2023". The primary objective of this environmental day initiative was to contribute towards the reduction of national carbon footprint by planting the highest number of plants within a single day in collaboration with FHA member companies. The main event took place at Independence Square.



As a fellow member of FHA, People's Leasing extended its support for this environmental initiative with the participation of the Company's branch network in Western, Southern, Central, North Central and Sabaragamuwa provinces around the Country.



Capital Trade-offs

Cost savings resulting from operational efficiencies from energy savings and reduction in paper waste



Recognition as a responsible environmental steward enhances the Company's reputation and industry position



Increased awareness helps to promote eco-friendly lifestyles across the wider community



GREAT Stewardship





Success is built on a foundation of meticulous care and foresight. With a well-crafted game plan, we are prepared for any uncertainties on the road ahead, ready to prove our Partnership, time and time again.

BOARD OF DIRECTORS



1. Mr. Michael Pradeep Amirthanayagam | Non-Executive Non Independent Director/Chairman
2. Mr. Yudhishtan Kanagasabai | Independent Non-Executive Director (Senior Independent Director)
3. Mr. Chanura J. Wijetillake | Non-Executive, Independent Director
4. Mr. U.L. Asoka W. Bandara | Non-Executive, Independent Director
5. Mr. Pravir Dhanoush Samarasinghe | Independent Non-Executive Director
6. Mr. Himashe Isuru Balapatabendi | Non-Independent Non- Executive Director



- 7. Mr. Tishan Manjula Wellalage | Non-Independent Non- Executive Director
- 8. Mr. A. M. P. M. B. Atapattu | Non-Independent Non-Executive Director
- 9. Mr. Udeni Kusumsiri Samararatne | Non Independent Non-Executive Director
- 10. Mr. Clive Fonseka | Non-Executive, Non-Independent Director
- 11. Mr. Azzam A Ahamat | Non Executive Non Independent Director
- 12. Ms. Shaalini Silva | Assistant General Manager/Company Secretary

BOARD OF DIRECTORS



MR. MICHAEL PRADEEP AMIRTHANAYAGAM

Designation

Non-Executive Non-Independent Director/Chairman

Date joined

15 July 2022

Qualifications

- » Fellow Member of the Chartered Institute of Marketing (UK)
- » Associate Member of Trinity College of Music, UK in Speech and Drama (ATCL)

Experience

Over 35 years of experience in the advertising industry

Key Skills

Marketing, Advertising and Media

Current Positions within the People's Leasing Group

- » Chairman of People's Micro-Commerce Ltd
- » Director of Alliance Finance PLC, Bangladesh
- » Director of People's Insurance PLC

Membership in Sub Committees

None

Current positions outside the People's Leasing Group

- » Chairman/ MD of Holmes Pollard & Stott (Pvt) Ltd.
- » Vice President of the Society for the Upliftment and Rehabilitation of Leprosy Affected Persons (SUROL)
- » Director of the Anura Bandaranaike Foundation

Past Positions held / Experience

- » Recognised media icon and news presenter for media networks Rupavahini, ITN and SLBC
- » Interviewer and cricket commentator
- » Trained at Bush House – the headquarters of the BBC in London
- » 50th President of the Rotary Club of Colombo West and was awarded Rotarian of the Year in 2012



MR. YUDHISHTRAN KANAGASABAI

Designation

Independent Non-Executive Director (Senior Independent Director)

Date joined

11 August 2023

Qualifications

Chartered Accountant

Experience

Over 36 years experience in accounting, audit and financial services

Key Skills

Accounting / Audit / Financial Services, including M & A

Membership in Sub Committees

- » Board Audit Committee – Chairman
- » Board Nomination & Governance Committee - Member
- » Board Human Resources and Remuneration Committee - Chairman
- » Board Integrated Risk Management Committee - Member

Current positions outside the People's Leasing Group

- » Independent Director Cargills Bank PLC
- » Director Eswaran Brothers Exports (Private) Limited
- » Director Main Gate (Private) Limited

Past Positions Held/ Experience

- » Chief Executive Officer - PricewaterhouseCoopers
- » Chairman of South Asia Textiles Limited
- » Chairman of Dankotuwa Porcelain PLC
- » Chairman of Union Bank PLC's Audit Committee
- » Director Millennium IT ESP (Pvt) Limited
- » Director Ambeon Capital PLC
- » Director Colombo City Holdings PLC
- » Chairman of Taprobane Capital Plus Limited
- » Commissioner of the Insurance Regulatory Commission of Sri Lanka from May 2018 to November 2018 and December 2018 to November 2019
- » Non-Executive Director at Hunter and Company PLC
- » Non-Executive Director at Lanka Canneries Limited
- » Independent Non-Executive Director at Cargills Ceylon PLC
- » Non-Executive Director at Cargills Food Company Limited
- » Director at Ceylon Tobacco Company PLC



MR. CHANURA J. WIJETILLAKE

Designation

Non-Executive, Independent Director

Date joined

19 February 2020

Qualifications

- » Fellow Member of the Institute of Bankers – Sri Lanka
- » Associate Member of the International Professional Managers Association (UK)
- » Diploma in Management from ICFAI University, India.

Experience

Over 35 years in the banking industry, including 14 years at the Senior Management and the Corporate Management level at Commercial Bank of Ceylon PLC, covering the areas of Lending, Compliance and Branch Administration. He has been instrumental in implementing a risk-based compliance framework and risk-based Compliance Audit System at the Bank.

Key Skills

Banking/Management

Current positions outside the People's Leasing Group

- » Training Resource Person for the Centre for Banking Studies of Central Bank of Sri Lanka.
- » Member of the Sri Lanka Institute of Directors

Membership in Sub Committees

- » Board Nomination & Governance Committee – Chairman
- » Related Party Transactions Review Committee - Member
- » Board Credit Committee - Member
- » Board Investment Committee - Member

Past Positions Held / Experience

- » Member of Commercial Bank's Internal Resource Faculty for its training programmes conducted for Branch Managers and the Credit Officers on Lending.
- » Represented Commercial Bank in several training programmes in Singapore, Hong Kong, Bangladesh, China and Germany
- » Assistant General Manager - Compliance at Softlogic Finance PLC



MR. ASOKA BANDARA

Designation

Non-Executive, Independent Director

Date joined

19 February 2020

Qualifications

Post Graduate Diploma of Marketing (CIM- UK), MBA (University of Colombo)

Experience

Over 36 years of experience in demand generation function and business development in MNCs and leading local corporates, including brand building and development of commercial teams.

Key Skills

Demand Generation and Strategic Management

Membership in Sub Committees

- » Board Audit Committee - Member
- » Related Party Transactions Review Committee – Chairman
- » Board Credit Committee - Member

Current positions outside the People's Leasing Group

- » Group Head of Corporate Affairs & Strategy for Maliban Group of Companies
- » Director of Litro Gas Lanka Ltd,
- » Director of Litro Gas Terminal Lanka Private Ltd,
- » Director of Buildmart Lanka (Pvt) Ltd.
- » Operates a management consultancy services for leading local conglomerates.
- » Corporate trainer specialising in developing team leadership and personality development including overseas assignments
- » Stakeholder Negotiator for leading industry bodies
- » President of the Dairy Association of Sri Lanka (Under Chamber of Commerce)
- » Secretary of Lanka Confectionery Manufacturers Association (LCMA)
- » Executive Committee Member Chamber of Commerce F & B Committee
- » Chairman National Consultative Committee for Dairy under Ministry of Industries

Past Positions held / Experiences

- » MANCOM member of Nestle Lanka PLC
- » Group Managing Director of Delmege Forsyth Group of Companies

BOARD OF DIRECTORS



MR. PRAVIR DHANOUSH SAMARASINGHE

Designation

Independent Non-Executive Director

Date joined

6 November 2023

Qualifications

- » Fellow Member of the Institute of Chartered Accountants of Sri Lanka
- » Fellow Member (FCMA) Chartered 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 specialising in general management.

Key Skills

Finance/Accounting

Membership in Sub Committees

- » Board Audit Committee - Member
- » Board Human Resources & Remuneration Committee - Member
- » Board Integrated Risk Management Committee - Chairman

Current positions outside the People's Leasing Group

- » Director/Chief Executive Officer - Overseas Realty (Ceylon) PLC
- » Director/Chief Executive Officer of Mireka Capital Land (Pvt) Ltd
- » Director/Chief Executive Officer of Mireka Homes (Pvt) Ltd
- » Director/Chief Executive Officer of Havelock City (Pvt) Ltd
- » Director/Chief Executive Officer of Realty Management Services (Pvt) Ltd
- » Director/Chief Executive Officer of Overseas Realty Trading (Pvt) Ltd
- » Director at Swadeshi Industrial Works PLC
- » Director at Swadeshi Chemicals (Pvt) Ltd
- » Director at Swadeshi Marketing (Pvt) Ltd
- » Independent Director of Keells Foods Products PLC

Past Positions Held / Experiences

- » Chairman of the Sri Lanka Institute of Directors
- » Chairman of the Employers' Federation of Ceylon
- » Chairman of the Industrial Association of Sri Lanka
- » Chairman of the Condominium Developers Association of Sri Lanka
- » Chairman of the EFC Affiliated Group of Companies
- » President of the Chartered Institute of Management Accountants Sri Lanka Division and Council Member CIMA (UK)
- » Board Member of the Ceylon Chamber of Commerce
- » Board Member of Sri Lanka Accounting and Auditing Standards Monitoring Board.



MR. HIMASHE ISURU BALAPATABENDI

Designation

Non-Independent Non- Executive Director

Date joined

09 November 2023

Qualifications

Attorney at-Law currently operating a Law Chamber in the practice of Civil and Commercial Law.
LLM from the University of Pittsburgh, Pennsylvania, USA.

Experience

Over 20 years experience in practicing Civil and Commercial Law

Key Skills

Legal

Current Positions within the People's Leasing Group

- » Chairman of People's Insurance PLC
- » Director of People's Bank
- » Director of Alliance Finance PLC Bangladesh

Membership in Sub Committees

- » Board Nomination & Governance Committee

Current positions outside the People's Leasing Group

- » Director of Celio Naturals (Pvt) Ltd.

Past Positions held / Experiences

- » Served as a State Counsel in the Attorney General's Department
- » Diplomat at the Sri Lankan Embassy in the Hague, Netherlands, from 2008 to 2010, where he represented Sri Lanka at the Organisation for the Prohibition of Chemical Weapons and the Hague Convention of Private International Law (HCCH)
- » Appointed Head of Chancery at Sri Lanka's Mission in The Hague, in 2012
- » Appointed as Legal Advisor to the Minister of Investment Promotions
- » Director of Sri Lanka Insurance Corporation
- » Director of Seylan Bank
- » Director of Bank of Ceylon
- » Director of Sri Lanka Ports Authority
- » Director of Colombo West International Terminal (Pvt) Ltd
- » Executive Committee Member of the Bar Association of Sri Lanka
- » Appointed as the Chairman of the Junior National Law Conference in 2007
- » Appointed the Convener of the National Law Conference 2020
- » Elected as the Secretary of the Bar Association of Sri Lanka for the year 2022/23 and 2023/24



MR. TISHAN MANJULA WELLALAGE

Designation

Non-Independent Non- Executive Director

Date joined

03 October 2023

Qualifications

Attorney-at-Law

Experience

Over 20 years experience in private practice and involvement in driving constitutional reforms and increasing community legal awareness. He has also been instrumental in addressing critical legal issues at the national level on behalf of the Ministry of Justice.

Key Skills

Legal

Current Positions within the People's Leasing Group

- » Non-Executive Director of People's Bank
- » Director of Alliance Finance PLC Bangladesh

Membership in Sub Committees

- » Board Related Party Transactions Review Committee - Member

Past Positions Held / Experiences

- » Resource and Research Officer in charge of the Community Based Legal Aid Project spearheaded by the Ministry of Justice.
- » Resource Officer to the Resource, Research and Information Centre (Constitution Affairs) of the Ministry of Justice and Constitutional Affairs.



MR. A. M. P. M. B. ATAPATTU

Designation

Non-Independent Non-Executive Director

Date joined

2 January 2024

Qualifications

BSc in Management (Public Administration) with Second Class Upper Division honours from the University of Sri Jayawardenapura.

Master's Degree in International Development from Flinders University, Australia.

Postgraduate diploma in Economic Development from the University of Colombo

Postgraduate diploma in Development Economy from the Institute of Development Economies, Japan.

Licentiate Certificate from the ICASL, Sri Lanka.

Experience

Over 30 years of extensive experience in Banking, Finance, and Business Administration

Key Skills

Banking/Finance /Business Administration

Current Positions within the People's Leasing Group

Director of People's Bank

Membership in Sub Committees

None

Current positions outside the People's Leasing Group

Secretary to the Ministry of Trade Commerce and Food Security

Past Positions held / Experience

Senior Additional Secretary to the President of Sri Lanka

Director General (Planning) of the Ministry of Education

Deputy Secretary to the Treasury

Director General of the Department of Development, Ministry of Finance.

Treasury Representative on the Board of Investments, People's Bank, Sri Lankan Airlines Limited, Sri Lanka Tea Board, National Lotteries Board, Sri Lanka Savings Bank, Lankaputhra Development Bank, Cooperative Wholesale Establishments, University of Vocational Technology and the Insurance Regulatory Commission of Sri Lanka.

BOARD OF DIRECTORS



MR. UDANI KUSUMSIRI SAMARARATNE

Designation

Non Independent Non-Executive Director

Date joined

2 January 2024

Qualifications

Association of Chartered Certified Accountants UK
Chartered Institute of Management Accountant UK
MBA from the Swiss Business School in Zurich Switzerland
Higher Diploma in International Relations from the Bandaranaike Centre for International Studies
Diploma in Professional Diplomacy and World Affairs from the Bandaranaike International Diplomatic Training Institute.
Master's qualification in Financial Economics from the University of Colombo.

Experience

Over 35 years experience as a senior finance professional

Key Skills

Finance/International Relations/Financial Economics

Current Positions within the People's Leasing Group

Director of People's Bank

Director of Alliance Finance PLC - Bangladesh

Membership in Sub Committees

None

Current positions outside the People's Leasing Group

- » Chairman People's Travel Pvt Ltd
- » Director of National Credit Guarantee Corporation

Past Positions held/ Experience

Chief Financial Officer at Sri Lanka Telecom PLC
Senior positions at leading local entities including Lanka Ashok Leyland PLC, Kelani Tyres PLC, ACME PLC, and Richard Pieris PLC, as well as multinational corporations such as Noritake of Japan, Ferrero of Luxembourg and CEAT of India.



MR. CLIVE FONSEKA

Designation

Non-Executive, Non-Independent Director

Date joined

19 February 2020

Qualifications

- » Fellow Member of the Institute of Bankers of Sri Lanka
- » Master's Degree in Business Administration from the Postgraduate Institute of Management of University of Sri Jayawardenepura.
- » Distinction for the ACI Dealing Certificate
- » Certified Member (CMA) of the Institute of Certified Management Accountants of Australia.

Experience

More than 29 years experience, including over 12 years as a member of People's Banks' Senior Corporate Management team in the capacity of Deputy General Manager overseeing the Foreign Exchange operations, activities of the Primary Dealer Unit, Investment Banking Unit and USD & LKR Money Market operations.

Key Skills

Banking/ Finance

Current Positions within the People's Leasing Group

- » Chief Executive Officer/General Manager of People's Bank-Chairman of People's Leasing Property Development Limited
- » Director LankaPay (Pvt) Limited

Membership in Sub Committees

- » Board Investment Committee – Chairman
- » Board Human Resources and Remuneration Committee - Member

Past Positions held / Experience

- » President of the Association of Primary Dealers during the period of 2018 to 2020
- » Member of the National Payment Council
- » Member Financial System Stability Consultative Committee task force to study and design a new alternative benchmark interest rates
- » Member of the Market Working Group on Domestic Financial Market Infrastructure Development Project of Central Bank of Sri Lanka.
- » Chief Examiner for Institute of Bankers of Sri Lanka's IABF/DABF Examinations
- » Director of Alliance Finance PLC - Bangladesh
- » Served in senior positions at American Express Bank and Standard Chartered Bank



MR. AZZAM A AHAMAT

Designation

Non Executive Non Independent Director

Date joined

30 December 2019

Qualifications

- » Fellow Member (FCMA) of the Chartered Institute of Management Accountants (UK)
- » Fellow Member (FCCA) of the Association of Chartered Certified Accountants (UK)
- » Fellow Member of the Institute of Certified Management Accountants of Sri Lanka
- » Associate Membership of The Institute of Chartered Accountants of Sri Lanka
- » Certified Practicing Accountant (AUST.)
- » Technical specialist in Institute of Risk Management - London
- » Certified Member of Chartered Institute of Credit Management - London

Experience

Over 22 years' experience both locally and internationally across strategic financial management, alternate investments and risk.

Key Skills

Finance/Risk/Credit Management

Current Positions within the People's Leasing Group

- » Head of Finance of People's Bank
- » Director of People's Insurance PLC
- » Director of Alliance Finance PLC, Bangladesh
- » Member of the Financial Reporting Standards Implementation and Interpretation Committee of CA Sri Lanka.

Membership in Sub Committees

- » Board Credit Committee - Chairman
- » Board Investment Committee – Member
- » Board Integrated Risk Management Committee - Member

Current positions outside the People's Leasing Group

- » Director of People's Travels (Pvt) Ltd

Past Positions held/ Experience

Worked at some of the largest multinational professional service firms, and Tier I service providers across a multitude of sectors and market spaces.



MS SHAALINI SILVA

Designation

Assistant General Manager/Company Secretary

Date of joined

15 July 2021

Qualification

Associate Member of the Institute of Chartered Secretaries and Administrators UK (now known as Chartered Governance Professional of the Chartered Governance Institute UK).

Graduate of the Institute of Chartered Corporate Secretaries of Sri Lanka.

Bachelor of Arts Degree - University of Colombo.

Experience

Over 20 years of experience in Corporate Secretarial functions in both Private and Public Quoted Companies, Guarantees and Associations.

Key Skilled

Corporate Secretarial / Governance and Company Registrar functions.

Current Positions within the People's Leasing Group

AGM/Company Secretary

Functions as the Company Secretary to

- » People's Leasing Fleet Management Limited
- » People's Leasing Property Development Limited
- » People's Leasing Havelock Properties Limited
- » People's Micro Commerce Ltd (upto 1st March 2024)

Secretary to Sub Committees

Board Nomination & Governance Committee
 Board Related Party Transactions Review Committee
 Board Human Resources & Remuneration Committee
 Board Investment Committee
 Board Credit Committee
 Special Board Steering Committees

CORPORATE MANAGEMENT



MR. UDESH GUNAWARDENA

Designation

Chief Operating Officer/Acting Chief Executive Officer

Date joined

September 1999

Qualifications

ACA, ACMA (Sri Lanka), Dip. in Treasury, Investments and Risk Management (IBSL).

Experience /Skills

Over 25 years' experience at senior levels in Finance, with particular emphasis on Accounting, Auditing, Financial Management, Treasury and Operations.

Positions held in People's Leasing Group

Served as CEO and the Company Secretary of Alliance Finance PLC Bangladesh on a secondment basis, DGM - Internal Audit at People's Leasing & Finance PLC and Secretary to the BAC of People's Leasing & Finance PLC, COO, Chairman of MCC.

Current positions

Acting CEO of People's Leasing & Finance PLC, Non-Executive Director Alliance Finance PLC, Bangladesh.

Membership in Management Committees/Sub Committees

Chairman of the MCC
 Chairman of the ALCO
 Member of the EIRMC
 Chairman of the ITSC
 Chairman of the ISC



MR. LIONEL FERNANDO

Designation

Senior Deputy General Manager/Head of Strategic Planning

Date joined

December 1995

Qualifications

ACA, ACMA, AIB(S.L.), PG Dip BFM, APBSL

Experience /Skills

Over 36 years' experience in Banking and Finance sector and held various senior positions. Very first employee of the People's Leasing Company. (Founder Employee of the Company)

Positions held in People's Leasing Group

DGM - Operations, SDGM - Operations

Current positions

Director/GM - People's Havelock Properties Ltd, Director-National Railway Museum Guarantee Ltd.

Membership in Management Committees/Sub Committees

None



MR. PRABHATH GUNASENA

Designation

Senior Deputy General Manager / Chief Information Officer

Date joined

May 1999

Qualifications

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 29 years of experience in Finance and ICT, inclusive 24 years of experience in the Banking and Finance sector.

Have been able to implement IT solutions to international standards to deliver best customer experience in the industry with all controls and industry's standards at the core which led to winning international and local awards for innovations and excellence.

Positions held in People's Leasing Group

Held various key roles as the Head of ICT to the entire group of PLC.

Current positions

SDGM / Group CIO

Membership in Management Committees/Sub Committees

Member of the ITSC
Member of the ISC
Member of the EIRMC



MR. RANIL PERERA

Designation

Deputy General Manager - Risk and Control

Date joined

October 1999

Qualifications

MA in Regional Development and Planning (Colombo), MBA (Manipal), PG Dip. in Economic Development (Colombo), B.Com (Special) International Trade (Sri Jayewardenepura), part qualifications from the CIM (UK) and CA Sri Lanka.

Experience /Skills

Over 24 years' experience in the fields of Branch Management, Recoveries, Operations, Credit Administrations and Credit Management, Risk and Control.

Positions held in People's Leasing Group

AGM Recoveries

Current positions

DGM -Risk and Control / Chief Risk Officer

Membership in Management Committees/Sub Committees

Member of the ALCO
Member of the MCC
Member of the ITSC
Chairman of the EIRMC

CORPORATE MANAGEMENT



MS. SHERINE DABARERA

Designation

Deputy General Manager - Legal

Date joined

January 2022

Qualifications

LL. M in International Business Law (Distinction/ Gold Medalist)
University of Staffordshire, UK 2021

LL. B University of Colombo 2001

Attorney-at-Law of the Supreme Court of the Democratic Socialist Republic of Sri Lanka, Notary Public of Colombo and registered Company Secretary.

Experience /Skills

Over 20 years of experience in Legal, Regulatory, and Corporate Affairs in diversified and multi-jurisdictional projects in Banking and Finance, Telecommunication and Investment sectors in Sri Lanka and the UK.

Specialised in International Business Law, with a focus on Corporate Finance Law, Transnational Corporate Governance, Information and Communication, Technology Law, Intellectual Property Law, International Labour Law and expertise in Corporate Law.

Positions held in People's Leasing Group

AGM - Legal

Current positions

DGM - Legal

Membership in Management Committees/Sub Committees

None



MR. OMAL SUMANASIRI

Designation

Deputy General Manager - Finance

Date joined

September 2010

Qualifications

B B Mgt (Accountancy) - First Class (University of Kelaniya)
ACA, ACMA

Experience /Skills

Over 20 years' experience in the fields of Accounting, Auditing, Corporate Finance and Treasury.

Positions held in People's Leasing Group

AGM - Finance

Current positions

DGM -Finance

Investor Relations Officer of People's Leasing & Finance PLC

Non-Executive Director of People's Micro-Commerce Ltd.

Membership in Management Committees/Sub Committees

Member of the ALCO



MR. NEIL THUSHANTHA

Designation

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 24 Years of experience in Credit, Recoveries, Marketing, Fund Mobilization, Branch Operation & Branch Network Development. Involve with Credit Analysis, Business Development, Strategic Planning and Strategic Planning Processes.

Worked as an Assistant Vice President of a Non-Banking Financial Institution for 08 years.

Positions held in People's Leasing Group

Served as CM – Branch Network at People's Leasing & Finance PLC.

Current positions

AGM – Branch Network at People's Leasing & Finance PLC.

Director of People's Micro-commerce Ltd.



MR. GANESAN THUSHYANTHAN

Designation

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 Ddip. in Computer Software Engineering London TEC International.

Experience /Skills

Over 21 years in Leasing & Finance Industry

Worked as Assistant Lecturer at Department of Economics, University of Colombo (From 2002 to 2004).

Positions held in People's Leasing Group

SM Branch Operations - North and East Region

Current positions

AGM - Branch Network at People's Leasing & Finance PLC.

Membership in Management Committees/Sub Committees

Member of the ALCO

Member of the MCC

CORPORATE MANAGEMENT



MR. NALIN DE SILVA

Designation

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 27 years' experience in Credit, Marketing, Recoveries, Branch and Branch Operations at People's Leasing & Finance PLC.

Positions held in People's Leasing Group

SM - Branch Operations -North Western Province

Current positions

AGM - Recoveries

Membership in Management Committees/Sub Committees

Member of the MCC



MR. AMINDA RAJAPAKSA

Designation

Assistant General Manager - Internal Audit

Date joined

March 2005

Qualifications

B.com Special from University of Sri Jayewardenepura

Experience /Skills

Over 20 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

AGM - Internal Audit

Membership in Management Committees/Sub Committees

Secretary to the BAC



MR. RAJIV DAVID

Designation

Assistant General Manager – Branding & Communication

Date joined

June 2023

Qualifications

MBA –Manipal , DipM- CIM UK, CMA (AUS), Chartered Marketer, MSLIM

Experience /Skills

More than 15 years of experience in Marketing, Marketing Communication and Digital Marketing, including six plus years in the Banking and Finance industry.

Positions held in People's Leasing Group

None

Current positions

AGM – Branding & Communication

Membership in Management Committees/Sub Committees

None



MS. ZAIRAA KALEEL

Designation

Assistant General Manager – Compliance

Date joined

September 2020

Qualifications

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 20 years of extensive experience spanning across diverse sectors of the financial intermediaries, including Banks, Finance Companies, Margin Providers and Stock Brokers. Cultivated a profound understanding of compliance, Risk Management, and Information Governance.

Positions held in People's Leasing Group

SM – Compliance / Information Officer (RTI ACT)

Current positions

AGM – Compliance / Information Officer (RTI ACT)

Membership in Management Committees/Sub Committees

Member of the Product Development Committee

Member of the ISC

Member of the EIRMC

Representing PLC as the Alternate, to the Council of the Finance House Association of Sri Lanka.

CORPORATE MANAGEMENT



MR. VAJIRA RAMANAYAKE

Designation

Assistant General Manager - Credit

Date joined

September 2002

Qualifications

MBA (Sikkim Manipal University, India), CMA (Australia), MCIM (UK), FICM (SL), Intermediate Banking Diploma (IBSL)

Experience /Skills

With over 28 years of extensive experience in the Banking, Leasing & Finance sectors, encompassing proficiency in Bank Operations, Financial Product Marketing, Recovery Operations, Corporate Credit, Branch Management, Micro-finance, Marketing, Brand Management, and Loan and Lease Credit Approval.

Positions held in People’s Leasing Group

CM - Operations

Current positions

Chief Credit Officer

Chairman Premier Awards Committee

Manager Athletics, Badminton, Table Tennis

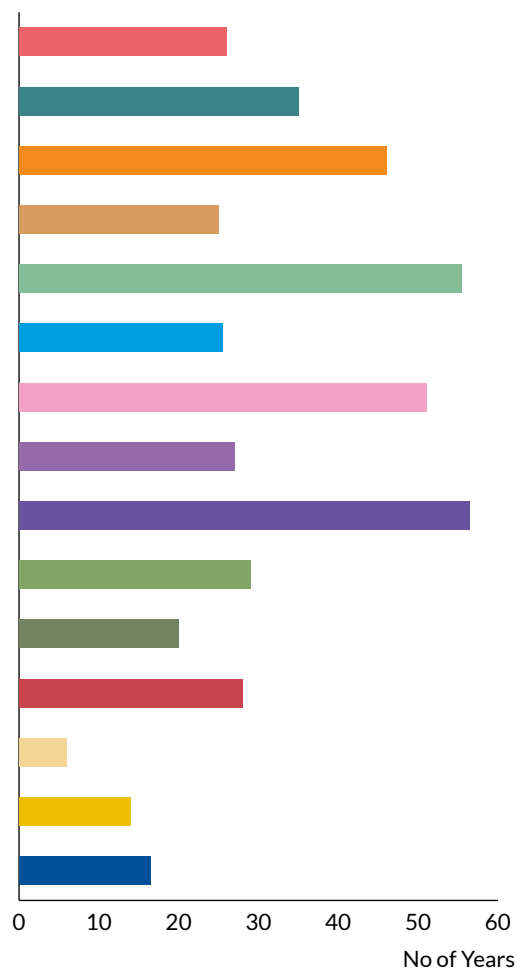
Membership in Management Committees/Sub Committees

Chairman MCC

Member of ALCO

Member of EIRMC

Years of combined experience across skill areas of Corporate Management.



- Auditing/Business Process re-engineering
- Accounting & Finance/Corporate Finance
- Marketing
- Branch Operations
- Branch Network Operations
- Fixed Deposits & savings /Fund Mobilization
- Credit
- Recoveries (Branch Level)
- Recoveries (Overall Network)
- Information Technology
- Legal & Regulatory
- Corporate Credit
- Micro Financing
- Bank Operations/Treasury
- Compliance/Risk & Control

CORPORATE GOVERNANCE REPORT

GRI 2-13



In a fast-paced interconnected world, the significance of robust corporate governance cannot be overstated. It serves as a compass, guiding us through the complexities of an ever-evolving business landscape, while safeguarding our values and principles. Moreover, it instills confidence among our investors, partners, and customers, reinforcing our commitment to ethical conduct and long-term value creation.

CHAIRMAN'S INTRODUCTION

At People's Leasing & Finance PLC, we consider corporate governance as the bedrock upon which our organisation's success and sustainability rests as it encapsulates the principles, processes, and practices that guide our decision-making, foster accountability, and ensures alignment with the interests of all our stakeholders.

In today's fast-paced and interconnected world, the significance of robust corporate governance cannot be overstated. It serves as a compass, guiding us through the complexities of an ever-evolving business landscape, while safeguarding our values and principles. Moreover, it instills confidence among our investors, partners, and customers, reinforcing our commitment to ethical conduct and long-term value creation.

BOARD PRIORITIES FOR 2023/24

Considering the changes in our immediate operating environment, especially the fast evolving regulatory landscape and its influence on the local non-banking financial institutions, the Board and its Committees continued to be deeply involved in enhancing the robustness of the internal control framework.

We focused in particular on aligning with the new corporate governance rules issued by the CSE for listed entities, with special emphasis on early adoption ahead of the set time lines resulting in several new governance and conduct policies implemented in the current financial year.

Furthermore, well aware of the challenges and opportunities in the Sri Lankan economy and the fast evolving local financial services industry, the Board proactively evaluated business risks, with necessary steps taken to guide the corporate management towards continuous enhancement of stakeholder value. We also began focusing deliberately on the addressing of ESG matters, with a view to positioning People's Leasing as a sustainability champion within the local NBF sector.

BOARD DECLARATION

As Chairman of the People's Leasing and Finance PLC Board, I confirm that all Directors individually and collectively have performed their duties effectively underscored by the principles of fairness, accountability, integrity, and transparency. Further I wish to declare that People's Leasing & Finance PLC (People's Leasing) Board of Directors, Corporate Management and employees

have complied in full with the principles of good governance as set out by the regulatory frameworks applicable, the Finance Business Act Direction No. 5 of 2021, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) as well as the Company's own internal constitutional mandates.

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.

VALUE CREATION THROUGH GOOD GOVERNANCE

People's Leasing and Finance PLC recognises that good governance goes hand in hand with effective strategy execution for the purpose of safeguarding the long term sustainability of the Company. To that end, the People's Leasing Board remains fully committed to high standards of governance that are consistent with regulatory requirements and evolving best practices.

This holistic approach aims to ensure the Company's businesses and affairs are managed in a responsible and ethical manner, to assist with the creation of value in the short, medium and long term, for the benefit of all stakeholders of the Company.

VALUES CREATION OUTCOMES DERIVED THROUGH CORPORATE GOVERNANCE

Culture

Ethical culture means ensuring that the company entrenches its values in its decision-making, conduct and the relationships between the organisation, its stakeholders and the broader society.

Adequate and effective control

Adequate and effective control refers to the implementation of structures, people and processes to ensure the integrity of information used for internal decision-making and the integrity of financial and non-financial information that it reports.

Performance and value creation

Performance and value creation reflect an organisation's achievements relative to its strategic objectives, and its outcomes in terms of its effect on people, planet and profit.

Trust, good reputation and legitimacy

Trust, good reputation and legitimacy mean that the company realises that it must be a good corporate citizen that plays an integral part in broader society.

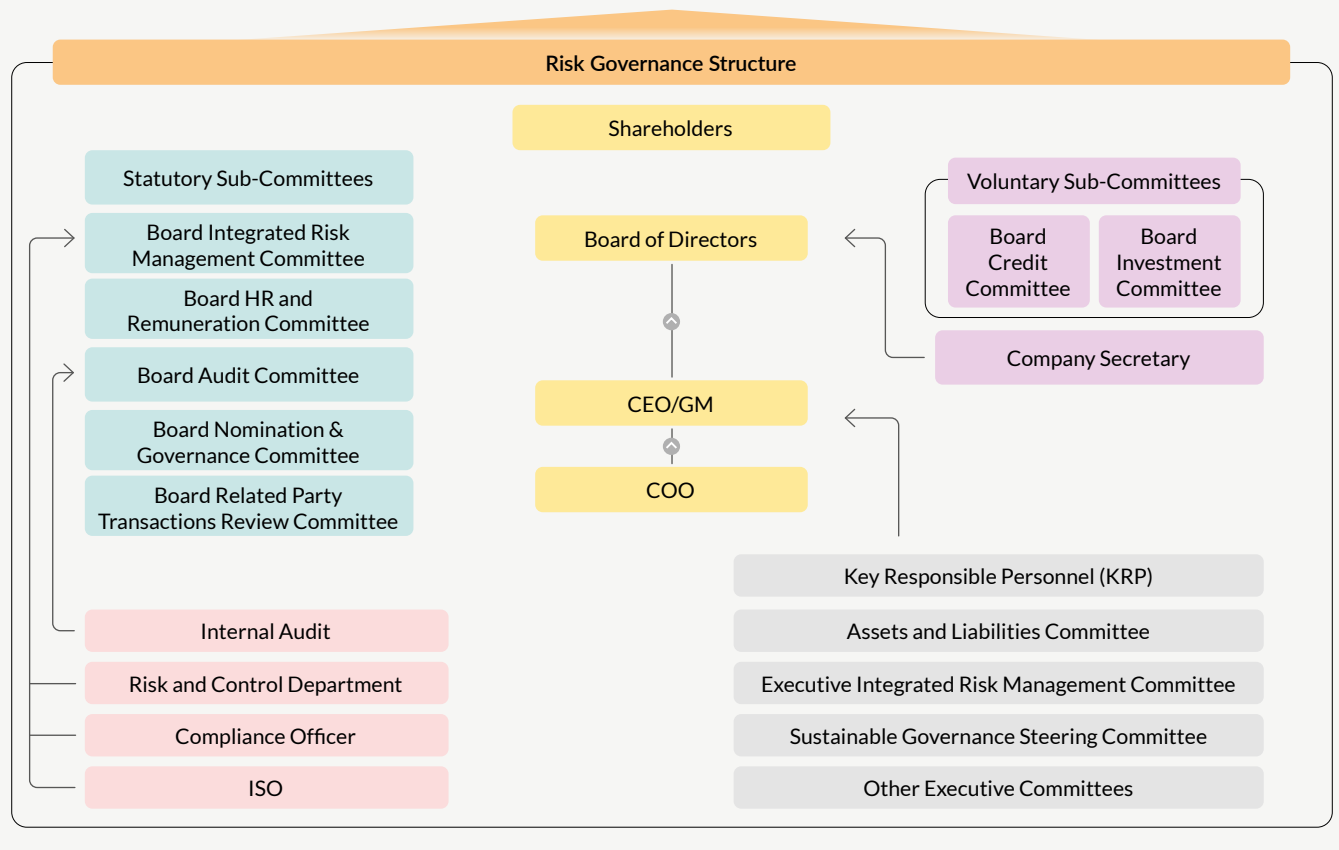
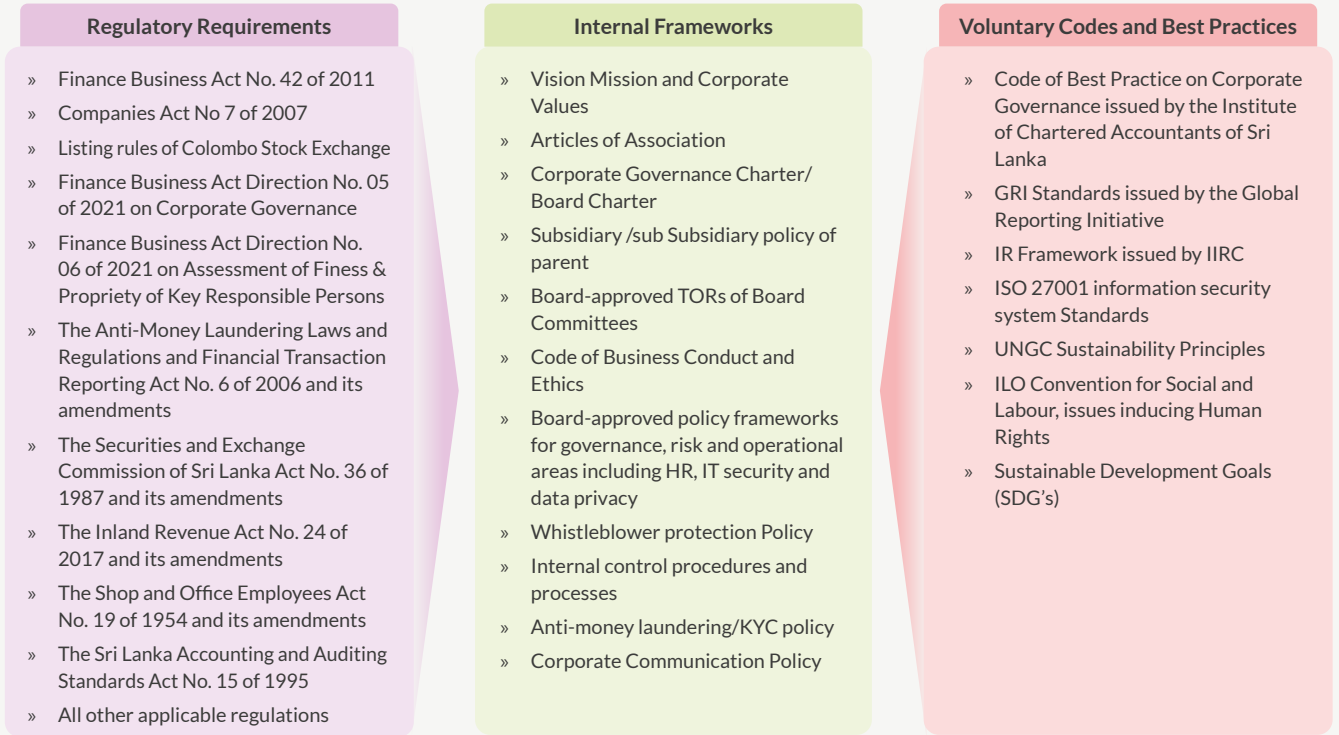
CORPORATE GOVERNANCE REPORT

Corporate Governance Framework

GRI 2-9

CORPORATE GOVERNANCE FRAMEWORK

A comprehensive corporate governance framework including well defined governance structures provides the foundation for People's Leasing to meet its statutory and regulatory requirements and to promote accountability, transparency and balanced decision-making in the day to day operations at all levels of business.



THE BOARD

The People’s Leasing Board, as the highest governing body in the organisation, bears the ultimate responsibility for the management and administration of the Company. The Board provides strategic direction by setting the vision, mission and values of the Company and assumes the responsibility for establishing a suitable control environment to ensure the Company is managed sustainably in order to meet stakeholder deliverables over the short, medium and long term.

BOARD COMPOSITION

The composition of the People’s Leasing Board is governed by the Company’s Articles of Association, the Finance Business Act No. 5 of 2021 on Corporate Governance as well as the Listing Rules of Colombo Stock Exchange.

The Company is governed by a strong and well balanced Board, composed fully of Non-Executive Directors who bring a mix of business skills, experience and diverse perspectives. As at 31st March 2024, the People’s Leasing Board comprised 11 Non-Executive Directors, of whom 04 were Independent Non Executive Directors.

All Directors on the People’s Leasing Board are all professionals who bring diverse industry perspectives to effectively challenge Board decisions to protect the interests of the Company and its stakeholders.

The composition of the current Board of People’s Leasing & Finance PLC is deemed appropriate in promoting accountability and encouraging healthy, constructive debate and decision-making while meeting regulatory requirements.

Complete Board Profiles are available on pages 162 to 169

BOARD DIVERSITY

The Company considers Board diversity critical to the effective functioning of the Board. Accordingly, the Board Chairman works closely with the Nomination & Governance Committee to promote gender diversity at board level and also focuses on other diversity attributes relating to age, knowledge, skills and expertise.

Accordingly, when board vacancies arise, potential candidates are considered on merit with due regard to skill, acumen, qualifications, experience and ethical behaviour along with the contribution towards enhancing age and gender diversity at Board level.

Board Diversity Indicators

Board Size

Maintaining an appropriate board size fosters accountability and encourages robust, constructive debate and decision-making, all while ensuring compliance with regulatory standards.

11

Board Compositions

Independent Directors 04

Non- Executive Directors (Including Chairman) 07

Gender Diversity

Male - 12 During the FY 2023/24

Female - 2 During the FY 2023/24

Independence

36%

of the Board is independent

Age Diversity:

Balance in experience and expertise

Age Group	Number
45-50	2
50-55	1
55-60	4
60-66	4

Expertise

Experienced board: Pooling expertise and skills that directly pertain to the Group’s operations and objectives

Area	No. of Directors
Legal	2
Marketing	2
Finance	6
Banking	3

CORPORATE GOVERNANCE REPORT

APPOINTMENT / RE-ELECTION / RESIGNATION OF DIRECTORS

Appointments to the Board are based on recommendations made by the Nomination & Governance Committee considering the Board diversity indicators in respect of skills, knowledge, experience, gender and age. Once concurred by Board, the names of potential Board appointees are referred to the Central Bank of Sri Lanka (CBSL) for determination under the “fit and proper” criteria for Directors of financial institutions.

As per the Finance Business Act No. 5 of 2021 on Corporate Governance as well as the Listing Rules of Colombo Stock Exchange, a Director who has served on the Board for a term of nine (9) years or reaches the age limit of seventy (70) years, 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.

A Director appointed by the Board to fill a casual vacancy that has arisen since the previous AGM, is eligible to offer himself or herself for re-election at the next AGM.

Appointments are communicated to the CSE and shareholders through press releases which include a brief CV of the Director. Similarly resignations or removal of Directors, if any, are informed to the CSE with appropriate reasons.

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

All Directors are expected to allocate sufficient time and efforts towards executing their duties as a member of the People’s Leasing Board, including by participating in Board meetings and contributing knowledge,

expertise and independent judgment on Board matters.



Conflicts of Interest

Directors are expected to exercise utmost good faith, honesty and integrity by notifying the Board in writing regarding any conflicts of interest they may have in relation to items of business or other Directorships. Such matters are recorded in the Directors’ Interests Register maintained under the custody of the Company Secretary. In the event an item discussed at a Board meeting is deemed to present a conflict of interest for a particular Director, the respective Director is expected to recuse himself / herself from participating in any discussions on the matter. All Directors are also required to participate in the annual Board evaluation process.

The Related Party Transactions Review Committee periodically evaluates all items in the Directors’ Interests Register in line with the Company’s Related Party Transactions Policy and in compliance with the relevant regulations.

Moreover, in line with the Code of Conduct & Ethics for Directors, any and all 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

The annual assessment of Directors independence conducted by the Nomination & Governance Committee revealed that all Independent Non-Executive Directors on the People’s Leasing Board were independent in character and judgment, with no relationships or circumstances that affected, or could impede their independence.

Selection of Directors

Applicable Policies

- » Selection and appointment of Directors and Senior Management (KRPs)
- » Procedure for Selection appointment Nomination Re-election evaluation and continuation of Directors

Governing Bodies

- » Board of Directors
- » Board Nomination & Governance Committee

Managing Conflicts of Interest

Applicable Policies

- » Related Party Transaction Policy

Governing Bodies

- » Board of Directors
- » Related Party Transactions Review Committee

Board Refreshment Update - 2023/24

New Appoinment

Mr. Y. Kanagasabai	11.08.2023
Mr. Pravir Samarasinghe	6.11.2023
Mr. Manjula Wellalage	03.10.2023
Mr. Isuru Balapatabendi	9.11.2023
Mr. A.M.P.M.B.Atapattu	2.1.2024
Mr. U.K.Samararatne	2.1.2024

Resignations

Ms. Coralie Pietersz	05.07.2023
Mr. Rohan Pathirage	18.10.2023
Ms. G.M.Roshini P. Wijerathna	05.09.2023

Re-elections

Mr. Y. Kanagasabai	28.06.2024
Mr. Pravir Samarasinghe	28.06.2024
Mr. Manjula Wellalage	28.06.2024
Mr. Isuru Balapatabendi	28.06.2024
Mr. A.M.P.M.B.Atapattu	28.06.2024
Mr. U.K.Samararatne	28.06.2024

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.

Name of Directors	Board seats held in Listed Companies	Board seats held in Unlisted Companies
Mr. Michael Pradeep Amirthanayagam (Non-Executive Non-Independent Director / Chairman)	Non-Executive Capacity » People's Insurance PLC	Executive Capacity » Holmes Pollard & Stott (Pvt) Ltd. Non-Executive Capacity » Alliance Finance PLC - Bangladesh » People's Micro - Commerce Ltd.
Mr. Yudhishtan Kanagasabai (Non-Executive Independent Director - Senior Independent Director)	Non-Executive Capacity » Cargills Bank PLC	Non-Executive Capacity » Eswaran Brothers Exports (Private) Limited » MainGate (Private) Limited
Mr. Pravir Dhanoush Samarasinge (Non-Executive Independent Director)	Executive Capacity » Overseas Realty (Ceylon) PLC Non-Executive Capacity » Keells Foods Products PLC » Swadeshi Industrial Works PLC	Executive Capacity » Mireka Capital Land (Pvt) Ltd » Mireka Homes (Pvt) Ltd » Havelock City (Pvt) Ltd » Realty Management Services (Pvt) Ltd » Overseas Realty Trading (Pvt) Ltd Non-Executive Capacity » Swadeshi Chemicals (Pvt) Ltd » Swadeshi Marketing (Pvt) Ltd
Mr. Chanura Jayanta Wijethilake (Non-Executive Independent Director)	N/A	N/A
Mr. Upul Lakshman Asoka Wickramasinghe Bandara (Non-Executive Independent Director)	N/A	Non-Executive Capacity » Litro Gas Lanka Ltd » Litro Gas Terminal Lanka (Private) Ltd » Buildmart Lanka (Pvt) Ltd
Mr. Tishan Manjula Wellalage (Non-Executive Non-Independent Director)	N/A	Non-Executive Capacity » People's Bank » Alliance Finance PLC - Bangladesh
Mr. Himashe Isuru Balapatabendi (Non-Executive Non-Independent Director)	Non-Executive Capacity » People's Insurance PLC	Executive Capacity » Celio Naturals (Pvt) Ltd » BL Logistics (Pvt) Ltd Non-Executive Capacity » People's Bank » Alliance Finance PLC - Bangladesh
Mr. A.M.P.M.B. Atapattu (Non-Executive Non-Independent Director)	N/A	Non-Executive Capacity » People's Bank
Mr. Heenkende Mudiyanse Udeni Kusumsiri Samararatne (Non-Executive Non-Independent Director)	N/A	Non-Executive Capacity » People's Travels (Pvt) Ltd » People's Bank » Alliance Finance PLC - Bangladesh
Mr. Kurukulasuriya Canicious Joachim Clive Fonseka (Non-Executive Non-Independent Director)	N/A	Non-Executive Capacity » People's Leasing Property Development Limited
Mr. Mohammed Azzam Ali Ahamat (Non-Executive Non-Independent Director)	Non-Executive Capacity » People's Insurance PLC	Non-Executive Capacity » Alliance Finance PLC - Bangladesh

CORPORATE GOVERNANCE REPORT

DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND CEO

There is a clear division of responsibility between the position of Chairman of People’s Leasing Board and Company CEO. The roles and responsibilities of the Chairman and the CEO are clearly defined in the Board Charter so as to ensure no one individual has unfettered powers in regard to the business affairs of the Company.

The Chairman of the People’s Leasing Board who functions in a Non-Executive capacity, is primarily responsible for ensuring Board meetings are held regularly and for leading the Board in the discussion of all Board matters. The Chairman ensures the Board as a whole functions effectively by promoting open and constructive debate and effective contributions from individual Directors with sufficient time allocated to key issues.

The Chairman is also tasked with developing an effective working relationship with the CEO.

The Chairman oversees the induction of all new Directors, ensuring all Directors have the opportunity to continually refresh their skills and knowledge.

The CEO operates subject to the limits of authority established by the Board and is responsible for the management of the Company’s day to day business in line with the strategy and economic, social and environmental goals agreed by the Board. The CEO leads the Corporate Management Team in providing clear leadership and oversight to ensure the day-to-day operations of the Company are conducted in a responsible and ethical manner; the duties and responsibilities of the CEO include;

- » Execution of business strategies and initiatives adopted by the Board
- » Monitoring of operating budgets adopted by the Board
- » Implementation of adequate systems of risk management and internal control to ensure the Group is managed in line with the Board approved strategy and budgets
- » Presentation of the annual and interim financial statements for Board approval before public reporting
- » Compliance with relevant statutory requirements, rules and regulations
- » Ensuring appropriate stakeholder engagement mechanisms are in place to

Role	Responsibility
Chairman	Leads the Board and ensures the integrity and effectiveness of the board and its committees. Ensures high standards of corporate governance and ethical behaviour.
Senior Independent Director	Serves to support the Chairman and an intermediary for other Independent/Non Executive Directors and Shareholders. Upholds transparency in Governance, managing Conflicts of Interest and ensuring an ethical sound governance culture within the Board
Non-Executive Director	Provides independent judgment on Board matters, Supports the Chairman, acts as a sounding board, and is available as a trusted Intermediary, especially in matters relating to conflict of interest
CEO	Responsible for managing the day to day business in line with the strategies and objectives approved by the Board Ensuring the Board receives accurate, timely and clear information about the Company’s performance.

support regular and ongoing dialogue with key stakeholders

- » Actively and energetically participate at Board Meetings and support all recommendations submitted for Board approval and in the event the recommendations are not approved by the Board, to make arrangements to amend proposals in line with the approved policies, strategies and accepted business norms.
- » Avoid conflicts of interest as far as possible
- » Establishing a management structure that promotes accountability and transparency across business operations and preserves the effectiveness and independence of control functions
- » Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behaviour.

BOARD RESPONSIBILITY FOR ESTABLISHING A CONTROL ENVIRONMENT

Compliance and Best Practices

The responsibility for ensuring the Company’s compliance with governance and legislative requirements, as well as the adoption of best practices, ultimately falls on the People’s Leasing Board. To fulfil this responsibility effectively, the Board has taken several measures, including appointment of a dedicated Compliance Officer and establishment of an independent Compliance Department specifically for compliance oversight.

This Compliance Department is tasked with monitoring and ensuring adherence to all relevant laws and regulations with routine due diligence conducted to verify compliance at all levels. Additionally, close collaboration occurs between the Compliance department, Internal Audit, and other relevant departments to identify any compliance gaps. The Compliance Officer presents a comprehensive compliance report to both the Board Audit Committee and the Board of Directors, highlighting any areas where compliance may be lacking. This ensures that appropriate actions can be taken promptly to address any identified issues.

During the year, the Financial Intelligence Unit of CBSL imposed a penalty of LKR 500,000.00 on the Company due to an operational lapse. Subsequently, the Company has implemented new controls to reinforce the control environment, and its effectiveness was confirmed through an independent verification by external auditors.

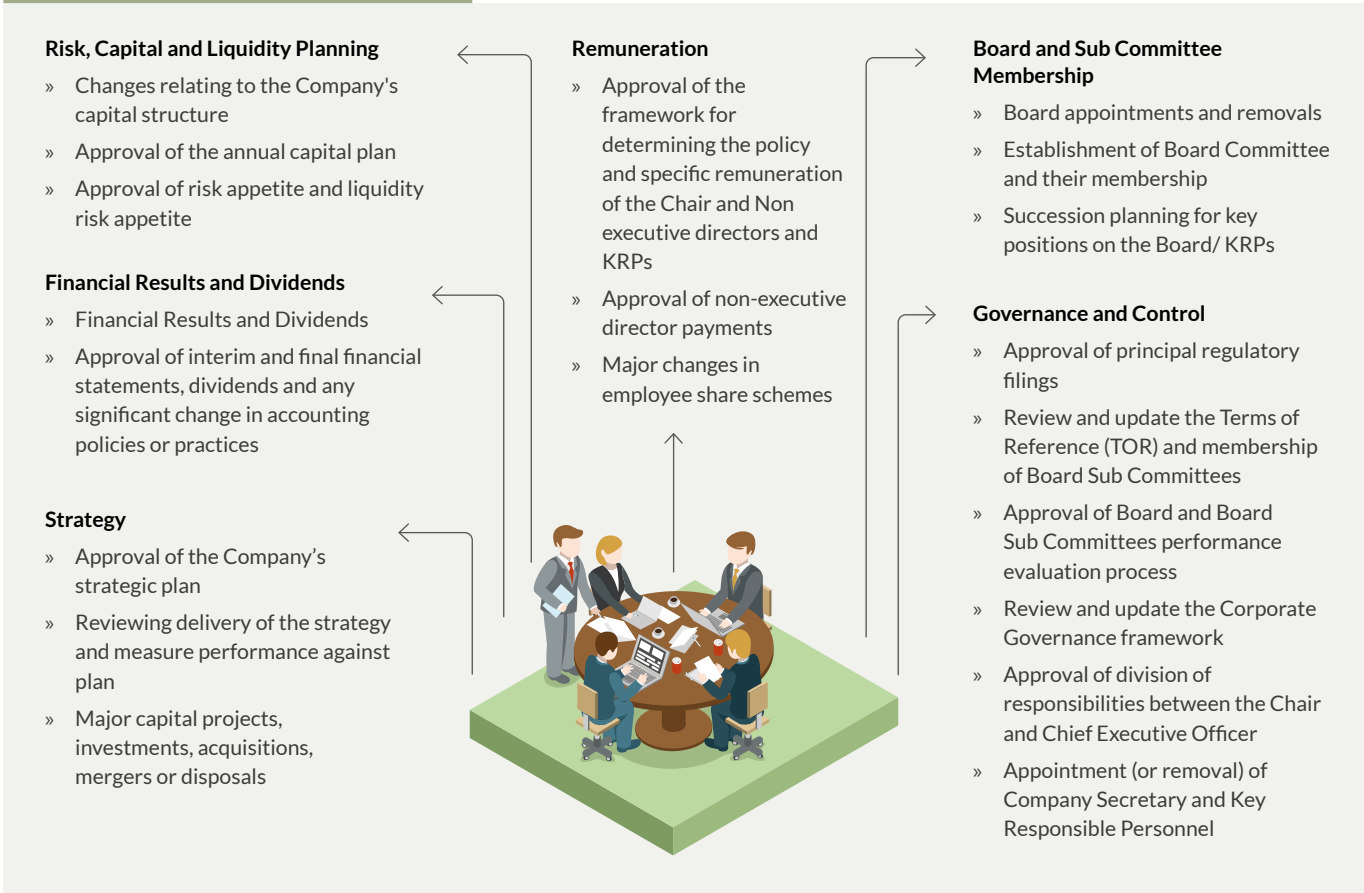
The Compliance Department was responsible for promoting the early adoption of new regulations and best practices within the organisation.

Financial Control and Reporting

The Board is responsible for ensuring that financial reports issued by People’s Leasing contain reliable information to empower stakeholders to make informed assessments of the Company’s performance and future prospects.

To facilitate this, the Board has established comprehensive financial reporting procedures in line with regulatory requirements governing various aspects of the business

Matters Reserved for Board Approval



to ensure adequate records for reasonable, accurate, timely and reliable reporting on the financial position and the results of its activities.

The Company's external auditor the Auditor General has reviewed and independently verified the Company's adherence to procedures as set out in the Sri Lanka Financial Reporting Standards (SLFRS) issued by Institute of Chartered Accountants of Sri Lanka.

Please refer the following for more information

- » Directors Statement on Internal Control on pages 276 to 277.
- » Annual Report of the Board of Directors on the Affairs of the Company on pages 228 to 234.
- » The Statement of Directors' Responsibility on pages 273 to 274.
- » Independent Auditors' Report on pages 279 to 281.

GRI 2-27

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	Pages 189 to 199
Central Bank of Sri Lanka (CBSL), Finance Companies (Corporate Governance) Direction No. 05 of 2021	Mandatory	Fully Compliant	Pages 202 to 227
Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary	Fully Compliant	Pages 199 to 201

CORPORATE GOVERNANCE REPORT

Risk Management

The ultimate responsibility for risk management rests with the Board. The Board has established a comprehensive enterprise risk management framework stipulating risk management methodologies and tools for the effective management of all key risks. As per the framework established by the Board, risk governance is underpinned by the three-lines-of defence mechanism, wherein the business line management serves as the first-line-of-defence tasked with making business decisions bearing in mind the Board approved risk appetite and tolerance limits. The second-line-of defence which consists of the Risk and Compliance units as well as the various Board Sub Committees operating under the delegated authority of the Board, are tasked with monitoring and analysing risks on an ongoing basis. The internal and external auditors who provide independent assurance regarding the effectiveness of the risk management framework, form the third-line-of-defence.

 Please refer comprehensive Risk Management Report on pages 256 to 269.

Internal Control Systems

The Board of Directors assumes the critical responsibility of ensuring the efficacy and efficiency of the internal control systems within the organisation. To achieve this, the Board delegates the execution of a robust internal control framework, encompassing financial control, to the executive management team.

The Board Audit Committee (BAC) assists the Board of Directors in fulfilling its oversight duties, including by ensuring compliance with financial reporting standards, maintaining effective internal controls, assessing the Company's ability to continue as a going concern, and monitoring the performance of internal and external auditors. Additionally, the BAC also evaluates the effectiveness of the Company's key controls framework across various areas and provides advice and assistance to the Board as needed.

Conducting due diligence activities in line with the BAC-approved internal audit plan is integral to providing reasonable assurance that the Company can effectively meet its business objectives. The outcomes of these internal audits enable the BAC to identify areas for enhancement, thereby facilitating a culture of continuous improvement aimed at fortifying the organisation's internal control systems on an ongoing basis.

Risk Management

Applicable Policies and Procedures

- » Integrated Risk Management Policy
- » Risk Appetite Statement
- » Risk Tolerance Limits
- » Risk Management Policies for all key risks

Governing Bodies

First Line of Defence

- » CEO and Corporate Management
- » Head Office Departments
- » Branch Level Operations

Second Line of Defence

- » BIRMC
- » EIRMC
- » ALCO
- » Management Credit Committee (MCC)

Third Line of Defence

- » Internal Audit
- » External Audit

 GRI 205-2

Ethics and Integrity

The Board sets the tone from the top and exercises ongoing oversight of the management of ethics. These efforts are cascaded down through a broad range of policies, including the Code of Conduct, the Anti-Bribery and Anti-Corruption Policy, Whistle Blowing Policy, Acceptance of Gift & Entertainment Policy Manual, etc.

Code of Conduct - The Code of Conduct holds all employees and Directors of People's Leasing 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. In the current financial year, a Policy setting out an Internal Code of Business Conduct and Ethics for Directors was approved by the Board.

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.

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 Whistle blower 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

Ethics and Integrity

Applicable Policies and Procedures

- » Corporate Governance Charter
- » Code of Conduct and Ethics (for Board and Employees)
- » Anti-Corruption and Anti-Bribery Policy
- » Whistle Blowing Policy
- » Acceptance of Gift & Entertainment Policy Manual
- » Related Party Transaction Policy
- » Share Trading Policy
- » Corporate Communication Policy
- » Anti Money Laundering Policy (AML)
- » Selection and appointments of Directors and Senior Management
- » Procedure for Selection appointment Nomination Re-election evaluation and continuation of Directors
- » Board Remuneration Policy
- » Policy on corporate disclosures
- » Procedure to comply with the Right to Information Act

Governing Bodies

- » Board of Directors
- » CEO
- » Corporate Management Team

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.

The Company conducts regular special awareness sessions and Learning Management System (LMS) training programs to educate employees on properly using the Whistleblowing Policy.

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

IT Governance

The Board acknowledges the competitive advantages resulting from investments in IT and digital technology in terms of agility, scalability, and innovation. As such, the Board works closely with the IT Steering Committee to oversee the development and implementation of the Company's IT strategy to effect investments in IT infrastructure and other technology based solutions to complement the Company's operational targets and strategic objectives.

As a financial institution, the Board also fully appreciates the importance of protecting the Company's information and data assets against external threats and internal data breaches. In this regard, a robust information security risk management framework aligned to the ISO 27001:2013 Information Security Management Standard certification provides reasonable assurance regarding the security, availability, integrity, confidentiality and privacy of the Company's information assets.

At an operational level, the People's Leasing IT department is tasked with implementing IT policies and executing digital initiatives, while the Company's Chief Information Officer (CIO) oversees governance of cyber security related matters. Concurrently, two pivotal roles have been established to bolster the

efficacy of information security protocols and safeguard data integrity: the Information Security Officer (ISO) and the Data Protection Officer (DPO).

 Please refer to the *Manufactured Capital Report* on pages 110 to 115 and the *Intellectual Capital Report* on page 116 to 123.


HR Governance

As a financial services institution, the Board recognises the value of a strong, dependable and competent human capital base. To support this endeavour, the Board invests considerable resources to create a robust and challenging workplace to attract and retain the best in-class talent with the motivation and drive to fuel the Company's growth ambitions and thereby realise their own career aspirations. The Board Nomination & Governance Committee and the HR & Remuneration Committee assists the Board in all HR related governance matters, while the Company's HR department handles all operational aspects of the human capital development process in line with Board approved policies and procedures.

 Please refer to the *Human Capital Report* on pages 124 to 135.

Stakeholder Engagement

The Board promotes regular and ongoing engagement with internal and external stakeholders to enable them to stay informed about the Company's strategies and targets, and also encourages constructive feedback to inform decision-making and facilitate mutually beneficial relationships.

 Please refer to the *Stakeholder Engagement Section* on pages 48 to 53.

Sustainability Governance and Reporting

The People's Leasing Board is the main authoritative body in charge of developing the Company's Sustainability Strategy encapsulating the relevant Material Topics covering environment, social and governance (ESG) aspects. Under the guidance of the Board, the Company's Sustainability Steering Committee has undertaken the responsibility for driving ESG integration at all levels of the business through the adoption of the guidelines for Sustainable Finance Activities issued by the Central Bank of Sri Lanka.

Meanwhile, in keeping with the Board's 360 degree approach to sustainability reporting, the Company continues to expand its sustainability disclosures through the

CORPORATE GOVERNANCE REPORT

adoption of the latest globally accepted benchmarks for sustainability reporting.

 Please refer to the Approach to Sustainability on pages 62 to 66.

Shareholder Relations and Communication

The Company values of its relationships with both institutional and retail shareholders, which has led to a proactive approach to ensure that communiqués relating to the performance, strategy and outlook are formulated and delivered in a timely and appropriate manner.

Underscored by the Corporate Communications Policy, the Board has established multiple channels to engage with shareholders, key among them is the annual report and the Annual General Meeting (AGM). Apart from this, the interim financial statements, notification of key events through announcements in the CSE and a dedicated investor relations tab on the corporate website (www.peoplesleasing.lk) provide vital shareholder information. All data and information is communicated accurately and in such a manner so as to avoid the creation of a false market.

Annual General Meeting (AGM)

The AGM serves as the main platform that gives shareholders the opportunity to connect with and raise questions directly with the Board and corporate management. The

external auditors also attend to address any queries raised.

The company adheres to Article No.15 (b) of its Articles of Association, ensuring shareholders receive the Notice of the AGM, Annual Report and Accounts, and any relevant resolutions at least 15 working days before the AGM. This is achieved by publishing all the aforementioned mandatory disclosures on both the Company and CSE websites, thereby facilitating easy access for all shareholders to review and participate in the AGM. Shareholders are strongly encouraged to participate and exercise their voting rights at the upcoming AGM scheduled for 28th June 2024.

Board Meetings

The People's Leasing Board meets at least once a month or more often if necessary. Board meetings are conducted according to a pre-planned meeting calendar established by the Chairman together with the Company Secretary.

A formal Board agenda is drawn up for each Board meeting ensuring that all relevant items on the Board's annual work plan are properly addressed. The Chairman and the Company Secretary are responsible for developing the Board agenda, while the Company Secretary is responsible for ensuring all information, including the agenda is circulated to Directors at least 7 days prior to the meeting date.

ASSURANCE

The Board seeks independent assurance from the internal auditors regarding the efficacy of the control environment, while the external auditor validates the integrity of the Company's financial position, thereby confirming the effectiveness of the Company's internal decision making systems. The Board Audit Committee (BAC) on behalf of the Board reviews the plans and work outputs of both external and internal auditors, including coordinating activities to support the combined assurance model.

Directors are given the opportunity to add non-standard matters to the agenda at the start of each Board meeting.

All Directors are required to attend scheduled Board meetings without exception. The People's Leasing CEO, members of the Corporate Management and external experts, including the external auditors may also attend the Board meeting on invitation.

The Company Secretary is required to maintain minutes of every Board meeting. Meeting minutes are first presented to the Board Chairman for approval prior to being circulated among Directors within an acceptable time frame.

Evaluating the Effectiveness of the Board and Board Sub Committees

Name of the Director	Directorship Status				Meeting Attendance - Attended/Eligibility							
	Executive	Non Executive	Independent	Non Independent	Board Meeting	Board Audit Committee	Board Integrated Risk Management Committee	Nomination & Governance Committee	Related Party Transaction Review Committee	Human Resources and Remuneration Committee	Board Investment Committee	Board Credit Committee
Mr. Pradeep Amirthanayagam (Chairman)	√		√		16/16					1/1		
Ms. Coralie Pietersz- Senior Independent Director (Resigned w.e.f - 5th July 2023)	√	√			3/5	2/2		0/1		0/1		
Mr. Y. Kanagasabai - Senior Independent Director (Appointed w.e.f 11th August 2023)	√	√			9/9	5/5	4/4	5/5		4/4		
Mr. Chanura J. Wijetillake	√	√			16/16	2/2	5/5	6/6	4/4	1/1	5/5	2/2
Mr. U. L. A. W. Bandara	√	√			16/16	9/9	2/2	5/5	4/4	3/3		2/2
Mr. Pravir Samarasinghe (Appointed w.e.f 6th November 2023)	√	√			6/6	3/3				4/4		
Mr. Manjula Wellalage - (Appointed w.e.f 3rd October 2023)	√		√		7/7				1/1			
Mr. Isuru Balapatabendi (Appointed w.e.f 9th November 2023)	√		√		6/6			5/5				
Mr. A.M.P.M.B.Atapattu (Appointed w.e.f 2nd January 2024)	√		√		3/3							
Mr. U.K.Samararatne (Appointed w.e.f 2nd January 2024)	√		√		3/3							
Mr. Rohan Pathirige - (Resigned w.e.f 18th October 2023)	√		√		9/9			2/2	2/2	3/3		
Mr. K.C.J. Clive Fonseka	√		√		16/16		1/3			4/4	5/5	
Mr. Azzam A. Ahamat	√		√		16/16	6/6	6/7			5/5	1/1	
Ms. G.M. Roshini P. Wijerathna- (Appointed w.e.f. 21st April 2023 and resigned w.e.f -5th September 2023)	√		√		8/9		3/3					1/1

ACCESS TO INFORMATION

All directors are afforded unrestricted access to management, including the Company Secretary to enable them in carrying out their duties. Directors can also seek independent professional advice as needed, at the Company's expense. Requests for such assistance are channelled through the Company secretary for approval by the Chairman.

Board Focus for 2023/24

Early adoption of section 9 of the new Corporate Governance rules issued by the CSE

Risk Management

Sustainability

Focus for 2024/25

New Policy Formulation

- » Policy on Board Committees
- » Board Remuneration Policy
- » Policy on Code of Conduct and Ethics for Board of Directors
- » Policy on relations with shareholders and investors
- » Policy on control and management of Company assets and shareholder investments
- » Policy on corporate disclosure

Expanded the scope of the ICAAP with the integration of IT, Compliance and Reputational risk elements into the capital planning process

Implemented a formal ESG (Environmental, Social Governance) Policy to pave the way to systematically adopt the CBSL guideline for Sustainable Finance Activities

- » Complete updating Sub Committee TOR's as per CSE's new Corporate Governance Rules
- » Improve readiness for IFRS S1 and S2 adoption

Policy Updates

- » Policy relating to Matters of the Board of Directors
- » Expanded the scope of the existing policy on Corporate Governance, Nominations and Election of Directors
- » Anti-corruption and anti-bribery policy

CORPORATE GOVERNANCE REPORT

Training for Directors

All Board Directors are entitled to receive training at the Company's expense. Directors are encouraged to undertake regular training to support continuous professional development and to stay informed on regulatory changes, the latest developments in the local and global financial services industry and best practices.

A Procedure for professional development of Board of Directors and a Budget for each financial year has been adopted by the Board under the recommendation of the Nomination Committee.

All new Directors are provided with a special information pack to help them to learn about People's Leasing and the framework within which the Company operates as well as to understand their role as a Director of the Company.

Directors' Remuneration

The Board is compensated within applicable regulations/ Directives and market norms. Accordingly Non-Executive Directors, including Directors who serve as members of Board Committees receive a standard fee consistent with regulatory guidelines and industry norms, as compensation for their participation at Board and committee meetings. Non-Executive Directors are not entitled to receive any performance related / incentive payments.

The aggregate remuneration paid to Directors in FY 2023/24 was Rs. 18.73 Mn.

Board Sub Committees

Considering the limited time available to the Board to address all matters pertaining to the Company, the Board has appointed Sub Committees to enable more robust, in-depth and focused attention and interrogation on matters that are material to the Board and/or the business.

Committees enable the Board to deal with a larger number of issues with greater efficiency by having focused expertise considering specific areas on their behalf. All Board Committees operate on the basis of formal Board approved Terms of References to support greater objectivity, balanced decision-making and promote stronger risk management.

Directors Training - FY 2023/24

Program Focus

- » Good Governance Rights & Obligations of an INED (Independent Non-Executive Director) in promoting Good Governance organised by the INED of the Sri Lanka Institute of Directors.

No. of Directors who participated

- » Two Directors and the Company Secretary.

BOARD AND BOARD SUB COMMITTEE EVALUATION

The effectiveness of the Board as a whole and its Sub Committees are evaluated annually as per regulatory guidelines. Accordingly, all Directors are expected to complete a self-declaration to allow individual Directors to rate the performance of the People's Leasing Board in regard to Composition and Quality, Meetings and Procedures, Board Development, Strategy and Risk Management, Ethics, Compliance and Legal Framework, Management Relations and Board Succession Planning.

All self-declaration forms, once completed are lodged with the Company Secretary who then compiles and presents the findings to the Board Chairman. A similar process is followed for evaluating the performance of Board Sub Committees as well.

Furthermore, Independent Directors are afforded the opportunity to conduct evaluations of the Non-Independent Directors' effectiveness within the Board, and in turn Non-Independent Directors are given the opportunity to assess the performance and contributions of Independent Directors. This evaluation process is designed to optimise the performance and contributions of both Independent and Non-Independent Directors to Board's matters.

The Board evaluation conducted in April 2024 found all Directors on the People's Leasing Board to have executed their duties in accordance with the Board mandate.

The tabulation of the Board/Sub Committee evaluations were tabled at the Board Meeting held on 28th May 2024.

EVALUATING THE PERFORMANCE OF THE CEO

The performance of the CEO is assessed annually by the Board Chairman based on pre-agreed performance criteria linked to the Company's strategic objectives. Findings from this annual evaluation are used to instruct changes to the base salary and determine appropriate performance based incentives.

Mr. Shamindra Marcelline CEO/GM resigned with effect from 1 April 2024.

ROLE OF THE COMPANY SECRETARY

The Company Secretary serves as a central source of information and advice to the Board and the company on matters of ethics and good governance. The Company Secretary is also required to ensure that the proceedings and affairs of the Board, its committees and the Company itself are properly administered in line with applicable laws. All directors have access to the advice and services of the Company Secretary.

The duties and responsibilities of the Company Secretary are outlined by law. Appointment, remuneration and performance evaluation of the Company Secretary is the responsibility of the Board. In the most recent appraisal of the performance of the Company Secretary, the Board concluded that the current Company Secretary – Ms. Shaalini Silva has adequately performed her role as an independent gatekeeper of good governance within People's Leasing.

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; <ul style="list-style-type: none"> (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 	The company has early adopted the amended Corporate Governance rules section 9 issued by the Colombo Stock Exchange (CSE) for listed entities Among the newly established policies are: Policy on Board Sub-Committees Board Remuneration Policy Policy on Code of Conduct and Ethics for Board of Directors Policy on relations with shareholders and investors Policy on control and management of Company assets and shareholder investments Policy on corporate disclosure Policy on Environmental, Social and Governance Sustainability
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	No such waivers were granted during the year under review
9.2.3	Listed Entities shall disclose in its Annual Report: <ul style="list-style-type: none"> (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. 	All policies required to be maintained under CSE sec. 9.2.1 is in existence and is disclosed in the Company Web site
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	A request for a copy of such policies could be made via the Company Website
9.3	Board Committees	The Company has already formed Board Committees in accordance with both the Finance Business Act of Central Bank of Sri Lanka(CBSL) and the Listing Rules of the Colombo Stock Exchange In line with the requirements of the CSE amendments to the Corporate Governance requirements sec 9, the Nomination Committee has been renamed as the Nomination and Governance Committee.
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. <ul style="list-style-type: none"> (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee. 	The Company has established 5 mandatorily required Sub Committees <ol style="list-style-type: none"> 1. Related Party Transactions Review Committee 2. Nomination & Governance Committee 3. HR & Remuneration Committee 4. Board Audit Committee 5. Board Integrated Risk Management Committee and 2 voluntary Sub Committees for better Governance <ol style="list-style-type: none"> 1. Board Credit Committee 2. Board Investment Committee

CORPORATE GOVERNANCE REPORT

Rule No.	Applicable Requirement	Extent of Compliance
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.	The Composition, responsibilities and scope are disclosed in the respective Board Sub Committee report in the Annual Report
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.	Please refer respective sub Committee Report pages no 237 to 254
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 Meeting. The company also maintains digital records pertaining to Annual General Meetings held on virtual platform The proxy form provides for shareholder to mark his abstention
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 which has been regularly updated. Recent updates are being reviewed to comply with the necessary regulations of the Amended Corporate Governance Rule No. 9 Refer the Communication Policy page No 235 The Company Secretary is informed of any concerns highlighted by Shareholders/Investors. The Company Secretary brings such concerns to the notice of the Board. The policy is available on the corporate website The 28th AGM scheduled to be held on the 28th June 2024, will be held on a virtual/hybrid meeting as per the guidelines issued by the Colombo Stock Exchange and Article No. 15 (b) of the Articles of Association of the Company which permits a meeting to be held through audio or audio visual communication method of platform
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: (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 Board Governance Charter and the Policy for the Selection, Appointment, Nomination, Re-election, and Continuation of the Board of Directors outlines the required criteria. Additionally, the performance of the Board and Key Responsible Persons (KRPs) will be evaluated annually to ensure compliance with fit and proprietary requirements of Direction No 6 of 2021 of the Central Bank of Sri Lanka

Rule No.	Applicable Requirement	Extent of Compliance
	<p>(b) where a Listed Entity decides to combine the role of the Chairperson and CEO,</p> <ul style="list-style-type: none"> » 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. 	<p>Chairman & the CEO's roles are segregated and performed separately</p> <p>Although the roles of Chairman and CEO are separate and not applicable in this context, compliance with the Central Bank's Finance Business Act Direction No. 5 of 2021 necessitates the appointment of a Senior Independent Director in the event a non-Independent Director services as the Chairman Mr. Y. Kanagasabai has assumed the role of Senior Independent Director, with his responsibilities outlined in the SID TOR (Senior Independent Director Terms of Reference).</p> <p>Refer Report of the Senior Independent Director page no 236</p>
	<p>(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.</p>	<p>The Proposed appointments are subject to a Fit & Propriety assessment at the Central Bank</p> <p>All proposed appointments to the Board are recommended by the Nomination & Governance Committee which assesses the skills, experience and competences of the proposed Board Members</p>
	<p>(d) stipulate the maximum number of Directors with the rationale for the same</p>	<p>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</p>
	<p>(e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.</p>	<p>Refer Page 187</p>
	<p>(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.</p>	<p>Refer Pages 182, 184 & 232</p>
	<p>(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.</p>	<p>The Company adheres to the regulatory directions of the CBSL Corporate Governance Direction No, 5 of 2021 with regard to meeting attendance, voting and participation at Board/ Sub Committee Meetings</p>
	<p>(h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.</p>	<p>The Company share Trading Policy details the procedure to be followed when trading in group securities</p>
	<p>(i) specify the maximum number of directorships in Listed Entities that may be held by Directors.</p>	<p>In terms of the CBSL Finance Business Act, a Director shall not hold office in more than 20 Companies. All 11 Directors at present comply with the requirement</p>
	<p>(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</p>	<p>Directors can join all Board and Sub Committee Meetings via Microsoft Teams (if required). This also ensures that all meetings are recorded as required by the CBSL Direction. The attendance via online means is duly recorded in the attendance register and the Minutes</p>
<p>9.5.2</p>	<p>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</p>	<p>Board has a comprehensive Corporate Governance Charter which denote the matters relating to the Board of Directors</p>

CORPORATE GOVERNANCE REPORT

Rule No.	Applicable Requirement	Extent of Compliance
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.	The Chairman serves as a Non-Executive Director, and the roles of Chairman and CEO are distinct, with separate individuals holding each position.
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 The Chairman is a Non-Executive Non Independent Director and the position of Chairman and CEO are kept separate
9.6.3	The Requirement for a Senior Independent Director	Not applicable
	(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.	The Requirement to appoint a Senior Independent Director (SID) under section 9.6.3 of the Corporate Governance rule of the CSE did not arise since the i. The positions of the Chairperson and CEO are not held by the same individual. ii. The Chairperson is not an Executive Director. iii. The Chairperson and CEO are not Close Family Members or Related Parties However though the roles of Chairman and the CEO are separate and not applicable in this context, compliance with the Central Bank's requirement necessitates the appointment of a Senior Independent Director as the company has a non-Independent Director serving as the Chairman Mr. Y. Kanagasabai has assumed the role of Senior Independent Director, with his responsibilities outlined in the SID TOR (Senior Independent Director Terms of Reference). The SID brings in an objective and unbiased perspective to the Board. The SID participates in Board Meeting, providing independent advice and expertise Refer the Report of the SID in the page No 236
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.	Not applicable as the Chairman serves as a Non-Executive Director and the roles of Chairman and CEO are distinct and separated.
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	The Company has obtained signed declaration from the Directors and the CEO affirming their Fitness & Propriety Further all 11 Directors have been assessed for their fitness to continue as Board Members by the CBSL annually. Additionally, Directors are subject to re-election at the Annual General Meeting require prior approval of the CBSL for their continuation.
9.7.3	Fit and Proper Assessment Criteria:	Both the CBSL and the CSE Fitness and Proper Assessment criteria has been applied by the Company to determine the continuation of the Directors for the financial year 2024/25

Rule No.	Applicable Requirement	Extent of Compliance
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 Written declarations attesting to this conformity have been obtained from each director and the acting CEO
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.	The Board of Directors and the acting CEO of the Company have confirmed compliance with the fit and proper assessment criteria outlined in the Listing Rules of the Colombo Stock Exchange Refer page No 231. All Board members and the acting CEO have been assessed for fitness and approved by the Central Bank of Sri Lanka in terms of the assessment of fitness & propriety under the Finance business Act Direction No. 6 of 2021 No deviations from these requirements were recorded during the reviewed period.
9.8	Board Composition	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board comprises 11 Directors, all of whom hold Non-Executive positions. Among them, 4 Directors are classified as Independent, meeting the necessary compliance requirements.
9.8.2	Minimum Number of Independent Directors:	
9.8.3	Criteria for determining independence:	Declarations have been submitted by all Directors in terms of Appendix 9 A of the CSE Rules
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.	The Company obtained a declaration from each director as specified in appendix 9A to ensure their independence. Refer the page No 193 Nomination Committee has evaluated each declaration against its specified criteria and determined 4 directors to be independent No deviations from these requirements were recorded during the reviewed period.
9.9	Alternate Directors	There are no Alternate Directors on the Board.
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
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;	Complied , Corporate Disclosure policy outlined 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:	Directors Details are given in pages 162 to 188

CORPORATE GOVERNANCE REPORT

Rule No.	Applicable Requirement	Extent of Compliance
9.11	NOMINATIONS AND GOVERNANCE COMMITTEE	Complied
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	The Board Nomination and Governance Committee is actively functioning. Refer Pages 245 to 246
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 Company maintains a Procedure for Selection appointment Nomination re-election evaluation and continuation of Directors
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.	Terms of Reference (TOR) outlines' the scope, roles, responsibilities, and other pertinent details of the Committee. TOR is regularly updated to align with the stipulated requirements to comply with the amendments to the CSE corporate Governance Sec 9
9.11.4	Composition	The Committee comprises three Board members with the majority of Independent Non-Executive Directors. The Chairperson of the committee is an Independent Director
9.11.5	Functions	Committee report on the pages 245 to 246
9.11.6	Disclosures in Annual Report	Committee report on the pages 245 to 246
9.12	REMUNERATION COMMITTEE	
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 Remuneration policy defining applicable terms
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 a Board HR & Remuneration Committee 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.	Company does not have any Executive Directors on the board Board Remuneration policy defines the principles of payments A sitting allowance is made to Directors for participation at Board & subcommittee Meetings
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.	
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) outlining its scope, roles, responsibilities, and other pertinent details is available.
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.	The Committee comprises of three members with the majority being Independent Non-Executive Directors. The Chairperson of the committee is an Independent Director Committee composition and details are given in the HR and Remuneration Committee Report on the pages 240 to 242 Not applicable as the Company maintenance its own independent HR & Remuneration Committee

Rule No.	Applicable Requirement	Extent of Compliance
9.12.7	<p>Functions</p> <p>(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.</p> <p>(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.</p>	<p>The Board Comprises of Non Executive Directors only</p> <p>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</p> <p>The Committee has sought the assistance of external parties during the year</p>
9.12.8	Disclosure in Annual Report	The Committee Report on the pages 240 to 242
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 independent directors.
9.13.4	<p>Functions</p> <p>(1) The functions of the Audit Committee shall include the following:</p> <p>(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.</p> <p>(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:</p> <p>(a) changes in or implementation of major accounting policy changes;</p> <p>(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;</p> <p>(c) compliance with accounting standards and other legal requirements;</p> <p>(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;</p> <p>(e) any letter of resignation from the external auditors of the Listed Entity; and,</p> <p>(f) whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment</p>	<p>Addressed in Section 9.1 of the Board Audit Committee's Terms of Reference, which pertains to "Financial Reporting".</p> <p>The Internal Audit conducts a review and provides reports to the BAC regarding quarterly and annual financial statements to ensure the Entity's compliance with financial reporting requirements, information stipulations under relevant regulations such as the Companies Act, SEC, and other pertinent financial reporting regulations.</p> <p>Upon the BAC's recommendation, the quarterly and annual financial statements are submitted to the Board for approval.</p> <p>Addressed in Section 9.1 of the Board Audit Committee's Terms of Reference, which pertains to "Financial Reporting".</p> <p>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.</p>

CORPORATE GOVERNANCE REPORT

Rule No.	Applicable Requirement	Extent of Compliance
	(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.	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. BAC does not possess authority over the appointment or removal of the external auditor.
	(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.	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. 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.
	(v) Review the internal controls in place to prevent the leakage of material information to unauthorised persons.	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.
	(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.	Significant lapses identified during audits are regularly reported to the Board Audit Committee, which oversees the implementation of recommendations through action points.
	(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.	
	(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.
	(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, during the Financial year 2023/24, the Committee reviewed the "Policy for Engagement of External Auditor to Provide non-audit Services" to ensure the policy is appropriately updated to reflect recent changes.

Rule No.	Applicable Requirement	Extent of Compliance
	(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.	Addressed in Section 9.7 of the Board Audit Committee's Terms of Reference, which pertains to "Reporting Responsibilities".
	(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	
	(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
	(2) The Audit Committee Report shall contain the following disclosures: <ul style="list-style-type: none"> <li data-bbox="245 1111 874 1229">(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); <li data-bbox="245 1236 874 1296">(b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable). <li data-bbox="245 1303 874 1364">(c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances. <li data-bbox="245 1370 874 1520">(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; <li data-bbox="245 1527 874 1561">(e) Whether the listed entity has a formal Audit Charter <li data-bbox="245 1568 874 1628">(f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function; <li data-bbox="245 1635 874 1695">(g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity; <li data-bbox="245 1702 874 1852">(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 <li data-bbox="245 1859 874 2107">(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. 	Disclosed in the Audit Committee Report given in pages 237 to 242

CORPORATE GOVERNANCE REPORT

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. Committee composition and details are given in the RPT Committee Report in the pages 243 to 244
9.14.3	Functions	Committee report in the Pages 243 to 244
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 are shared with the Board for deliberation
	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	The committee has access to the relevant management committee approvals and recommendations, evaluation reports and meetings with relevant officials prior to assessing a proposed RPT transaction
	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 obtain prior recommendation from the RPT Committee and this has been adhered to during the year
	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 The Minutes clearly records such exercise by the Directors
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	Has been identified in the scope of the Committee No such situation arose during the year
9.14.7	Disclosures	No such disclosures were made during the year
9.14.8	Disclosures in the Annual report	Refer in the Pages 243 to 244
9.14.9	Acquisition and Disposal of Assets from/ to Related Party	Complied. Prior approval has been received from the RPT committee. The Company maintains a policy on acquisition and disposal of Assets
9.14.10	Excepted Related Party Transactions	Complied
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 228 to 234
	(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 228 to 234

Rule No.	Applicable Requirement	Extent of Compliance
(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 228 to 234 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 276 to 277.
9.17	Enforcement Procedure for Non-Compliance with Corporate Governance Requirements.	Not applicable, Company has complied with all corporate Governance requirements during the year under review

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	187
A.1.2	Roles and Responsibilities of the Board	✓	Governance Framework	178
A.1.3	Act in accordance with laws of the Country Seek Independent professional advice	✓	Corporate Governance	162 - 188
A.1.4	Access to advise and services of the Company Secretary	✓	Company Secretary	188
A.1.5	Independent judgment	✓	Board Composition	179
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	✓	Meetings and Attendance	187
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	188
A.2	Chairman and CEO	✓	Clear Roles and Responsibilities	182
A.3	Chairman's role in preserving good corporate governance	✓	Clear Roles and Responsibilities	182
A.4	Availability of financial acumen	✓	Board Composition/ Board Profile	179 - 181
A.5	Board Balance	✓	Board Composition	179
A.5.1	The Board should include sufficient number of NEDs	✓	Board Composition	179
A.5.2	If the Board includes only 3 NEDs, they should be independent	N/A		
A.5.3	Independence of Directors	✓	Director Independence	230
A.5.4	Annual declaration of independence by Directors	✓	Director Independence	230
A.5.5	Annual determination of independence of NEDs	✓	Director Independence	230
A.5.6	Alternate Directors	N/A		
A.5.7	Senior Independent Directors	✓	Senior Independent Directors Report	236
A.5.8	SID Annual meeting with NEDs		Met two times during the year	

CORPORATE GOVERNANCE REPORT

Code Ref.	Requirement	Complied	Reference within the Report	Page
A.5.9	Meeting of Non Executive Directors	✓	All Directors are non Executive Directors and meet on Monthly basis	
A.5.10	Recording of dissent in minutes	✓	Concerns of Directors has been duly recorded in the Board minutes	
A.6	Supply of Information	✓	Supply of Information	186
A.7	Appointments to the Board	✓	Board Refreshment	33 & 180
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference	✓	Nomination Committee Report	245 - 246
A.7.2	Annual assessment of Board composition	✓	Board Refreshment/ Board Appraisal	180 & 226
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	
A.7.4	Disclosures on appointment of new directors	✓	Annual Report of the Board of Directors on the Affairs of the Company	228 - 234
A.7.5	Composition of Nomination Committee	✓	Refer Nomination & Governance Committee Report	245 - 246
A.8	Directors to submit themselves for re-election/ re-appointment	✓	Annual Report of the Board of Directors on the Affairs of the Company	228 - 234
A.9	Appraisal of Board and sub-Committee Performances	✓	Board and Sub-committee Appraisal	188
A.10	Annual Report to disclose specified information regarding Directors	✓	» Board Profiles » Meetings and Attendance » Directorships in Other Companies » Membership in Sub-committees	162 - 169 187 181 187
A.11	Appraisal of the CEO	✓	Annual Report of the Board of Directors on the Affairs of the Company	228 - 234
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 2023/24 and therefore, the necessity to apply this rule did not arise.	240 - 242
B.2	Level and Make Up of Remuneration	✓	Responsible and Fair Remuneration	240 - 242
B.3	» Disclosures related to remuneration in Annual Report.	✓		
	» Remuneration Policy statement	✓	HR and Remuneration Committee	240 - 242
	» Aggregate Board remuneration paid	✓	Responsible and Fair Remuneration	240 - 242
C.	Relations with Shareholders			
C.1.	Constructive use of the AGM and Other General Meetings	✓	Constructive use of the Annual General Meeting (AGM)	186
C.2.	Communication with shareholders	✓	Board of Directors Communication Policy report	234
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.	277
D.	Accountability and Audit			
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects	✓	Independent Auditors Report	279-281, 275
D1.1	Balanced Annual Report	✓	Independent Auditors Report	279-281

Code Ref.	Requirement	Complied	Reference within the Report	Page
D.1.2	Balanced and understandable communication	✓	Relations with Shareholders	235
D.1.3	CEO/CFO declaration	✓	Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	278
D.1.4	Directors Report declarations	✓	Annual Report of the Board of Directors on the Affairs of the Group	228 - 234
D.1.5	Financial reporting -statement on board responsibilities,	✓	Directors' Responsibility for Financial Reporting	289
	Statement on internal control	✓	Directors' Statement on Internal Control	276 - 277
D.1.6	Management Discussion and Analysis	✓	Capital reports	11
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.	
D.1.8	Related Party Transactions	✓	Directors' Interest in Contracts with the Group	231
D.2.	Risk Management and Internal control	✓	» Risk Management and Internal control	256-269
	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets		» Report of the Audit Committee	237-239
			» Directors' Statement of Internal Control	276 - 277
			» Risk Review	256-269
D.3.	Audit Committee	✓	Audit Committee Report	237-239
D.4	Risk Management Committee	✓	Board Risk Management Committee Report	247-250
D.5	Related Party Transactions Review Committee	✓	Related Party Transactions Review Committee report	243 -244
D.6	Code of Business Conduct and Ethics	✓	Code of Conduct and Ethics	184
D.7	Corporate Governance Disclosures	✓	Corporate Governance Report	177 - 188
E/F.	Institutional and other investors			
	Institutional and other investors,	✓	Relations with Shareholders	235
G.	Internet of Things and Cyber security	✓	Information Technology and Cyber Security	249
H.	Principles of Sustainability Reporting	✓	Delivering stakeholder value	62-66
I.	Maintenance of Policies	✓	Corporate Governance Report	177 - 188

CORPORATE GOVERNANCE REPORT



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	
1.1	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.	<p>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</p> <p>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.</p> <p>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.</p>
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.	The Board endorsed the five-year business strategy (Corporate Strategic Plan) spanning from 2021 to 2026 in March 2021. 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.	The company's governance framework is based on regulatory, statutory and structural directions. The company has created a framework that incorporates the regulations of CBSL, CSE, Companies Act, Finance Business Act No. 42 of 2011 and Finance Leasing Act No. 56 of 2000.
1.2. c	Assessing the effectiveness of its governance framework periodically.	The Policies, proceedings, TOR's of the sub committees and the management committees are reviewed annually or as when necessary by the respective sub Committee or the Management committee and the changes are brought to the notice of the Board.
1.2. d	Appointing the Chairman and the Chief Executive Officer and define the roles and responsibilities.	<p>The Board has appointed the Chairman and the Chief Executive Officer. Their roles are distinctive and have been defined in the Corporate Governance Charter of the Company.</p> <p>The posts of the Chairman and the Chief Executive Officer (CEO) of the Company are separate ensuring the balance of power and authority.</p>
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.	<p>The Company places a high value on fostering a strong Human Resources culture and has implemented a comprehensive people management strategy based on leadership and management principles. This strategy ensures that organisational cultural values are deeply embedded at all levels. Moreover, the Board of Directors has endorsed a Code of Conduct applicable to all employees, while a distinct Board Code of Conduct and ethics governs the conduct of the Board members.</p> <p>The Code of Conduct is used to translate general values into concrete policies and guidance, thereby shaping the behaviour of individuals within the organisation. The Company's recognition of the importance of acting with integrity is a key aspect highlighted in the Code of Conduct.</p> <p>The Board Code of Conduct delineates the conduct principles incumbent upon its Board Members, mandating their abstention from leveraging their positions for personal gain or the advantage of acquaintances, family, or associates. Rather, they are enjoined to base their decisions on the paramount interests of the organisation and its stakeholders.</p> <p>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.</p>

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.	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 utilisation, 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.
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 approved Strategic plan 2021 - 2026 Company has formed a 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 with 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 Section 09 of the Colombo Stock Exchange Corporate Governance rules,
1.4	<i>Risk Appetite, Risk Management, and Internal Controls</i>	
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	<i>Board Commitment and Competency</i>	
1.5. a	All members of the Board shall devote sufficient time to dealing with the matters relating to the affairs of the Company.	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.
1.5. b	All members of the Board shall possess the necessary qualifications, adequate skills, knowledge, and experience.	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.

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
1.5. c	The Board shall regularly review and agree on the training and development needs of all the members.	<p>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.</p> <p>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.</p>
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.	<p>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 in March 2024. Each member of the Board carried out a self-assessment of his effectiveness as well as the Board Committees.</p> <p>The full results of the Board evaluations were analysed by the Company Secretary and the findings were presented to the Board in May 2024.</p>
1.5. e	The Board shall resolve to obtain external, independent, professional advice to the Board to discharge duties to the FC.	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 2023/24.
1.6	Oversight of Senior Management	
1.6. a	Identifying and designating senior management, who are 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.	<p>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.</p> <p>The respective delegated authority limits of the Chief Executive Officer/ Acting Chief Executive Officer and the Corporate Management have also been defined by the Board.</p>
1.6. c	Ensuring the senior management possesses the necessary qualifications, skills, experience, and knowledge to achieve the FC's strategic objectives.	<p>The job description (JD) approved by the Board of Directors includes the key responsibilities, skills, qualifications, and competencies required of the specific position.</p> <p>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.</p> <p>During the on boarding process, physical documents/confirmations are also verified and obtained from candidates.</p> <p>KRPs and Senior management will go through the HR & Nomination Committee approval and fit & proper assessment of CBSL</p>
1.6. d	Ensuring there is appropriate oversight of the affairs of the Company by senior management.	<p>To safeguard better governance practices, the affairs of the Company are reviewed and monitored by the respective Management Committees, Board sub Committees and the Board of Directors.</p> <p>To ensure better management, development, and effective performance of the Company, KRPs make regular presentations to the Board on matters under their purview.</p>
1.6. e	Ensuring the FC has an appropriate succession plan for senior management.	<p>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.</p> <p>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.</p>

Section	Corporate Governance Principle	Status of Compliance
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 Practices in achieving corporate objectives. The Management is open and transparent with the Board, bringing all significant matters to its attention. Furthermore, where relevant, the KRPs are invited to participate in Board and Board Sub Committee meetings to review policies, establish lines of communication and monitor progress towards corporate objectives. Further the Chairman/Board Members meet the KRPs 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.
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 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 sub committees 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 177 to 188)

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
3.	COMPOSITION 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.	<p>All members of the Board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields.</p> <p>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.</p> <p>Profiles of directors appear on pages 162 to 169.</p>
3.2	The number of directors on the Board shall not be less than 7 and not more than 13.	<p>As at 31st March 2024, the Board comprised of 11 directors which is within the statutory requirement.</p> <p>All Board members were Non Executive directors independent of any operational involvement in the affairs of the Company. 04 Directors were determined to be Independent.</p>
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.	<p>The period of service of all Directors of the year 2023/24 was below nine years.</p> <p>Please refer Directors' Profiles on pages 162 to 169.</p>
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-fourth (¼) of the total number of directors on the Board.	None of the Non-Executive directors of the Company have exceeded nine years of service as at 31st March 2024.
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.	The Company Does not have any Executive Directors.
3.5. d	All Executive Directors shall have a functional reporting line in the organisation structure of the Company.	
3.5. e	The Executive Directors are required to report to the Board through the CEO.	
3.5. f	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	

Section	Corporate Governance Principle	Status of Compliance
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 judgement on the issues of strategy, performance, resources, and standards of business conduct.	The Non-Executive Directors of the Company possess vast experience and skills in the relevant fields.
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 2024. The composition of the Board of Directors is published on page 179 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 caliber with professional qualifications, a proven track records, and sufficient experience in the given fields. A brief profile of their expertise and experience is given on pages 162 to 169.
3.7. c	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, 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 organisation, in which any of the other directors of the FC is employed or a director;	Complied

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
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
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.	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	Did not arise during the year.
3.10	Common Directorships	
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 Board Members/ Senior Management only holds directorship in our subsidiary companies
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 2023/24, 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.	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 (6) 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:	Not applicable

Section	Corporate Governance Principle	Status of Compliance
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
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.	Not Applicable
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.	Not Applicable
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.	The Company conforms to the provisions of Finance Business Act Direction No. 5 of 2021 on Assessment of Fitness and Propriety of Key Responsible Persons for appointments, resignations, or removals.
6.	THE CHAIR AND THE CHIEF EXECUTIVE OFFICER	
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.	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.	In light of present Chairman Mr. M. P. Amirthanayagam's re-designation as the Non-Independent, Non-Executive Director, upon assuming roles within the company's subsidiaries, Mr. Y. Kanagasabai currently serves as the Senior Independent Director of the Company.
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.	This appointment aims to uphold a heightened level of independence within the board, with the Senior Director acting as a conduit between fellow directors and shareholders. For the financial year 2023/24, the performance evaluation of the Chairperson has been conducted by both the Senior Independent Director and the Non-Executive Directors.
6.4	Responsibilities of the Chairperson	
6.4. a	Provide leadership to the Board	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	Secure effective participation of both Executive and Non-Executive Directors.	
6.4. d	Ensure the Board works effectively and discharges its responsibilities	
6.4. e	Ensure all key issues are discussed by the Board in a timely manner	
6.4. f	Implement decisions/directions of the regulator.	
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.	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.	
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.

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
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.
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	
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.
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;	The role of the CEO/GM is detailed in the Corporate Governance Charter of the Company.
6.5. c	Promoting, together with the Board, a sound corporate culture within the FC which reinforces ethical, prudent, and professional behaviour.	Furthermore, the CEO's responsibilities to the Company are determined by the Nomination & Governance Committee and the Board-approved Job Description.
6.5. d	Ensuring the implementation of a proper compliance culture and being accountable for accurate submission of information to the regulator.	
6.5. e	Strengthening the regulatory and supervisory compliance framework.	
6.5. f	Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.	
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.	
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.	Board meetings are usually held at monthly intervals unless the business exigencies demand the convening of meetings at shorter intervals. The Board met 16 times for the financial year 2023/24 and obtaining the Board's consent via circulation was kept to a minimum of 35 Instances.
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.	All Directors are provided an equal opportunity to include proposals for promotion of business and management of risk in the agenda for regular meetings. The procedure applicable to this is set out in the Company's Corporate Governance Charter.
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.	The dates of the Board meetings are agreed upon by the members in advance and is included in the Annual Meeting Schedule which is circulated to the Members before the end of the previous Financial year Formal Notice of Meetings, Agenda and Board Papers for the Meetings are sent generally seven (7) days before the Meeting, giving members sufficient time to attend the Meeting and study the documents. Urgent Board Papers are included on an exceptional basis, with the consent from the Chairman. Reasonable notice is given of any other special Board meeting.
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	The views of the Board of Directors on issues under consideration are ascertained and a record of such deliberations are reflected in the minutes.
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.	In 2023/24, no such incidents occurred.

Section	Corporate Governance Principle	Status of Compliance
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.	In terms of the Company's Article 26, there is a requirement in place for the Directors to declare the nature of their interest. 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 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.	Please refer 'Directors' Attendance and Committee Memberships' table given on page 187 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.	A Chartered Secretary with adequate experience has been appointed by the Board as the Company Secretary. The Company Secretary advises the Board and ensures that matters concerning the Companies Act, Board procedures and other applicable rules and regulations 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 requirement
8.2	All directors shall have access to the advise and services of the Company Secretary with a view to ensuring the Board procedures laws, directions, rules, and regulations are followed.	As provided for by the Corporate Governance Charter of the Company, all Directors have access to the Company Secretary who is a Chartered Secretary by profession.
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.
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.	
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:	The Company Secretary records the proceedings of the meetings and the decisions taken there at in sufficient detail so as to satisfy all the requirements specified in this rule.

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
	(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.	
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 Sub Committees and the Management Committees with clearly defined mandates and authorities, while preserving its accountability. The DA limites are desiminated 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 sub Committees are in place for better governance and practices. Please refer pages 237 to 254
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.	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, taking into account the size of the entity and its specific operational context
10.	BOARD SUB-COMMITTEES	

Section	Corporate Governance Principle	Status of Compliance
	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 sub Committee 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 (HR & REMCO) » Related Party Transactions Review Committee (RPTRC). » Nomination and Governance Committee These mandatory sub-committees set up in compliance with the applicable rules and regulations. Further The Company has formed the following Board Sub Committees 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.
	Meetings shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	There were 09 BAC meetings and 07 BIRMC meetings held during the year 2023/24, which comply with the requirements. Please refer 'Directors' Attendance and Committee Memberships' table given on page 187 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 237 to 254 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 Sub committees are disclosed on page no 187 of the Annual Report. Minutes of all of the above Committees are submitted to the Board for their review.
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.	Members of all Board subcommittees consist of Board members and the performance, duties, and functions of all subcommittees are disclosed on pages 237 to 254 of the Annual Report.
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 Sub Committees 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 the 24th of November 2023.
10.2	Board Audit Committee (BAC) The following shall apply in relation to the Board Audit Committee.	

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
10.2. a	The Chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	Mr. Yudy Kanagasabai is a fellow member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Counts over 35 years of experience at PricewaterhouseCoopers, Sri Lanka, and the Maldives, and Singapore, before he retired as the Senior Partner of PricewaterhouseCoopers Sri Lanka and the Maldives on 31st March 2017.
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.	All three members of the Board Audit Committee are Non-Executive Directors, two of whom were Independent until 24th of November 2023. The Board Audit Committee was reconstituted on 24th of November 2023, and now all three members are Non-Executive Independent Directors.
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 in 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 2024 has been determined. Therefore, the Committee has no role to play in the engagement of the External Auditor. The Board Audit Committee at its meetings discusses application of relevant accounting principles and standards.
	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.
	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, a policy has been formulated by the Committee to ensures that non-audit services provide by an audit firm (Appointed by the Auditor General to assist him in the audit of the Company) does not impair that firm's independence or objectivity.
	vi. The BAC shall, before the Audit commences, discuss and finalise with the External Auditors the nature and scope of the audit, including (i) an assessment of the Company's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) 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.

Section	Corporate Governance Principle	Status of Compliance
	<p>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 judgements contained therein.</p> <p>In reviewing the Company's Annual Report and Accounts and Periodical Reports before submission to the Board, the committee shall focus particularly on: (i) major judgemental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements.</p>	<p>The Board Audit Committee reviews the financial information of the Company in order to monitor the integrity of the Financial Statements of the Company and other financial disclosures.</p> <p>The Committee has reviewed the Company's Annual and Quarterly Financial Statements prepared for disclosure, before submission thereof to the Board for approval.</p>
	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.
10.2. e	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls	<p>The Board has the overall responsibility for ensuring that the Company maintains an adequate level of internal control and for reviewing its effectiveness.</p> <p>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.</p> <p>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.</p>
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	There 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.	<p>There is a Board approved Internal Audit Charter that defines the purpose, authority and responsibility of the Internal Auditor. The said mandate establishes the independence of the department too.</p> <p>The Board Audit Committee has reviewed and approved the Annual Internal Audit plan. Internal Audit Reports, with the management comments, have been discussed at length, and action is taken to rectify the same.</p>
	iii. The BAC shall take the following steps with regard to the Internal Audit Function of the Company:	

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
	(i) Review the adequacy of the scope, functions and skills and resources of the Internal Audit Department, and satisfy itself that the department has the necessary authority to carry out its work;	Board Audit Committee has discussed the adequacy of the scope, functions, and resources of the Internal Audit Department.
	(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. Internal Audit Reports, with the management comments, have been discussed at length, and action is taken to rectify the same.
	(iii) Assess the performance of the head and senior staff members of the Internal Audit Department;	Out the performance appraisal of the Head of Internal Audit for the FY 2023/24
	(iv) Ensure that the Internal Audit Function is independent and activities are performed with impartiality, proficiency, and due professional care;	In terms of the Organisation Chart of People's Leasing & Finance PLC, the Head of Internal Audit reports directly to the BAC and the audit work has been performed with impartially proficiency and due care.
	(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	
	i. 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 247 to 250 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.

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.	<p>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.</p> <p>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 247 to 250.</p>
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.;	<p>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.</p> <p>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.</p>
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.	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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	
10.3. ii	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.

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
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 minimise 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.
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 fulfill 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.

Section	Corporate Governance Principle	Status of Compliance
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: <ul style="list-style-type: none"> a) various potential risks and frauds b) possible sources of such risks and frauds; c) mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing. d) effective measures to control and mitigate risks at prudent levels; and e) 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 has identified various potential risks which are 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:	
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.	The committee is comprised of three Non-Executive Directors and two third of the directors are independent. Subcommittee reports are appeared on pages 237 to 254 of the Annual Report.
10.4. b	Secretary to the nomination committee may preferably be the Company Secretary.	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.	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).	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.	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 two (6) new appointments made during the year.
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 4 Independent directors appointed.

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
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.	The Company conforms to the stated section. Directors profiles in the pages 162 to 169
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.	The Committee support the Board by identifying and recommending the best candidates with the essential proficiencies, expertise, and familiarity 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.	Members of the Board Nomination Committee is not involved in the decision-making process for their own appointment or re- appointment. Moreover, the Board Chairperson abstains from the meeting when the topics of discussion concern the appointment of the successor.
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.	The Committee currently consists of three non- executive board members, the majority of whom are independent directors (Committee report appears in to the pages 240 to 242)
10.5.b	The secretary to the Human Resource and Remuneration Committee may preferably be the Company Secretary.	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.	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 HR & REMCO.
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 HR & REMCO and approved by the main Board.

Section	Corporate Governance Principle	Status of Compliance
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.	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, 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.	The performance of the senior management excluding the Head of Audit, Head of Risk and Head of Compliance has been reviewed by the HR & REMCO. 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.	The committee adheres to the stated section.
11.	INTERNAL CONTROLS	
11.1	FCs shall adopt well-established internal control systems, which include the organisational 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: a) promote effective and efficient operations; b) provide reliable financial information; c) safeguard assets; d) minimise the operating risk of losses from irregularities, fraud, and errors; e) ensure effective risk management systems; and f) ensure compliance with relevant laws, regulations, directions, and internal policies.	
11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	
12.	RELATED PARTY TRANSACTIONS	
12.1	Board shall establish a policy and procedures for related party transactions, which covers the following.	
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.	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.	A board approved Board Related Party Transactions Review Policy is in place in this regard.

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
12.1. c	<p>The business transactions with a related party that is covered in this Direction shall be the following:</p> <ol style="list-style-type: none"> 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. 	<p>There is a documented process approved by the Board which speaks on types of related party transactions for the Company to avoid any conflicts of interest that may arise from any transaction with the related parties.</p> <p>All related party transactions have been disclosed in the Financial Statements.</p>
12.2	<p>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.</p> <ol style="list-style-type: none"> 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. 	<p>Complied</p> <p>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 aids the Company to avoid any conflicts of interest that may arise from any transaction of the Company.</p>

Section	Corporate Governance Principle	Status of Compliance
12.3	<p>The Committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party “more favourable treatment” than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, “more favourable treatment” shall mean:</p> <ul style="list-style-type: none"> a) Granting of “total accommodation” to a related party, exceeding a prudent percentage of the FC’s regulatory capital, as determined by the committee. 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 counterparty; 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
12.3	<p>The Committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party “more favourable treatment” than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, “more favourable treatment” shall mean:</p> <ul style="list-style-type: none"> a) Granting of “total accommodation” to a related party, exceeding a prudent percentage of the FC’s regulatory capital, as determined by the committee. 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 counterparty; 	Complied
12.3 (Contd.)	<ul style="list-style-type: none"> 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

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
13.	GROUP GOVERNANCE	
13.1	Responsibilities of the FC as a Holding Company.	<p>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.</p> <p>Additionally, the Company ensures alignment with the distinct operating environments, within its varying legal, regulatory and Jurisdictionary requirements that pertain to each subsidiary.</p>
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.	<p>The Company has an internally developed Code of Conduct and ethics for its directors and this Code covers the areas of conflict of interest, accurate accounting, record keeping, confidentiality of information, insider dealing, protecting and proper use of the Company's assets, pledges to uphold the duty of care, loyalty, and ethical conduct of complying with applicable laws and regulations, directions governing the company encouraging the reporting of any illegal or unethical behaviour, etc.</p> <p>Further, the Code of Conduct is available for all employees including Corporate and Senior Management. This Code focuses mainly for Fair dealing, protection and proper use of the Company assets, record-keeping and reporting, accounting and financial reporting concerns, reporting illegal or unethical behaviour, discrimination and harassment, health and safety, discipline, etc.</p>
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.	<p>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 practices.</p> <p>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.</p>
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.	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.	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.

Section	Corporate Governance Principle	Status of Compliance
15.1. b	<p>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;</p> <ul style="list-style-type: none"> 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 to keep the Board informed on any change in circumstances that may give rise to a conflict 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. 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. 	<p>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.</p>
16.	DISCLOSURES	
16.1	<p>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.</p> <p>The Board shall ensure that at least the following disclosures are made in the Annual Report of the FC.</p>	<p>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.</p> <p>Directors responsibilities statement given pages 237 to 274</p>
	<ul style="list-style-type: none"> i. Financial Statements- In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, <ul style="list-style-type: none"> » A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. » A statement of responsibility of the Board in preparation and presentation of financial statements. 	<p>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.</p>
	<ul style="list-style-type: none"> ii. Chairperson, CEO and Board Related Disclosures <ul style="list-style-type: none"> » 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. 	<p>Declarations were obtained from the Board of Directors of the Company and there were no business relationships with other Directors of the Company disclosed.</p> <p>Board of Directors Profiles were given in the pages 162 to 169.</p> <p>Meeting attendance refer to the page no 187.</p>

CORPORATE GOVERNANCE REPORT

Section	Corporate Governance Principle	Status of Compliance
	<p>iii. Appraisal of Board Performance</p> <p>» An overview of how the performance evaluations of the Board and its committees have been conducted</p>	<p>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.</p> <p>The summary of the self- assessment is submitted to the Board enabling Directors to discuss relevant matters if any.</p>
	<p>iv. Remuneration</p> <p>» 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)</p> <p>» The aggregate values of remuneration paid by the FC to its directors and senior management.</p>	<p>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 Plan and the Budget.</p> <p>All employee's annual promotions, increments, bonus are directly in relation with the employee's performance, contribution, commitment, professional conduct and behaviour.</p> <p>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.</p> <p>Aggregate values of remuneration paid for appears in the page no 307</p>
	<p>v. Related Party Transactions</p> <p>» 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.</p> <p>» 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.</p> <p>» 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.</p>	<p>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.</p> <p>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 page 380 to 386.</p>
	<p>vi. Board Appointed Committees</p> <p>» The details of the chairperson and members of the board committees and attendance at such meetings.</p>	<p>Please refer Board Sub committee Reports and the 'Directors' attendance and Committee Membership' tables on page no 187 of the Annual report.</p>
	<p>vii. Group Structure</p> <p>» The group structure of the FC within which it operates.</p> <p>» The group governance framework</p>	<p>The Company is a fully owned subsidiary of People's Bank. The Company fulfils its own legal and governing obligations.</p>
	<p>viii. Director's Report - A report, which shall contain the following declarations by the Board</p> <p>» The FC has not engaged in any activity, which contravenes laws and regulations.</p> <p>» The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested.</p> <p>» The FC has made all endeavours to ensure the fair treatment for all stakeholders, in particular the depositors.</p>	<p>Given on pages 228 to 234 of the Annual Report.</p>

Section	Corporate Governance Principle	Status of Compliance
16.1 viii. Contd.	<ul style="list-style-type: none"> » 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. 	Given on pages 290 & 234 of the Annual Report.
	<p>ix. Statement of Internal Control</p> <ul style="list-style-type: none"> » 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 276 to 277 of the Annual Report.
	<p>x. Corporate Governance Report</p> <ul style="list-style-type: none"> » 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. 	<p>The Corporate Governance Report is set out on pages 177 to 188 of the Annual Report of the Company.</p> <p>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.</p>
	<p>xi. Code of Conduct</p> <ul style="list-style-type: none"> » 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. 	<p>A Board approved Code of Conduct for directors and for all employees are in place.</p> <p>Please refer the Chairperson's message on pages 21 to 22 that the Company has no violations of any of the provisions of this code.</p>
	<p>xii. Management Report</p> <ul style="list-style-type: none"> » 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 80 to 160 and CEOs Review on pages 34 to 37.
	<p>xiii. Communication with Shareholders</p> <ul style="list-style-type: none"> » The policy and methodology for communication with shareholders. » The contact person for such communication. 	<p>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 all stakeholders.</p> <p>The Company Secretary shall communicate with the shareholders through the Annual report, Quarterly Reports, and by notices issued to the shareholders.</p> <p>Please refer the report on page No. 235 of the Annual Report of the Company.</p>

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 2024 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, SASB, and TCFD. This reflects our dedication to transparent and objective reporting, aimed at providing valuable insights to shareholders and other key stakeholders. This report was approved by the Board of Directors on 31st May 2024.

The Board of Directors, through diligent strategic planning, has set forth key imperatives and diligently executed strategies to manage risks and capitalise on opportunities. Furthermore, the Board has thoroughly scrutinised the Company's business plan and is confident that People's Leasing & Finance PLC is able to sustain operations well into the future, with ample resources at its 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 Conduct and Code of Ethics.

2.2 Principal Business Activities

The Company's principal business activities involve providing finance leases, term loans, Islamic finance, margin trading, factoring, gold loans, issuance of debt instruments and mobilisation of public deposits. The Company had six subsidiaries as at 31 March 2024 and the nature of business activities of these subsidiaries are described in "Subsidiary Review" Section on pages 86 to 91 and in the Accounting Policies on Pages 289 to 411. 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. It should be noted that the Lankan Alliance Finance Limited was renamed as Alliance Finance PLC during the year.

2.4 Branch Network

The total branch network of the Company as at 31 March 2024 comprised 109 fully-fledged branches.

2.5 Review of Operations

An overall assessment of the Company's financial position and performance during the year 2023/24, with comments on financial results and special events that took place, is contained in the Chairman's Message on pages 30 to 31, the Chief Executive Officer's Message on pages 34 to 37, as well as the Management Commentary on pages 78 to 159 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 page 378 of this Annual Report.

2.6 Future Outlook

The future outlook for People's Leasing & Finance PLC, which depends on the challenges, opportunities, and developments in the Sri Lankan economy as well as the global environment is set out in the 'Strategy and Resource Allocation' section on pages 67 to 77 and under 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 Deputy General Manager- Finance and the Acting 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 page 289 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 pages 273 to 274 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. 28,853.31 million (Rs. 30,196.59 million in 2022/23) and Rs. 32,216.38 million (Rs. 33,406.92 million in 2022/23) respectively for the year ended 31 March 2024. A more descriptive analysis of the interest income is given in Note 6.1 and 6.1.1 to the Financial Statements on page 297.

Performance and Appropriations

The Company and the Group recorded a net profit of Rs. 3,544.24 million and Rs. 4,203.67 million respectively for the financial year 2023/24 (Rs. 3,017.64 million and Rs. 3,441.70 million in 2022/23). This represents an increase by 17.45% and 22.14% of the Company and Group profit respectively compared to the previous year.

Details of the Company's performance and appropriation of profit are tabulated as follows.

Company	2023/24 Rs. Million	2022/23 Rs. Million
Profit before income tax	5,379.67	4,341.76
Income tax expense	1,835.43	1,324.12
Profit for the year	3,544.24	3,017.64
Profit brought forward from previous year	19,556.83	19,481.61
Profit available for appropriation	23,101.07	22,499.25
Appropriations		
Dividend paid for previous/ current year	(2,858.64)	(943.60)
Surcharge tax	-	(1,947.17)
Other comprehensive income	(76.72)	99.22
Transfers to reserves	(177.02)	(150.88)
Total appropriation	(3,112.38)	(2,942.42)
Unappropriated profit carried forward	19,988.69	19,556.83

GRI 3-3,207-1,207-2,207-3,207-4

Provision of Taxation

Profit earned during the period is subjected to income tax 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, income tax expense of the Company for the current financial year was Rs. 1,835.43 million. A comprehensive note on the income tax expense and the deferred tax asset or liability of the Company and the Group is 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 for the year ended 31 March 2024 amounted to Rs. 168.94 million and Rs. 206.48 million respectively (Rs. 253.25 million and Rs. 234.43 million in 2022/23).

The total additions to right of use assets of the Company and the Group in the year ended 31 March 2024 amounted to Rs. 158.80 million and Rs. 169.06 million respectively (Rs. 161.31 million and Rs. 191.17 million in 2022/23).

In the year ended 31 March 2024, the Company and the Group invested Rs. 30.25 million and Rs. 67.92 million respectively to acquire intangible assets. (In 2022/23, the Company invested Rs. 7.68 million and the Group invested Rs. 12.78 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 352.

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 349 to 355.

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 352 of this Annual Report. The net book values of freehold land

and buildings owned by the Company and the Group as at 31 March 2024 as included in the Financial Statement was Rs. 719.37 million and Rs. 3,113.96 million respectively.

Valuation of the Land and Building

The Company engages independent professional valuers to conduct a 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.

Qualifications of Valuer

The valuation process of land & buildings and the Investment Property were carried out by Messrs. K. J. D Tissera (FRICS (Eng.) FIV (Sri Lanka), a Chartered Valuation Surveyor, U. K. and 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 321 to 324 and 341 to 343 the Financial Statements.

Equity

Stated Capital

The Stated Capital of the Company and the Group as at 31 March 2024 amounted to Rs. 19,230.48 million, compared to Rs. 18,015.56 million as at 31 March 2023. Consequent to second interim dividend for the financial year 2023/24 paid by way of scrip dividend, the stated capital increased by Rs. 1,214.92 million.

Reserves

The total reserves of the Company and the Group as at 31 March 2024 stood at Rs. 22,599.38 million and Rs. 27,521.94 million respectively. During the financial year under review Rs. 177.02 million 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 286 to 287 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

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Finance Business Act Direction No. 03 of 2018 Capital Adequacy Requirement issued by the Central Bank of Sri Lanka stood at 30.10% and 29.80% respectively as at 31 March 2024. The information on minimum capital requirement is given on page 372 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 279 to 281.

4.2 Auditors' Report

The Report of the Auditor on the Financial Statements of the Company and the Group is given on pages 279 to 281.

4.3 Auditors' Remuneration

The following sums were paid by the Company and the Group for audit and related services as well as for non-audit services rendered including tax related services:

	Company		Group	
	2023/24 Rs. million	2022/23 Rs. million	2023/24 Rs. million	2022/23 Rs. million
Audit and related services	7.03	7.03	15.23	14.60
Non-audit services	1.35	1.40	1.47	1.40

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 289 to 411. The significant changes to accounting policies adopted if any, in the preparation of the Financial Statements are given in Note 3.4 on page 292 to 293.

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 162 to 169 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 177 to 227.

6.3 Other Directorships/Significant Positions of Directors

Information of the other directorships/ significant positions held by current Directors of the Company are given on pages 162 to 169.

6.4 Resignations and Appointments

Ms. Coralie Pietersz, Senior Independent Director, resigned on 5 July 2023, followed by Ms. G.M. Roshini P. Wijerathna on 9 September 2023. Additionally, as part of a restructuring of the board nominees, People's Bank revoked the appointment of Mr. Rohan Pathirage effective from 18 October 2023.

To fill the vacancy of Senior Independent Director, the Board welcomed Mr. Y. Kanagasabai effective from 11 August 2023, and Mr. Pravir Samarasinghe as an independent Director effective from 6 November 2023. Furthermore, Mr. Manjula Wellalage, Mr. Isuru Balapatabendi, Mr. A.M.P.M.B. Atapattu, and Mr. U.K. Samararatne were appointed as Nominee Directors from People's Bank effective from 3 October 2023, 9 November 2023, and 2 January 2024 the both, respectively.

Mr. Shamindra J.M. Marcelline CEO/GM tendered resignation from the Company w.e.f 1st April 2024. Mr. Udesch Gunawardena was appointed as the Acting Chief Executive Officer of the Company from 1st April 2024.

6.5 Independence of Directors

In accordance with the Finance Business Act (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 Mr. Y. Kanagasabai, Mr. U.L.A.W. Bandara Mr. C.J. Wijetillake and Mr. Pravir Samarasinghe 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.

The Board has designated Mr. Y. Kanagasabai as the Senior Independent Director in order to ensure compliance with Section 6.3 of Finance Companies (Corporate Governance) Direction No. 5 of 2021.

6.6 Fit & Propriety

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/ have successfully met the fit and proper assessment criteria as at 31 March 2024. 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 2024.

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 2024 was Rs. 18.73 million and Rs. 37.86 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 a Register of Directors' Interests, 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 380 to 386 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, 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 100 to 107 of this Annual Report.

6.11 Meetings

The details of Board meetings and Board subcommittee meetings are presented in the Corporate Governance Report on pages 186 to 187 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 100 to 107 of this Annual Report.

7.1 Equitable Treatment to Stakeholders

The Company has at all times ensured fair treatment for all stakeholders in particular the depositors.

7.2 Dividends on Ordinary Shares

The Company declared the first interim dividend for the financial year 2023/24 amounting to Rs. 0.70 per ordinary share in the form of a cash dividend on 25 July 2023. The directors also approved a second interim dividend of Rs. 0.70 per ordinary share for the financial year ended 31 March 2024 in the form of a scrip dividend. With respect to that, 112,492,634 ordinary voting shares of the Company have been listed with effect from 23 January 2024, pursuant to the scrip dividend in the proportion of 1:18.15126061.

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 of dividend payment conforming to the above statutory provision.

8. DONATIONS AND CSR

(Section 168 (1) (g))

Total amount of donations made by the Company during the accounting period.

During the year the Company has not made any donations. (No donations in 2022/23). However the Company incurred Rs. 2.68 million in 2023/24 for CSR initiatives. (Rs. 6.58 million in 2022/23). 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 136 to 149 and pages 150 to 159 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 good governance are maintained at all times. In terms of the Finance Business Act Direction No. 05 of 2021 a Policy on Communication with all stakeholders was formulated during the year setting out clear guidelines regarding interactions with 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.

Comprehensive Anti-Money Laundering Policy/Whistle Blower Policy/Anti-corruption and anti-bribery policy etc are in place to ensure the Company's operations are conducted in line with the highest standards of ethics and integrity. 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

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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 in place a Code of Business Conduct and Ethics supported by detailed procedures for disseminating and monitoring 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 177 to 227 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.
8. Property, plant and equipment are reflected at fair value, where it is different from fair value and adequate disclosures are made.

In addition a declaration on the Board Code of Conduct & Ethics will be signed by the directors annually in connection with the requirement of Sustainability Standards Implementation & Management System (S-SIMS)

The Directors declare that they have acted in good faith in executing their fiduciary duties by:

1. Prioritising the Company's interests by disclosing conflicts promptly, and acting for the benefit of all stakeholders
2. Actively participating in Board activities, contributing expertise towards the

advancement of organisational goals, and acting with integrity and diligence to avoid liabilities

3. Upholding the confidentiality of privileged information and board discussions
4. Managing resources responsibly and ensuring legal and ethical behaviour to safeguard the organisation's financial health and reputation
5. Supporting Environmental, Social and Governance sustainability and encouraging innovation across operations.
6. Upholding honesty, integrity, and professionalism and adhere to the highest ethical standards and to promote a culture of transparency, fairness, and respect within the organisation
7. Not engaging in insider dealings, defined as the use of privileged information for personal gain or to benefit others at the expense of the Company
8. Adhering to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards governing the company
9. Fostering a corporate culture of ethics and professionalism.
10. Holding themselves 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. However, during the year, the Financial Intelligence Unit of CBSL imposed a penalty of Rs. 500,000 on the Company due to an operational lapse. Subsequently, the Company has implemented new controls to reinforce the control environment.

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 contains information on ESG risks and opportunities that are recognised, managed, measured and reported as set out on pages 62 to 66.

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

Underscored by its integrated thinking approach, the Company continues to demonstrate its commitment to excellence in stakeholder value creation. 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 78 to 159, 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 375.

13. INCLUSIVE WORKFORCE MANAGEMENT

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 2024, a total of 2,052 persons were in employment (2,114 persons as at 31 March 2023) with the Company.

14. INTERNET OF THINGS AND CYBERSECURITY

(Code of Best Practice Section III G)

The Board confirms that the Company has appointed an Information Security Officer (ISO) with sufficient expertise and authority to oversee matters pertaining to cyber and information security risks. Further 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 185.

15. EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are disclosed in Note 57 to the Financial Statements on page 411.

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	✓	162-169
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year	✓	80-91
7.6 (iii)	Information on 20 largest shareholders at the end of the year	✓	105
7.6 (iv)	The public holding percentage	✓	104
7.6 (v)	Directors' and Chief Executive Officer's holding in shares	✓	105-106
7.6 (vi)	Information pertaining to material foreseeable risk factors	✓	256-269
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	✓	352
7.6 (ix)	Number of shares representing the stated capital as at the end of the year	✓	371
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and related information	✓	104
7.6 (xi)	Ratios and market price information on equity, debt, change in credit rating	✓	94 - 107
7.6 (xii)	Significant changes in the Company's or subsidiaries' fixed assets.	✓	349-353
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 option scheme at present.	
7.6 (xv)	Disclosure pertaining to corporate governance practices in terms of Rules Section 9 of the Listing Rules	✓	189-199
7.6 (xvi)	Related Party Transaction exceeding 10% of the equity or 5% of the total assets of the entity	✓	380-386

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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 2024, 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.

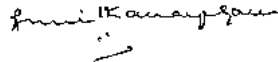
19. ANNUAL GENERAL MEETING

The 28th Annual General Meeting will be held as a Virtual /Hybrid meeting from the Boardroom of People's Leasing & Finance PLC Head Office, 10th Floor, No.1161, Maradana Road, Colombo 08 on 28 June 2024 at 10.00 a.m. Notice of the meeting relating to the 28th Annual General Meeting is provided on page 452 of this Annual Report.

By order of the Board of Directors



Y. Kanagasabai
Senior Independent Director



M.P. Amirthanayagam
Chairman



Shaalini Silva
Company Secretary

31 May 2024
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. Further amendments are viewed in line with CSE Rule No. 9 for Corporate Governance this year.

The revised policy emphasises 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 utilise 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

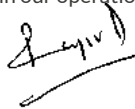
and its Sub-Committees or individual Board members or Management. Communications concerning legal, ethical, or compliance matters, or any other issue deemed significant to the Company, are promptly escalated to the Chairman and the Board. Personal communications unrelated to Board functions, junk mail, 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 and an Information Officer to ensure fair accessibility to all stakeholders.

Investor Relations Officer: Mr. Omal Sumanasiri, DGM- Finance, serves as the Investor Relations Officer, facilitating communication between the Company and its investors.

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.



Rajiv David
AGM Branding & Communication

31 May 2024
Colombo

REPORT OF THE SENIOR INDEPENDENT DIRECTOR

Section 6.2 of the Corporate Governance Direction No. 05 of 2021 (as amended) issued by the Monetary Board of the Central Bank of Sri Lanka requires that the Chairperson of a licensed Finance Company (LFC) be an Independent Non-Executive Director. In the case where the Chairperson is not an Independent Director, the Board shall designate an Independent Non-Executive Director as the Senior Independent Director (SID) with suitably documented terms of reference.

The Terms of Reference of the SID are adopted in compliance with the said Direction.

The Senior Independent Director will serve to support the Chairman in his role; to act as an intermediary for other Directors and Shareholders. He will lead the Independent Non-Executive Directors in the oversight of the Chairman and to ensure there is a clear division of responsibility between the Chairman and the Chief Executive Officer. Non-Executive Directors including the Senior Independent Director shall assess the Chairperson's performance at least annually.

- a The Senior Independent Director has been appointed by the Board with the approval of the Central Bank of Sri Lanka.
- b The Senior Independent Director is required to meet the independence criteria set out in the Corporate Governance Direction No. 05 of 2021 issued by the Monetary Board of the Central Bank of Sri Lanka, the Code of Best Practice on Corporate Governance 2023 by the Institute of Chartered Accountants of Sri Lanka as well as the Rules of the Colombo Stock Exchange.

The Senior Independent Director shall have the authority:

- a to call meetings of the Independent Non-Executive Directors with or without the Chairperson present, if, in his/her opinion, it is necessary;

- b to meet with the shareholders of the Company, if necessary;
- c to obtain external professional advice, at the Company's expense, if necessary.
- d to act as Chairperson of the Board when matters concerning the Non Independent Non-Executive Chair are considered;
- e to participate in all meetings with the majority, significant and minority shareholders and be made aware of any concerns by the Company Secretary
- f to Chair meetings of the Board in the absence of the Chairperson

Apart from informal contacts, the Independent Directors met two times without the presence of the other Non Independent Directors/Chairman/CEO to discuss matters relevant to their responsibilities. The challenges and risks arising from such have been noted and discussed. These concerns have been shared with the Chairperson and CEO for further deliberation and have been brought to the attention of the Board.

The Senior Independent Director has:

- a acted as a sounding board for the Chairman and provided support to the Chairman on delivering his objectives;
- b promoted high standards of corporate governance;
- c ensured Board proceedings are carried out in a transparent manner that avoids actual or reasonably perceived conflicts of interest;
- d ensured that the views of the other Independent Non-Executive Directors are given due consideration;
- e made himself available for confidential discussions jointly and severally with other Independent Non-Executive Directors who may have concerns which they believe have not been properly or duly considered by the Board as a whole and which pertain

to significant issues that are detrimental to the Company;

- f been available to shareholders if they have concerns which the normal channels of contact have failed to resolve or for which such contact is inappropriate;
- g led meetings of the Independent Directors to enable them to convey to the Senior Independent Director any issue, concern or observation they may have relating to the entity and the operations of the Board and shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members
- h Been available to meet the Non-Executive Directors without the presence of the Chairperson
- i Assessed the Chairperson's performance and provided required confirmations to the Central Bank of Sri Lanka in line with the Finance Business Act.

The Independence of each Non-Executive Director has been established based on the information and declaration submitted by them.

I wish to thank the Chairman, Members of the Board, CEO/Acting CEO the Management team for their co-operation in sharing information with openness enabling the Board to make the necessary decision on a timely manner.



Y. Kanagasabai
Senior Independent Director

31 May 2024
Colombo

BOARD AUDIT COMMITTEE REPORT



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 authorised to obtain external professional advice at the Company's expense.

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 31.03.2024.

COMPOSITION

Until November 24, 2023, the Board Audit Committee consisted of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. Following the reconstitution of the Board Audit Committee on November 24, 2023, all three members are now Independent Non-Executive Directors. 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. Yudhishtan Kanagasabai - Chairman of the Committee	Independent Non- Executive Director
Mr. U. L. Asoka W. Bandara	Independent Non- Executive Director
Mr. Pravir D. Samarasinghe	Independent Non- Executive Director

Attendance at the meetings during the year under review was satisfactory.

Committee Member	Directorship Status	Membership Status	Attendance
Mr. Yudhishtan Kanagasabai	Independent Non-Executive Directors	Chairman (Appointed w.e.f 25.08.23)	5/5
Ms. Miriam Coralie Pietersz	Independent Non-Executive Directors	Chairperson (Ceased w.e.f. 05.07.23)	2/2
Mr. U. L. Asoka W. Bandara	Independent Non-Executive Directors	Interim Chairman (From 23.06.23 To 25.08.23)	2/9
		Member	7/9
Mr. Azzam A. Ahamat	Non-Independent Non-Executive Director	Member (Ceased w.e.f. 24.11.2023)	6/6
Mr. Chanura Wijetillake	Independent Non-Executive Directors	Interim Member (Appointed w.e.f 23.06.23 Ceased w.e.f. 25.08.23)	2/2
Mr. Pravir D. Samarasinghe	Independent Non-Executive Directors	Member (Appointed w.e.f 24.11.2023)	3/3

The profiles of the members are given on pages 162 to 169 of the Annual Report.

Mr. Aminda Rajapaksa, Head of Internal Audit and the Secretary to the Board Audit Committee.

MEETINGS

The Committee held nine (9) meetings during the financial year ended 31st March, 2024. 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.

BOARD AUDIT COMMITTEE REPORT

Ms. Miriam Coralie Pietersz, Chairperson of the Board Audit Committee, resigned from the Board of Directors of People's Leasing & Finance PLC effective from July 7, 2023. The Board Audit Committee was reconstituted during the Board Meeting held on June 23, 2023. Mr. Asoka Bandara was appointed as the interim Chairman of the committee, and Mr. Chanura Wijetilleke was appointed as a committee member.

The Board Audit Committee was once again reconstituted during the Board Meeting held on August 25, 2023, and Mr. Yudhishtan Kanagasabai, replacing Mr. Chanura Wijetilleke, was appointed as Chairman of the BAC.

To further strengthen the BAC's composition, during the Board Meeting held on November 24, 2023, Mr. Pravir D. Samarasinghe was appointed as a Member of the BAC, replacing Mr. Azzam A. Ahamat. With this change, all members of the BAC are now Independent Non-Executive Directors.

ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL YEAR 2023/24

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 November 2023 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 authorised 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 2021 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 Central Bank of Sri Lanka Directions.

The committee received interim and annual financial statements duly signed and authorised by the DGM-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) recognised 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 authorised 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 2023/24. 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. Additionally, during the Financial year 2023/24, the Committee reviewed the "Policy for Engagement of External Auditor to Provide non-audit Services" to ensure the policy is appropriately updated to reflect recent changes.

The Committee reviewed the External Auditor's Management Letters and the Report of the Auditor General under Section 154(6) of the Constitution together with management responses thereto. The Committee also initiated action to ensure that the recommendations contained in the Management Letter and Auditor General's Report were implemented by the 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 progress made in achieving the Audit Plan objectives.

The Internal Audit Manual is reviewed annually to address any developments in operational functions and procedures. Accordingly, the Committee reviewed the manual and approved it in February 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 recognised 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 LKASs/ 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 of the Central Bank of Sri Lanka's Statutory Examination Reports together with the management response thereto. The Committee oversees management's actions to update the core banking system and other initiatives undertaken to comply with CBSL directives.

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 Internal Control System over Financial Reporting was reviewed and approved by the committee to be included 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 BAC during February 2024 to further strengthen the policy. All necessary procedures are established to conduct independent investigations into incidents reported through whistleblowing or identified through alternative means. The Board Audit Committee reviews quarterly updates on complaints reported through the Company's Whistleblower communication channels.

EVALUATION OF THE COMMITTEE


The Board Audit Committee carried out its responsibilities within the scope of its authority as mandated by its Terms of Reference. The Committee undertook an appraisal of executing these responsibilities and concluded that the Committee had carried out its responsibilities satisfactorily during the financial year.



Y. Kanagasabai
Independent Director
Chairmen - Board Audit Committee

21 May 2024
Colombo

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

 GRI 2-19, 2-20


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 KRPs, the CEO, and Senior Management, along with devising performance metrics that are both pertinent and challenging, geared towards advancing stakeholder interests.

The Board HR & Remuneration Committee (BHRRC) is pleased to present its report for the financial year ended 31st March 2024

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 KRPs, the CEO, 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 of Non-Executive Directors. The BNGC 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 in the pages 162 to 169 of the Annual Report .

MEETINGS

The BHRRC met Seven (07) times during the year under review, with all meeting proceedings reported to the Board of Directors

When necessary, the Chief Executive Officer and the AGM HR /Senior Manager HR attended HRRC meetings by invitation.

The Company Secretary of People's 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 BHRCC. TOR's are reviewed annually by the Board and appropriate changes made as needed to reflect compliance requirements and best practices. In the current year the BHRRC's TOR's will be updated in line with the Finance Business Act direction No. 5 of 2021 on Corporate Governance and Corporate Governance requirements of the Colombo Stock Exchange in keeping with the aim to promote early adoption of section 9 of Corporate Governance requirement of the Listing Rules of the Colombo Stock Exchange.

As set out in its TOR, HRRC 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

No.	Members of the Committee	Executive	Non Executive	Independent	Non Independent	No of Meetings Attended
1	Mr. U.L.A.W.Bandara - Chairman - (Ceased to be a member w.e.f 24th Nov. 2023 - Upon re constitution of Sub Committees)		✓	✓		3/3
2	Mr. Rohan Pathirage (Ceased to be a member w.e.f 18th Oct. 2023 - upon his resignation)		✓		✓	3/3
3	Ms. Coralie Pietersz - (Ceased to be a member w.e.f 5th July 2023 - Upon her resignation)		✓	✓		0/1
4	Mr. Chanura J. Wijetillake - (Appointed w.e.f 13th July 2023 and Ceased to be a member w.e.f. 25th Aug. 2023 - upon re constitution of Sub Committees)		✓	✓		1/1
5	Mr. P. Amirthanayagam - Appointed w.e.f 25th Aug. 2023 and Ceased to be a member w.e.f 24th Nov. 2023 - Upon re constitution of Sub Committees		✓		✓	1/1
6	Mr. Y. Kanagasabai (Chairman) - (Appointed w.e.f 24th Nov. 2023 - upon re constitution of Sub Committees)		✓	✓		4/4
7	Mr. Pravir Samarasinghe - (Appointed w.e.f 24th Nov. 2023 - upon re constitution of Sub Committees)		✓	✓		4/4
8	Mr. Clive Fonseka - (Appointed w.e.f 24th Nov. 2023 - upon re constitution of Sub Committees)		✓		✓	4/4

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.

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 2023/24

During the year, the BHRRC reviewed the Organisational 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-lead 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 LEADERSHIP PIPELINE STRATEGY OF PLC

The company has a well-established strategy in developing a strong leadership pipe-line as a key action step of the succession planning process.

Key strategic action point of the succession plan is to develop a "Talent Pool" and the strategy implementation starts with identifying the critical positions required for the organisation's success and uninterrupted business continuation.

The objective of the Talent Pool is to ensure that for the business continuity there are always qualified individuals ready to fill critical roles, minimising disruption. Also to ensure that the High-potential employees are more likely to stay with the organisation if they see clear career progression opportunities.

By implementing the Future Leaders project, the company will have a competitive advantage in terms of business agility to quickly adopt to changes and seize new opportunities.

For the Talent Pool, the critical roles were identified based on the organisational needs assessment prioritising the impact on business continuity and performance.

Defining of the Competencies and the Skills were determined by a thorough analysis of each key position by understanding the required skills, experiences, and competencies

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 authorised 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

for future requirements considering the future business needs and industry trends and determining the skills and competencies that will be needed.

The Head of the Divisions (HODs) were given the ownership in prioritising the critical roles in their respective departments. Based on the assessment, successors were nominated by the HODs based the required key competencies for the positions and potentials for these positions. Nomination of the successors were done based on the performance evaluations, psychometric assessments, 360-degree feedback, and the leadership potential assessments. The nominated candidates were selected through a selection panel.

Once the successors are finalised, an individualised development plan is developed for each Talent Pool member outlining the

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

steps needed to prepare them for future roles. Further, identified training programs, workshops, and seminars are arranged to address the competencies required for key positions. Furthermore, mentors and coaches are assigned to guide their development and to provide regular feedback.

Enrolling the talent pool members in leadership development programs that focus on strategic thinking, decision-making, and other critical leadership skills are key areas in Future Leaders project.

Progress of the project is monitored and evaluated through regular review meetings to review the progress of employees in the talent pool to adjust development plans as needed.

KPIs will be used to measure the effectiveness of development activities and the readiness of employees for succession.

Another action step of the succession plan is to offer job rotation opportunities to give employees exposure to different areas of the organisation. Also assigning challenging projects that push employees out of their comfort zones and develop new skills is another significant action step of the whole process.

The whole succession planning process is being established ensuring that all the projects includes diverse employees by using unbiased criteria for identification. The company encourages and facilitate any additional resources and support to ensure

diverse talent can progress through the pipeline.

DIRECTORS REMUNERATION

The aggregate remuneration paid to the Directors/CEO/Senior Management during the financial year under review is given in the page no 307 in the Annual Report, which is in line with the Board Remuneration Policy adopted by the Board on 26th March 2024

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.



Y. Kanagasabai
Chairman of the Committee

31 May 2024
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT



The Company has a Board approved policy for Related party transactions, which outlines the criteria for identifying 'related parties' in accordance with relevant regulations, including Listing Rules, Directions, and LKAS 24 of Sri Lanka Accounting Standards. The policy ensures that the company avoids 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 2024.

COMPOSITION OF THE COMMITTEE

The Committee currently consists of three non-executive board members, the majority of whom including the Chairman are Independent Directors (Profiles of the members are given in to the pages 162 to 169)

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the Committee.

MEETINGS

The Committee met four times during the year under review.

When necessary, the Chief Executive Officer and Compliance Officer, as well as the Chief Manager Finance, attended 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, section 9 of the Listing Rules of the Colombo Stock Exchange, Share Trading Policy and the Related Party transaction Policy Manual.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE - 2023/24

No.	Members of the Committee	Executive	Non Executive	Independent	Non Independent	No of Meetings Attended
1	Mr. U.L.A.W. Bandara - Chairman (Appointed w.e.f 24th Nov. 2023)		✓	✓		4/4
2	Mr. Chanura J. Wijetillake - (Chairman until 24th Nov. 2024)		✓	✓		4/4
3	Mr. Rohan Pathirage - ceased to be a member w.e.f 18th Oct 2023 - Upon his resignation		✓		✓	2/2
4	T.M. Wellalage (appointed w.e.f 24th Nov. 2023)		✓		✓	1/1

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 relevant regulations, including Listing Rules, Directions, and LKAS 24 of Sri Lanka Accounting Standards. The policy ensures that the company avoids 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 to the Board of Directors as soon as he/she becomes aware of it.

REVIEWING POLICIES AND PROCEDURES ON RELATED PARTY TRANSACTIONS

The Related Party Transaction Review Committee regularly reviews the Policies and Procedures on RPT Transactions adopted by the company. Further it carries out an overview functions over its subsidiaries.

During the year, the Share Trading Policy and the Policy on staff secondments were carefully reviewed and revised to align with the evolving needs of the business.

The TOR is due for review in year 2024 on adoption of section 9 of the Corporate Governance Rules of the Colombo Stock Exchange.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

SCOPE OF THE COMMITTEE

The Committee reviews all proposed related party transactions in advance, except those explicitly exempted in the TOR and in accordance with the Colombo Stock Exchange (CSE) Listing Rules.

Implement policies and procedures to review the Company's related party transactions, as well as overseeing existing policies and procedures

Recommending 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.

Establishing 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 2023/24

The Committee reviewed Related Party Transactions of the Company during the period of 01 April 2023 to 31 March 2024 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 380 to 386.

AUTHORITY

The recommendations of the Committee are reported to the Board to take final decisions on the matters where necessary. The Committee is authorised by the Board to obtain professional advice as and when it deems necessary at the expense of the Company which is coordinated by the Company Secretary.

DECLARATION

The Board of Directors declare 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 effectiveness 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 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.



U.L.A.W. Bandara
Chairman of the Committee

31 May 2024
Colombo

NOMINATION & GOVERNANCE COMMITTEE REPORT

 GRI 2-10, 2-18


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.

The Board Nomination and Governance Committee (BNGC) is pleased to present its report for the financial year ended 31st March 2024.

The Nomination & Governance 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.

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.

COMPOSITION OF THE NOMINATION AND GOVERNANCE COMMITTEE:

The BNGC consists of three Non-Executive Directors, of which two-thirds Independent Directors. The BNGC 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 in the pages 162 to 169 of the Annual Report.

The BNGC met seven (07) 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 People's 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 have been formulated in line with the Finance Business Act Direction No. 5 of 2021 on Corporate Governance and direction No. 6 of 2021 on Fitness and Propriety. TOR's are reviewed annually by the Board and appropriate changes made as needed to reflect compliance requirements and best practices. In the current year the HRRC's TOR's were updated in line with the new Finance Business Act direction No. 5 of 2021 on Corporate Governance.

The Board Governance Charter and the Policy for 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 its TOR, the BNG assists the Board of Directors in fulfilling its oversight responsibility;

ATTENDANCE AT MEETINGS HELD DURING NOMINATION & GOVERNANCE COMMITTEE - 2023/24

No.	Members of the Committee	Executive	Non Executive	Independent	Non Independent	No of Meetings Attended
1	Mr. U.L.A.W.Bandara - Chairman (Ceased to be a Member w.e.f. 24th Nov. 2023- upon committee re constitution)		✓		✓	5/5
2	Mr. Rohan Pathirage - (Ceased to be a member w.e.f 18th October 2023 - upon his resignation)		✓			2/2
3	Ms. Coralie Pietersz - (Ceased to be a member w.e.f 5th July 2023 - upon her resignation)		✓		✓	0/1
4	Chanura J. Wijetillake (Chairman) - Appointed w.e.f 13th July 2023		✓		✓	6/6
5	Y. Kanagasabai - Appointed w.e.f 24th Nov 2023		✓	✓	✓	5/5
6	I. Balapatabendi - Appointed w.e.f 24th Nov 2023		✓			5/5

NOMINATION & GOVERNANCE COMMITTEE REPORT

- » 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 authorised to obtain professional advice as and when required at the expense of the Company and this is coordinated by the Company Secretary

ACTIVITIES 2023/24

Pursuant to Article 27(2) of the Company's Articles of Association, the BNGC carried out a fit and proper assessment of new Board Members - Mr. Y Kanagasabai, Mr. T.M. Wellalage, Mr. H.I. Balapatabandi, Mr. P.D. Samarasinghe, Mr. A.M.P.M.B. Atapattu, and Mr. U.K. Samararatne. Accordingly, all six new Directors were deemed Fit and Proper and as such eligible for re-election at the 1st Annual General Meeting following their appointment.

Accordingly, shareholders will be invited to re-elect them at the upcoming Annual General Meeting. The profiles of the members and details are given in the pages 162 to 169 under the Corporate Governance report of the Annual Report.

In Terms of the Articles of the Association of the company, Directors are not subject to re-elections at regular intervals. However in terms of the Finance Business Act Direction No. 5 of 2021, all Board Members are subject to an Annual Fit & Proper Assessment for their continuation as Directors for the next financial year.

All Board Members were assessed for their Independence/Non Independence at the beginning of the Financial Year. The criteria on Independence was reviewed against the relevant Directions of the Finance Business Act and the Listing Rules of the Colombo Stock Exchange for the year 2024/2025. Accordingly, the Committee remains satisfied that Directors - Mr. Y Kanagasabai, Mr. U.L.A.W. Bandara, Chanura J. Wijetillake and Mr. Pravir Samarasinghe can continue as Independent Non Executive Directors for the ensuing year.

The Committee assessed the skills, experience, diversity, and independence of current Board members and identified 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 Professional Development of the Board of Director was formalised and a policy with a designated budget allocated for such activities to empower Board Members with the requisite knowledge and skills necessary to effectively fulfill 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 draft policies accordingly.

The organisational 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 organisational structure

Facilitated Board Evaluation for the year 2023/24 as well as the assessment and review of the appointment of the Acting CEO/GM.

The Committee also undertook to perform the formal annual evaluation of its effectiveness. The output of the evaluation was forwarded to the Board of Directors for formal approval and / or any corrective action on the shortcomings.

LOOKING AHEAD:

Going forward, the BNGC remains focused on maintaining a Board that is well-equipped to navigate the evolving business landscape and drive long-term value creation for our shareholders. We will continue to prioritise diversity, expertise, and independence in the process of selecting Board members, ensuring the Board reflects the varied perspectives necessary for effective decision-making.

DECLARATION

The Committee diligently adheres the corporate governance standards outlined in the Listing Rules of the CSE, ensuring full compliance with each provision.

Declarations submitted by Board Members under the Appendix 9A of the Listing Rules section 9 and following this review, it was ascertained that the Independent Directors of the Board, namely Mr. Kanagasabai, Mr. U.L.A.W. Bandara, Mr. Pravir Samarasinghe, and myself, effectively met the criteria for assessing independence.

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



Chanura J. Wijetillake
Chairman of the Committee

31 May 2024

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT



In progressing towards achieving well-accepted risk management standards - Basel II Pillar 2 requirements, the Company had voluntarily adopted the Internal Capital Adequacy Assessment Process (ICAAP). During the period under review, the Committee reviewed the ICAAP document, and upon its recommendation, submitted it to the Board for adoption.

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)

In June 2023, the Committee revised the TOR to provide greater clarity in line with the Corporate Governance Direction No.5 of 2021 issued by the Central Bank of Sri Lanka. 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 162 to 169.

Name of the BIRMC Member	Directorship Status
Mr. Pravir Samarasinghe w.e.f. 24.11.2023	Committee Chairman (Non-Executive, Independent Director)
Mr Chanura J. Wijetillake Up to 24.11.2023	Committee Chairman (Non-Executive, Independent Director)
Mr. Yudhishtan Kanagasabai w.e.f. 25.08.2023	Committee Member (Non-Executive, Independent Director)
Mr Azzam A. Ahamat	Committee Member (Non-Executive, Non-Independent Director)
Mr K. C. J. C. Fonseka Up to 25.08.2023	Committee Member (Non-Executive, Non-Independent Director)
Ms Roshini Wijeratne Up to 25.08.2023	Committee Member (Non-Executive, Non-Independent Director)

REGULAR ATTENDEES BY INVITATION

- » Chief Executive Officer/ General Manager
- » Chief Operating Officer
- » Chief Risk Officer
- » AGMs Branch Network
- » Compliance Officer
- » Key Management Personnel from PLC Subsidiaries
 - Chief Executive Officer - People's Insurance PLC (PI)
 - Head of People's Micro-commerce Ltd
 - Officer-in-charge of People's Leasing Fleet Management Limited
 - Chief Executive Officer - Alliance Finance PLC
 - Director - People's Leasing Property Development Limited
 - Director - People's Leasing Havelock Properties Limited

MEETINGS

The Committee held seven (07) 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 Pravir Samarasinghe - Committee Chairman w.e.f 24.11.2023		✓	✓		2/2
2	Mr Chanura J. Wijetillake - Committee Chairman Up to 24.11.2023		✓	✓		5/5
3	Mr Yudhishtan Kanagasabai w.e.f 25.08.2023		✓	✓		4/4
4	Mr Azzam A. Ahamat - Committee Member		✓		✓	6/7
5	Mr K. C. J. C. Fonseka - Committee Member Up to 25.08.2023		✓		✓	1/3
6	Ms Roshini Wijeratne Up to 25.08.2023		✓		✓	3/3

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

REPORTING TO THE BOARD

Risk assessment report immediately after the BIRMC meeting was 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 signed 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 monitored through Key Risk Indicators (KRIs) on a monthly basis are submitted to the Committee for review at its meeting held every two months.

INTEGRATED RISK MANAGEMENT

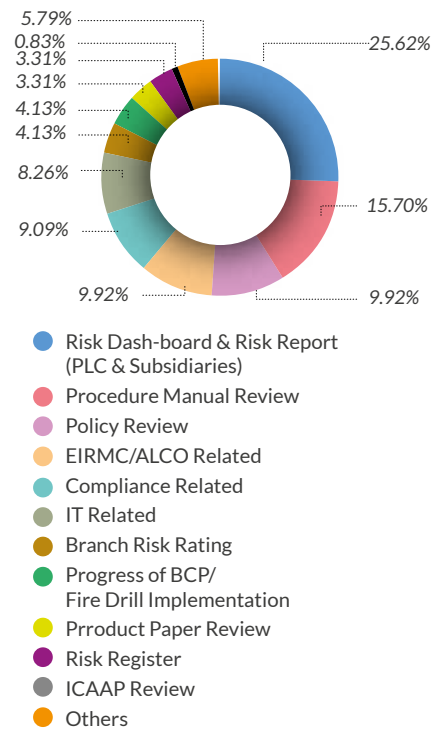
- » In progressing towards achieving well-accepted risk management standards - Basel II Pillar 2 requirements, the Company had voluntarily adopted the Internal Capital Adequacy Assessment Process (ICAAP). During the period under review, the Committee reviewed the ICAAP document, and upon its recommendation, submitted it to the Board for adoption.
- » The Committee reviewed the Policies submitted, including the following;
 - Risk Management Policy
 - Risk Appetite and Tolerance Statement
 - Post Disbursement Review Policy
 - IT Policies
 - ESG Sustainability Policy
 - Customer Accessibility and Dispute Handling Policy
 - Business Expansion Policy
- » The Committee reviewed the new procedure manuals and amendments to the existing manuals submitted, including the following;
 - FD & Savings Related Manuals
 - Islamic Finance Related Manuals
 - Gold Loan Manual
 - Recovery Procedure Manual
 - Procurement Manual

- Tender Auction Manual
- Legal Procedure Manual
- » The Committee reviewed the new products and services;
 - Solar Product Paper
 - Agriculture Product Paper
 - Safety Deposit Product Paper
 - Gold Card Product Paper
- » The Committee reviewed the TORs of the Executive Integrated Risk Management Committee and Information Security Committee.
- » 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 Assessment quarterly. It also reviewed and approved the amendments proposed to the Branch Risk Rating Methodology.
- » Reviewed the risk reports (Risk Dashboard/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.
- » The Committee reviewed the progress of the Sustainability drive of the Company.

CREDIT RISK

- » 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.
- » Reviewed the credit concentration risk sector-wise, product-wise and asset-wise and the compliance with regulatory requirements such as single borrower limits.

Key Areas of Discussion and Time Allocated



- » 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 and recommended action against any gaps noted.

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.

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 proposed TOR of the Information Security Committee (ISC) to establish a management-level Committee to address issues on technology adoption, information security, cyber security, outsourcing and concentration.
- » Reviewed the minutes of the IT Steering Committee and ISC and deliberated on the action items, especially on the development of the core IT system.
- » The Committee reviewed the proposed amendments and new IT policies and procedures and recommended for Board approval.

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.
- » Monitored compliance with the guideline for financial institutions on CCTV operations for AML/CFT purposes, No. 02 of 2021.
- » 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 Dashboard 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 PLC - (PLC's Bangladesh Subsidiary)

- » BIRMC quarterly reviewed the Risk Dash-board reports submitted by Alliance Finance PLC.
- » CEO of Alliance Finance PLC 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

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

Leasing Property Development Limited and People's Leasing Havelock Properties Limited.

- » The Committee reviewed the operations of these companies, including occupancy details.

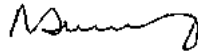
The Risk and Control Department coordinated with the aforementioned subsidiaries of People's Leasing and briefed the Committee on the relevant information through various risk indicators and additional information.

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.



Pravir Samarasinghe
Committee Chairman

31 May 2024

BOARD CREDIT COMMITTEE



The BCC acknowledges the significance of fostering a robust credit culture and remains dedicated to upholding the Company's credit management policies and practices in line with the highest standards of integrity.

The Board Credit Committee (BCC) is pleased to present its report for the financial year ended 31st March 2024.

The BCC is a voluntary body established by People's Leasing & Finance PLC (People's Leasing) Board to oversee its Credit Functions and provides 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, of which two-thirds are Independent Directors. The BCC is chaired by a Non Independent Non-Executive 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 162 to 169).

MEETINGS

The BCC held two 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, the DGM - Finance, Head of Risk, AGM - Recoveries as well as the Acting Head of Credit also attended BCC meetings by invitation.

The Company Secretary of People's 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 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.

BOARD CREDIT COMMITTEE - 2023/24

No.	Members of the Committee	Executive	Non Executive	Independent	Non Independent	No of Meetings Attended
1	Ms. Roshini Wijerathna - appointed w.e.f 27.04.2023 - Ceased to be a member w.e.f 5th September 2023 - upon her resignation		✓		✓	1/1
2	Mr. Azzam A. Ahamat (Appointed Chairman upon reconstitution of the Sub Committee) - Appointed w.e.f 24th Nov. 2023		✓		✓	1/1
3	Mr. Chanura J. Wijetillake		✓	✓		2/2
4	Mr. U.L.A.W.Bandara		✓	✓		2/2

BOARD CREDIT COMMITTEE

- » 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 2023/24

During the year under review, the BCC continuously reviewed extension of credit as well as settlement proposals.

The delegated Credit authority limits were revised in line with the changes to the organisational structure.

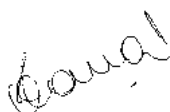
The BCC also proposed amendments to the policy governing the valuation and inspection of immovable property and additionally has advised the management to uphold a robust and diversified loan portfolio, with vigilant oversight on credit risk.

The Credit Policy was reviewed and the Credit Procedure Manual was adopted.

The BCC recommended the implementation of the new Credit Management System allowing for electronic approval of facilities.

CONCLUSION

The BCC acknowledges the significance of fostering a robust credit culture and remains dedicated to upholding the Company's credit management policies and practices in line with the highest standards of integrity. Additionally, the Committee is confident that its recommendations effectively align with the credit and lending objectives of both the Board and the management team



Azzam A. Ahamat
Committee Chairman

31 May 2024

BOARD INVESTMENT COMMITTEE



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.

The Board Investment Committee is pleased to present its report for the financial year ended 31st March 2024

The Board Investment Committee (BIC), is a voluntary Sub Committee established 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 is an Independent Director. The BIC is chaired by a 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 pages 162 to 169)

MEETINGS

The BIC held five (05) times during the year under review, with all meeting proceedings reported to the Board of Directors

When necessary, the Chief Executive Officer and DGM - Finance 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 People's Leasing'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 as and when required at the expense of the Company.

ACTIVITIES 2023/24

During the year under review, the BIC reviewed the revised dividend policy aligning with the present regulatory requirements on distribution

With regard to new opportunities, on 8th of June 2023, People's Leasing & Finance PLC entered into a Share Purchase Agreement

BOARD INVESTMENT COMMITTEE - 2023/24

No.	Members of the Committee	Executive	Non Executive	Independent	Non Independent	No of Meetings Attended
1	Mr. K.C.J. Clive Fonseka - Chairman		✓		✓	5/5
2	Mr. Chanura J. Wijetillake		✓	✓		5/5
3	Mr. Azzam A. Ahamat		✓		✓	5/5

BOARD INVESTMENT COMMITTEE

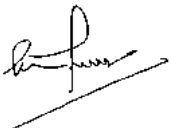
with Janashakthi Limited to purchase One Hundred and Thirty Three Million Six Hundred and Fifty Thousand (133,650,000) Ordinary shares held by Janashakthi Limited in First Capital Holdings PLC, which constitutes Thirty Three Percent (33%) of the issued shares of First Capital Holdings PLC, at a consideration of Rupees Thirty Seven and Cents Ten (Rs. 37.10) per share amounting to a total consideration of Rupees Four Billion Nine Hundred and Fifty Eight Million Four Hundred and Fifteen Thousand (Rs. 4,958,415,000/-). The above intended transaction was subject to approval of the Central Bank of Sri Lanka and any or all other regulatory authorities applicable to the two parties.

However, on 04th September 2023, the Company announced that the stipulated timelines for Completion of the transaction lapsed on the 23rd of July 2023 since the necessary regulatory approvals were not received by that date. Moreover, the parties were not able to agree on the extension of the timelines.

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 role and will continue to monitor and evaluate investment activities to ensure the best possible outcomes for the company and its shareholders.



K.C.J. Clive Fonseka
Chairman of the Committee

31 May 2024

COMPLIANCE RISK MANAGEMENT STATEMENT

PEOPLE'S LEASING & FINANCE PLC: BUILDING A STRONG COMPLIANCE CULTURE

In fiscal year 2023/24, People's Leasing & Finance PLC (People's Leasing) made a concerted effort to strengthen its compliance framework to protect the Company from regulatory risks by ensuring adherence to applicable laws, regulations, and internal policies. This proactive approach is vital to shield the Company from potential financial penalties, reputational damage, and operational disruptions.

OUR APPROACH

People's Leasing has established a comprehensive Compliance Risk Management Framework accompanied with clear duties and responsibilities to drive Company-wide compliance. The framework consists of:

A Dedicated Compliance Team: To monitor Company-wide compliance with external regulations and internal policies and report findings directly to the Board Integrated Risk Management Committee (BIRMC) for appropriate action.

Compliance Policies and Procedures: Formal policies such as

- » Anti-Money Laundering (AML) Policy
- » Share Trading Policy
- » Compliance Charter & Policy Manual
- » Policy on Outsourcing of Business Operations
- » Related Party Transaction Policy & Manual (RPT)
- » Procedure guideline on Anti Money Laundering & Combating the Financing of Terrorism

Technology Investment: To align internal system functions with the GOAML reporting module, World check one security solution system and the Key Transaction Monitoring System to strengthen monitoring and management of compliance risks. The investment in technology also aims to streamline internal system development and reporting regarding Related Party Transactions (RPT) and Politically Exposed Persons (PEP)."

Compliance Culture: Employees are provided with the necessary training and resources to understand their obligations and report potential concerns through a new Compliance Hotline.

KEY DEVELOPMENTS IN FY 2023/24

Compliance Hotline: Introduction of a dedicated hotline to enable employees to report potential compliance risks, while safeguarding their confidentiality.

Streamlined Operations: The compliance function was optimised by assigning specialised officers to manage specific risk areas.

Enhanced Training: Risk-focused training programs were conducted to ensure employees at all levels are equipped to uphold compliance standards.

Compliance Risk Assessments: Regular risk assessments were implemented to proactively identify high-risk areas and mobilise resources accordingly.

Third-Party Due Diligence: Process enhancements to improve vendor and partner alignment with People's Leasing's compliance standards.

Data Security and Privacy: Strengthened protocols and employee training on data privacy regulations to safeguard sensitive customer information.

Compliance Monitoring and Reporting: A robust system was established for ongoing monitoring and reporting to senior management and the Board, providing clear visibility into potential risks.

Regulatory Engagement: Increased engagement with regulatory bodies through participation in industry forums and workshops to understand evolving regulations and latest development in compliance best practices.

Compliance Awareness Campaigns: Internal communication campaigns to raise awareness about compliance procedures and encouraged employees to report potential concerns.

LOOKING FORWARD

People's Leasing remains committed to continuous improvement in its compliance framework. The Company will actively monitor and update its approach to ensure it remains compliant with evolving regulations and maintains a strong culture of ethical conduct.

COMPLIANCE RISK MANAGEMENT FRAMEWORK

The Compliance Risk Management Framework for 2023/24 encompasses:

Risk Assessment: Identifying and evaluating potential risks that may impact the Company's ability to remain compliant.

Leadership and Governance: The Company's leadership allocated financial and other necessary resources towards strengthening the compliance function, and promoting a culture of compliance across the organisation.

Reporting and Communication: Dashboards and critical key risk indicators for ongoing and periodic reporting to senior management and the Board, regulators, and Internal Audit.

Internal Controls: Continuous and ongoing improvement of internal policies, manuals, circulars, and guidelines, including system controls and screening.

Compliance Training: Risk-focused training workshops, covering all business lines and shared services.

Regulatory Interaction and Coordination: Standard processes for regulatory interaction and coordination.

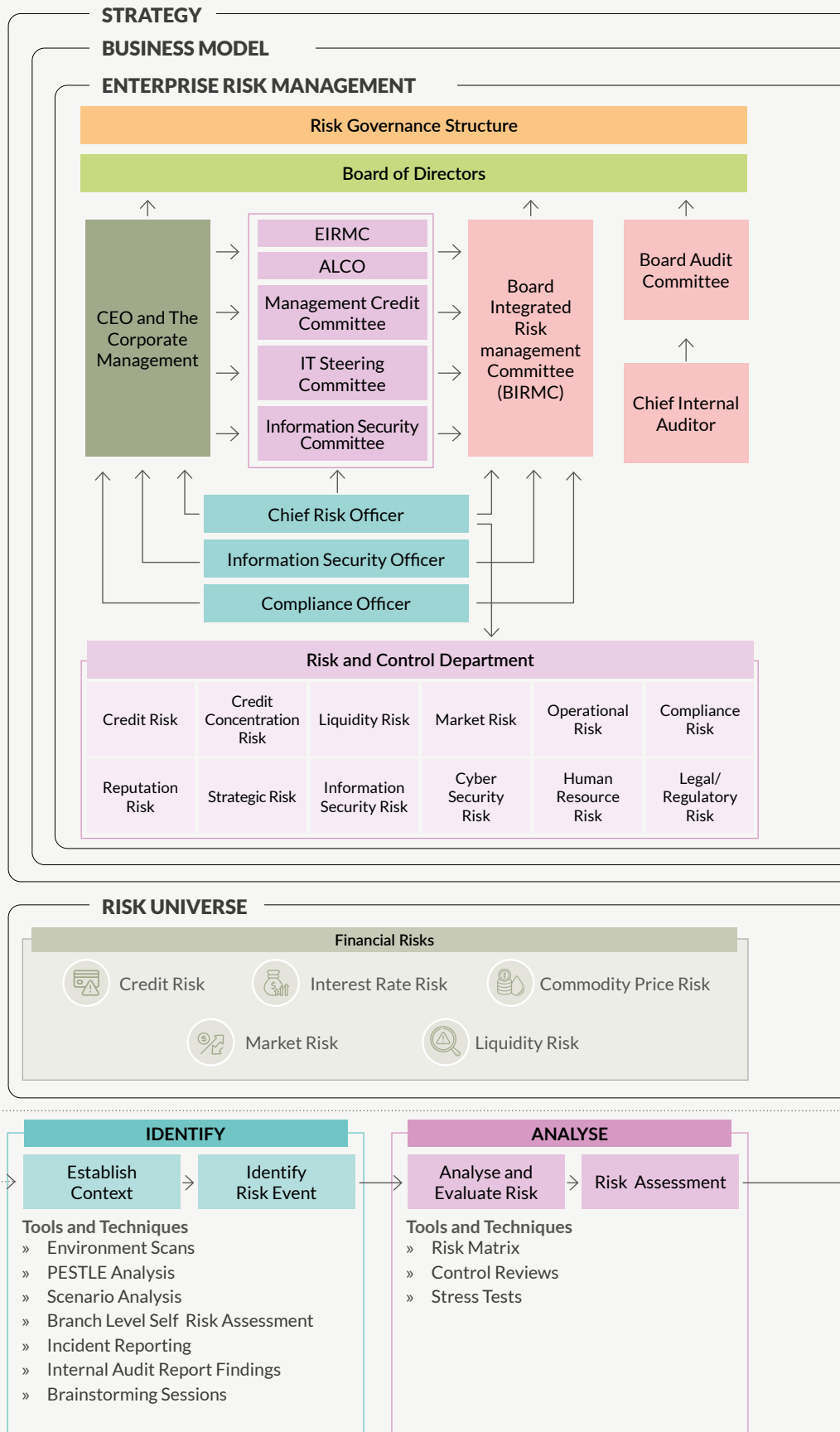
Compliance Risk Assessment: Continued focus on understanding compliance obligations and potential vulnerabilities due to proliferating data privacy and cyber security regulations.

People's Leasing & Finance PLC's Compliance Risk Management Framework for 2023/24 emphasises continuous monitoring and implementation of regulatory compliance requirements. This holistic approach ensures the Company maintains a strong compliance culture and upholds ethical standards across its operations, at all times.

RISK MANAGEMENT REVIEW

People's Leasing & Finance PLC's Approach to Risk Management

People's Leasing & Finance PLC's (People's Leasing) principle approach to risk management aims to ensure all key risks within the Company's risk universe, both financial and non-financial, are managed in a consistent manner to support the achievement of business plans and strategic growth objectives. For this reason, the Board, as the highest governing body in charge of risk management, established the Enterprise Risk Management (ERM) Framework, which is driven by an 8-step risk lifecycle management process to ensure all material financial and non-financial risks are identified, assessed, monitored and managed proactively in order to prevent an erosion of the Company's capital position due to unforeseen changes in the risk universe.



Board of Directors

Business Line Management



Key Role Players

- » CEO and Corporate Management
- » Head office departments
- » Branch level operations

They are required to identify, manage, mitigate and report on the different risks that arise from their business activities on a day-to-day basis.

Risk Management



Key Role Players

- » BIRMC
- » EIRMC
- » ALCO
- » Management Credit Committee (MCC)
- » IT Steering Committee (ITSC)
- » Information Security Committee (ISC)
- » Chief Risk Officer
- » Compliance Officer

This line represents the risk overseeing bodies. (adviser/consultant to first line)

Independent Assurance



Key Role Players

- » BAC
- » Internal audit
- » External audit

3rd line of Defence provides assurance about design and effectiveness of first and second line. Adviser role to improve processes.

Non-Financial Risks



Reputational Risk



Regulatory Risk



Information Security Risk



Cybersecurity Risk



Environment and Social Risk

MITIGATION

Risk Treatment

Risk Control

Tools and Techniques

- » Regulatory Compliance Requirements
- » Risk appetite and tolerance limits
- » Policies and SOPs (Standard Operating Procedures)
- » Risk Register
- » Three-lines-of-defence
- » Risk Awareness Culture

MONITOR AND REPORT

Monitoring And Reporting

Effective Communication

Tools and Techniques

- » Risk Dash Board Reports to BIRMC
- » Monthly Presentations to EIRMC
- » Risk and Control Department Circulars
- » All Staff Communications

RISK MANAGEMENT REVIEW

BOARD COMMITMENT TO RISK MANAGEMENT

As the highest governing body within the organisation, the People's Leasing Board of Directors are collectively responsible for ensuring the proper management and control of all material risks applicable to the Company.

The Board remains the sole authority for defining the overall risk appetite consistent with the Company's strategy and sets out the Key Risk Indicators (KRIs) and tolerance limits for all key risks, thereby mandating the maximum risk thresholds the Company is willing to assume in pursuit of its strategic objectives. Underscored by the Board approved limit framework, a formal set of policies and SOPs have been established to create the control structure for operational teams to implement business plans.

To assist in executing its risk management responsibilities, the Board has appointed several committees, namely the Board Integrated Risk Management Committee (BIRMC), the Board Audit Committee (BAC), Board Credit Committee (BCC) and the Board Investment Committee (BIC). Operating under the delegated authority of the Board, these Board committees are charged with providing oversight for identifying risks, as well as setting out guidelines for implementing risk mitigation activities and appropriate procedures for measuring and controlling risk. They are also collectively responsible for reviewing the Company's risk management practices and recommending necessary improvements, as needed.

There are also several executive level committees involved in risk management, these include the Asset and Liability Committee (ALCO), the Executive Integrated Risk Management Committee (EIRMC), the IT Steering Committee (ITSC), Management Credit Committee (MCC) and Information Security Committee (ISC). These Committees, which are chaired either by the CEO, COO or the Chief Risk Officer are tasked with providing more focused oversight over certain risks.

The Board has also established a dedicated Risk and Control Department (RCD) to assist the Board, Board Committees and Executive-Level Committees in the stewardship of risk. Headed by the Chief Risk Officer, the RCD is responsible for proactively identifying, assessing and monitoring risks as well as for ensuring risk mitigation strategies are implemented in line with the Board approved risk management framework. The RCD is also responsible for assisting the Board and

BOARD COMMITTEES INVOLVED IN RISK MANAGEMENT



Board Integrated Risk Management Committee (BIRMC)

Risk Management Responsibilities

Assisting the Board in performing its oversight function in relation to the internal/external risks faced by the Company by reviewing the Company risk appetite boundaries, tolerance limits, risk policies and other risk assessment tools and advising the Board on the need for appropriate revisions to take cognisance of new developments in the risk universe.

Detailed report of the BIRMC is given on pages 247 to 250



Board Audit Committee (BAC)

Risk Management Responsibilities

Providing independent assurance regarding the efficacy of the Company's risk management practices.

Detailed report of the BAC is given on pages 237 to 239



Board Credit Committee (BCC)

Risk Management Responsibilities

Assisting the Board in formulating / reviewing the Company's overall Credit Strategy and Credit Policies and recommending to the Board, appropriate changes as needed.

Detailed report of the BCC is given on pages 251 to 252



Board Investment Committee (BIC)

Risk Management Responsibilities

Reviewing / evaluating the potential investment opportunities and advising the Board in relation to such investments.

Detailed report of the BIC is given on pages 253 to 254

the Board Committees in the capital planning process by measuring the potential impact on the Company's capital position due to changing risk profiles.

CAPITAL PLANNING PROCESS

As part of People's Leasing's ERM Framework, the capital planning of the Company is based on the comprehensive Internal Capital Adequacy Assessment Process (ICAAP) performed by the RCD annually. The annual ICAAP is applied to measure the impact to the Company's capital position by taking into account all key risks with comprehensive stress tests performed to forecast minimum capital requirements to safeguard against potential losses under stress conditions.

In FY 2023/24 the ICAAP process was further strengthened in line with the new regulator mandated capital adequacy requirement to perform stress prior to the declaration of dividends/ interim dividends. 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.

FINANCIAL RISKS

Credit Risk

As a provider of financial services involved in the business of lending to individuals, SMEs and corporates, Credit Risk is the most material risk element for People’s Leasing. Credit Risk consists of two elements 1)- Default Risk which refers to the potential loss if the Company’s core lending customers failure to meet contractual obligations as and when they fall due and 2) Credit Concentration Risk which refers to the potential loss to the Company resulting from the unfavourable performance of a large single exposure or collection of exposures.

Default Risk Management Approach

Recognising that the effective management of Default Risk is critical to the long term sustainability of the business, a comprehensive suite of tools and techniques are used to manage credit risk.

The process of managing Default Risk begins at the Credit Evaluation stage. The Board approved Credit Policy serves as the overarching mandate for governing credit, Standard Operating Procedures (SOPs) have been established for various lending verticals to guide credit teams to maintain a disciplined approach to granting credit facilities based on stringent evaluation of the customers repayment capacity.

As per the established procedure, credit proposals above branch level are reviewed by the Central Credit Department prior to forwarding it to the respective approval authority for further credit scrutiny. Credit proposals above certain limits are approved/recommended by the Management Credit Committee and the Chief Risk Officer serves as an independent observer on the Management Credit Committee. Retail and SME exposures are assessed using CRIB data as well as internally and externally available customer behaviour records followed by further assessment by designated authorities.

Meanwhile the Post Disbursement Review Policy mandates the RCD to perform an independent monthly post disbursement review based on random sampling of credit facilities granted in the previous month. All identified gaps/deviations are communicated to appropriate authority levels (Branch Managers, RMs/Zonal AGMs, Head of Branch Network and Chief Operating Officer) even though they cannot reverse a decision to lend, it may, where appropriate, require that any corrective measures are taken to remedy any defects. Given that People’s

Leasing’s core business revolves around vehicle leasing/mortgages, the Company also maintains a pool of property valuers and obtain vehicle valuations from the valuers/valuer institutions registered with the Leasing Association of Sri Lanka.

Monitoring Default Risk is a shared responsibility, where the Corporate Management provides functional oversight to ensure business units strictly adhere to all internal controls and SOPs for lending and also monitor exposures under their purview. Established recovery structures are in place to guide branch teams in collection activities. These efforts are completed by the Central Recovery Unit which monitors early warning information and results of stress tests performed by the Risk and Control Department, while the Legal Recovery division handles litigation cases.

Credit Concentration Risk Management Approach

Concentration Risk is managed as per the Board approved risk tolerance thresholds for Sector/Asset Class. The Company’s overall lending portfolio as well as large exposures are actively monitored by the RCD to assess performance and progress in line with Board approved tolerance limits for Concentration Risk KRIs, supported by regular reporting to the risk management and Board level committees responsible for developing and maintaining a robust credit stress testing programme.

CREDIT RISK UPDATE FOR FY 2023/24

Context and Strategy

Influenced by the continuing economic uncertainty in the first half of 2023, the Company revisited its lending strategies with a cautious approach underscoring credit expansion in the first half of the financial year. However with the revival of economic activity and the subsequent surge in credit demand from several sectors, People’s Leasing engaged in low risk lending in the latter part of the year. This included selective lending for large exposures with special emphasis on fast growing sectors such as tourism, agriculture and IT. In the retail segment, a conscious effort was made to promote Gold Loans, which being an asset-backed lending proposition, presents a relatively lower credit risk profile.

To further streamline the credit evaluation process, a fully fledged Credit Evaluation System equipped with in-built customer screening tools was implemented in mid-2023, while a dedicated Credit Department was set up to provide additional assurance

STRESS TESTS CRITERIA UNDER ICAAP FOR ALL RISK PILLARS BASED ON BASEL GUIDELINES

Credit Risk

- » Credit assets downgrade (normal to special mention, special mention to substandard, substandard to doubtful and doubtful to loss)
- » Large Borrowers Default
- » Stress testing on non-performing loans with GDP change
- » Top five sectors default

Credit Concentration Risk

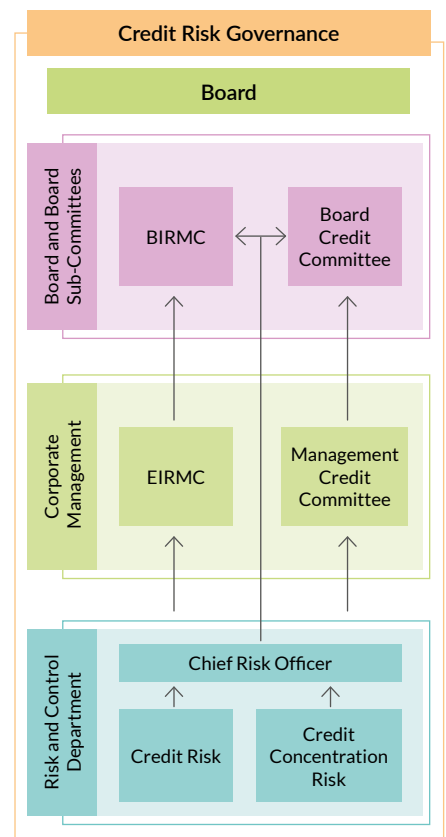
- » Credit concentration risk – HHI scale up stress testing

Interest Rate Risk

- » Impact of interest rate risk on net interest income

Liquidity Risk

- » Liquidity stress testing on balance sheet
- » Fall in liquid assets



RISK MANAGEMENT REVIEW

on pre-credit evaluations. Recovery and follow up action continued to be tightened throughout the year to mitigate the default risk and maintain credit quality with acceptable levels.

Post disbursement reviews conducted by the RCD were further enhanced to cover a larger share of the all lending portfolios. As part of this same process, the RCD undertook to provide independent review of individual

impairments. The RCD also continued with monthly monitoring of concentration risk parameters including sector-wise, asset-wise Concentration Risk, while region-wise infectious ratio and branch risk ratings were monitored more frequently and discussed with regional heads with findings presented to the EIRMC for review and escalation thereon to the BIRMC and the Board.

The newly established Credit Department undertook a comprehensive review of the existing Credit Policy, along with the end-to-end credit process, with necessary improvements made as needed. The Credit Department together with the Risk and Control Department also initiated a series of credit related training and awareness programmes or branch credit teams.

OUTLOOK FOR 2024/25

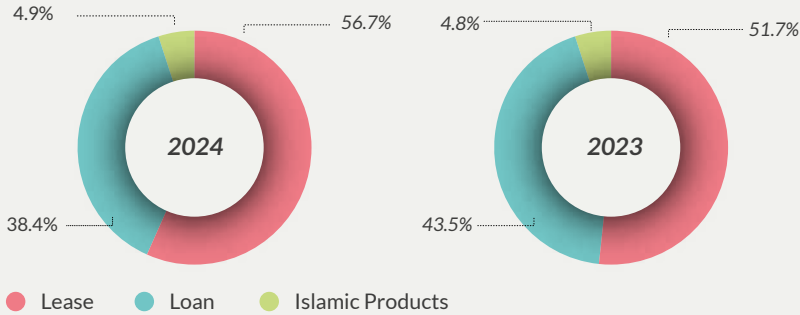
The Company will seek to further fine tune its lending strategies in an effort to strike the optimal risk / return balance. This will mean proactively revisiting the lending mix to capture market dynamics, while maintaining strict control over product positioning to ensure consistent credit quality metrics.

Credit Risk Scorecard

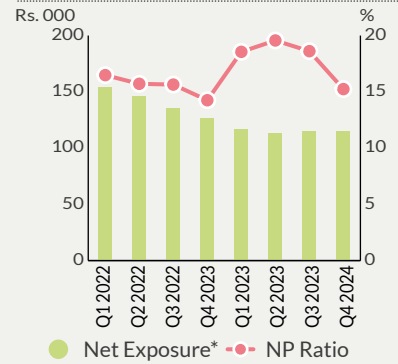
	Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023
Credit Risk	Non-Performing Ratio (Gross) - 6 months	%	Internal	<10	9.81	10.15
	CBSL NP Ratio - 3 months	%		<15	15.24	14.25
	P&L Charge Ratio (On Profit)	%		<20	-48.46	15.85
	NPL/Impairment Coverage Ratio	%		<75	86.43	84.03
Credit Concentration Risk	Single/Group borrower limit	Rs. billion		As per CBSL	Complied	Complied
	HHI score	Points		<0.4	0.17	0.23

Credit Risk Update – FY 2023/24

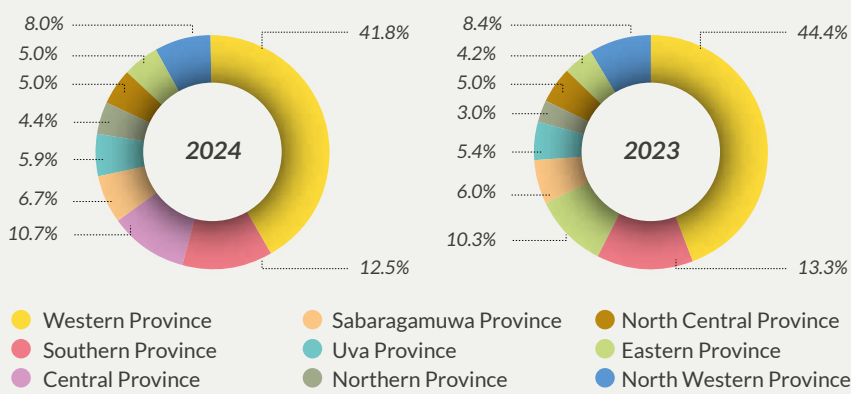
Product Concentration



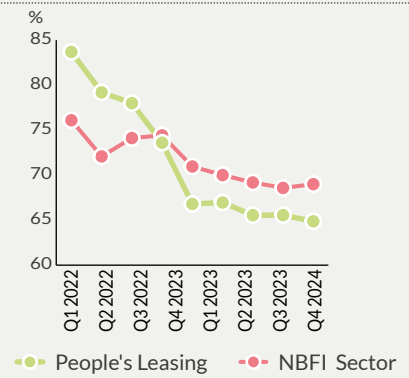
NP Ratio and Net Exposure- CBSL NP



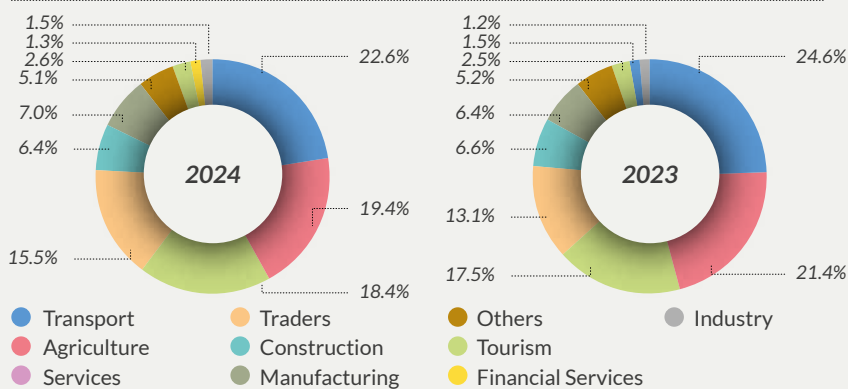
Geographic Concentration



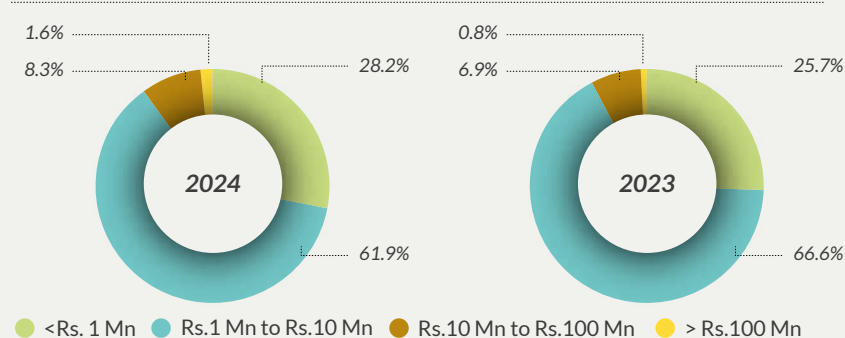
Total Net Advances to Total Assets



Concentration By Sector



Concentration By Size of Advance



* Net exposure: Exposure prior to the deduction of the provision for impairment.

RISK MANAGEMENT REVIEW

LIQUIDITY RISK

Liquidity Risk is the risk of loss resulting from the inability to meet payment obligations in full and on time when they become due.

Liquidity Risk Management Approach

Given that Liquidity Risk is inherent to the People's Leasing's business due to the mismatch in maturities between assets and liabilities, the Company employs multiple approaches to ensure adequate liquidity levels are maintained at all times. As a financial institution operating in Sri Lanka's NBF1 sector, People's Leasing is subject to the Regulatory Minimum Liquid Asset requirements issued by the CBSL. This mandate establishes the baseline for the Company's Liquidity Risk management approach, while the Board approved Treasury Policy and Procedures, as well as Contingency Plan provide a structured framework for the Company to adhere to these regulatory requirements.

The responsibility for Liquidity Risk Management rests with the Treasury and Asset and Liability Committee (ALCO) which operates under the supervision of the BIRMC. The Board approved Treasury Policy sets the overall approach towards Liquidity Risk management and provides detailed guidance to the Treasury to ensure adequate liquidity levels for the management of daily operations and meeting regulatory obligations. The Contingency Plan aims to assist the ALCO in building up liquidity buffers for contingencies.

OUTLOOK FOR 2024/25

Going forward the Company will focus on consolidating its liquidity position by diversifying the funding mix, coupled with more emphasis on mobilising low cost funding.

The RCD plays a role in daily monitoring of Treasury limits against parameters set by the ALCO along with high level monitoring of liquidity levels in line with regulatory requirements. The Risk and Control Department is also charged with performing stress tests to monitor liquid assets and other metrics to assess the Company's adherence to Board approved internal tolerance limits for liquidity. These reports are escalated to the BIRMC.

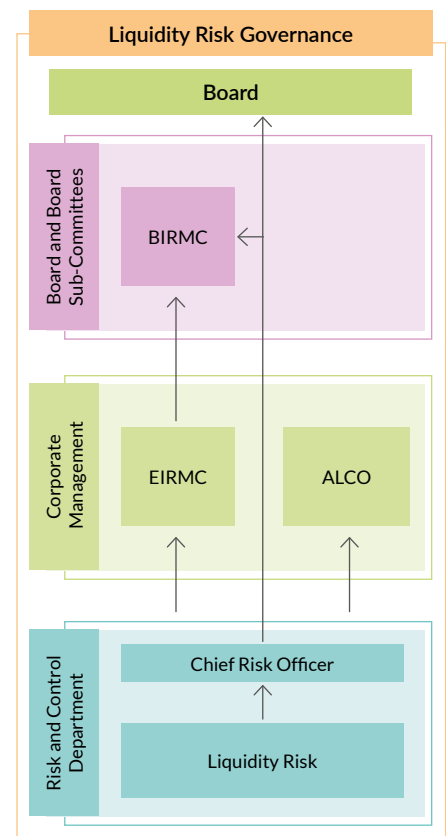
LIQUIDITY RISK UPDATE FOR FY 2023/24

Context and Strategy

The current financial year witnessed a turnaround in the Company's liquidity position, as the stressed conditions experienced in 2022 gradually dissipated on the back of strong deposit growth and healthy recoveries. Further aided by the cautious lending approach maintained throughout the year, the Company recorded excess liquidity after accounting for regulatory minimum requirements and contingencies.

Excess liquidity was invested in high yielding instruments including government securities.

At the same time, the ALCO continued its active involvement in minimising maturity mismatches by proactively revisiting the deposit mix in tandem with interest rate movements.

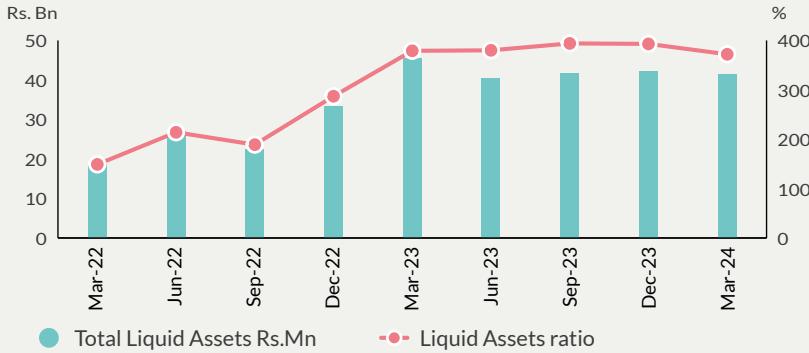


Liquidity Risk Scorecard

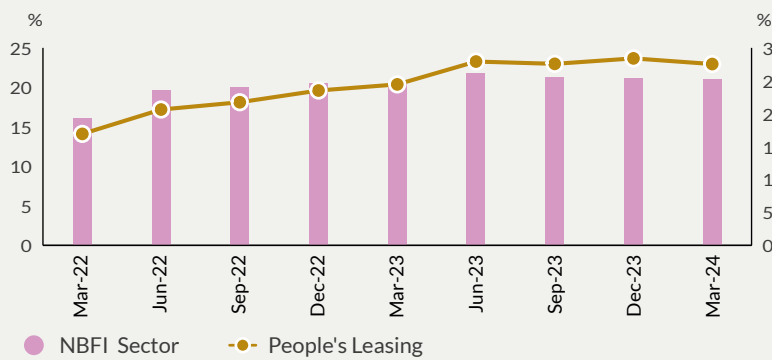
	Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023
Liquidity Risk	Liquid assets ratio	%	Internal	>100	375.27	379.44
	Maturity mismatch ratio (up to one year)	%		>-45	0.97	7.68
	Facilities granted from stable sources	%		<150	93.73	86.50
	Maximum single depositor concentration	%		<5	2.94	1.59
	Exposure to bulk deposits (over Rs. 50 million)	%		<20	11.95	10.13

Liquidity Risk Update - FY 2023/24

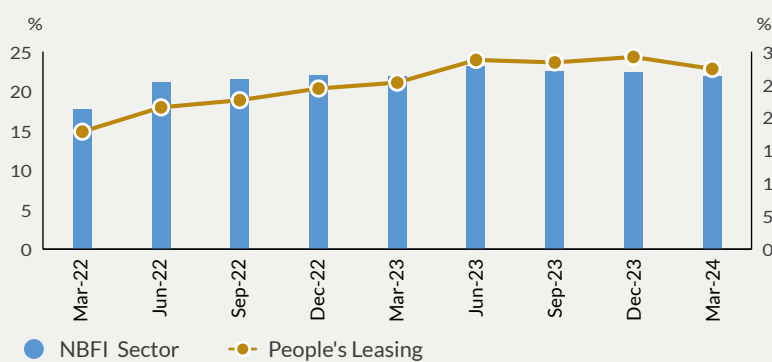
Total Liquid Assets to Liquid Asset Ratio



Core Capital to Risk Weighted Assets



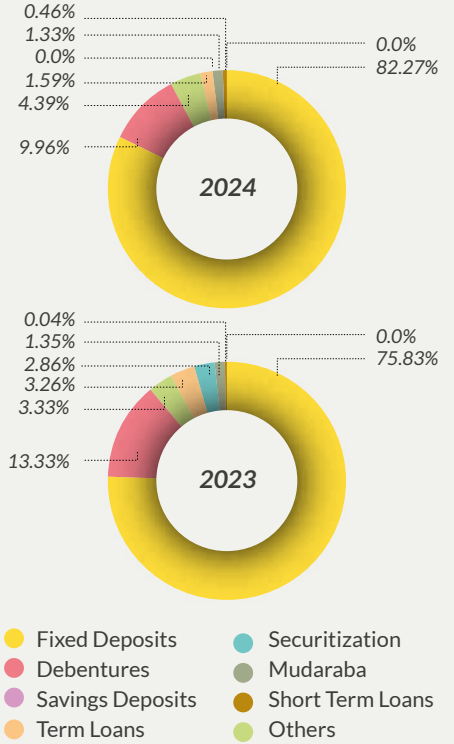
Capital Base to Risk Weighted Assets



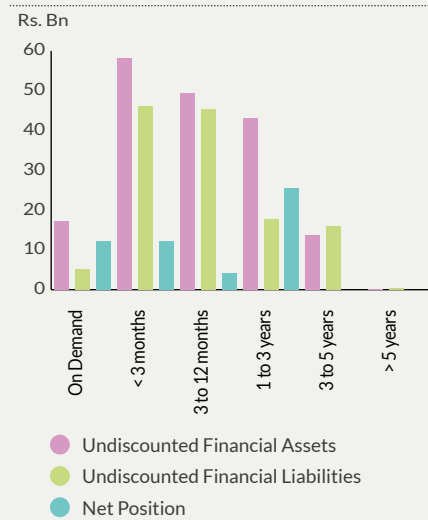
Borrowing to Equity (times)



FUNDING DIVERSIFICATION



Maturity Profile of Undiscounted Financial Assets and Liabilities



RISK MANAGEMENT REVIEW

Stress Test for Liquid Assets (Immediate withdrawal of deposits)

Scenario	10%	15%	20%
Liquid asset ratio	308%	269%	225%
Fall in Liabilities (Rs.million)	10,847	16,270	21,694
Revised Liquid Assets (Rs.million)	30,832	25,408	19,985
Revised Required Liquid Assets (Rs.million)	9,996	9,441	8,885

Liquid asset ratio : Liquid asset available / Liquid asset 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), fluctuations in the exchange rate (Foreign Exchange Risk), and equity market conditions (Equity Risk).

People's Leasing is not exposed to Foreign Exchange Risk as the Company does not maintain a foreign currency portfolio. Similarly the exposure to Equity Risk is also minimal.

The only material market risks for People's Leasing is Interest Rate Risk and Commodity Price Risk.

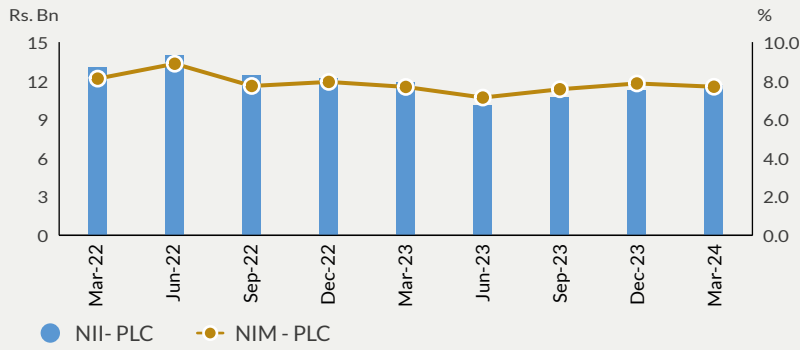
Market Risks applicable to People's Leasing	Management Approach	KRI's	Tolerance Limit
Interest Rate Risk (IRR) - the risk of loss resulting from unfavourable movements in interest rates	The Treasury regularly monitors the interest rate environment and the movement of key interest rate indices. Such as AWPLR, Treasury Bill rates etc. with a weekly report provided to the ALCO to enable necessary re-pricing of asset and liability portfolios to ensure margins are consistent with targets.	Interest rate sensitivity	<6%
Risk Rating - HIGH	The ALCO also undertakes to review interest rate repricing-gaps and sensitivity analysis. Assisted by the ALCO, the BIRMC undertakes a review of interest rate sensitivity and repricing gap ratios against predefined risk tolerance levels every two months. The Risk and Control Department performs regular stress testing to determine the impact of interest rates in net interest margin and profitability with findings presented to the BIRMC every two months.		
Commodity Price Risk - the risk of loss owing to movements in world gold prices	The Risk and Control Department 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.	Repricing gap ratio	>-20%
Risk Rating - HIGH			

Market Risk Scorecard

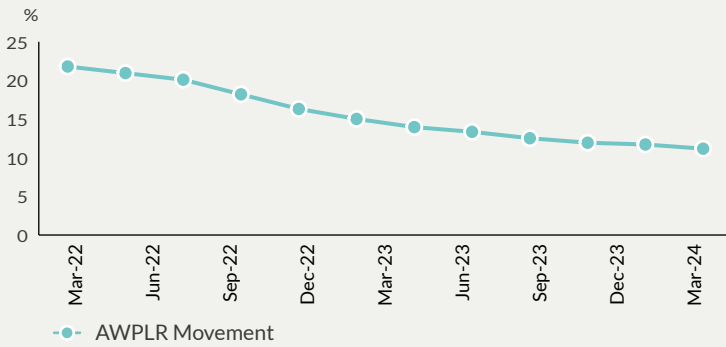
Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023
Market Risk	Interest rate sensitivity	%	<6	0.92	1.12
	Repricing gap ratio (up to one year)	%	>-20	13.01	13.76

Market Risk Scorecard - FY 2023/24

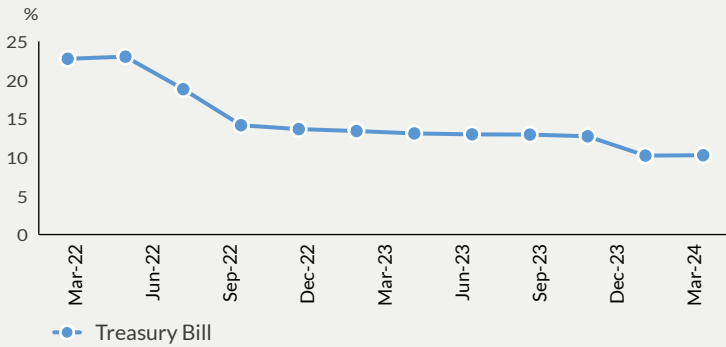
Net Interest Income & Net Interest Margin



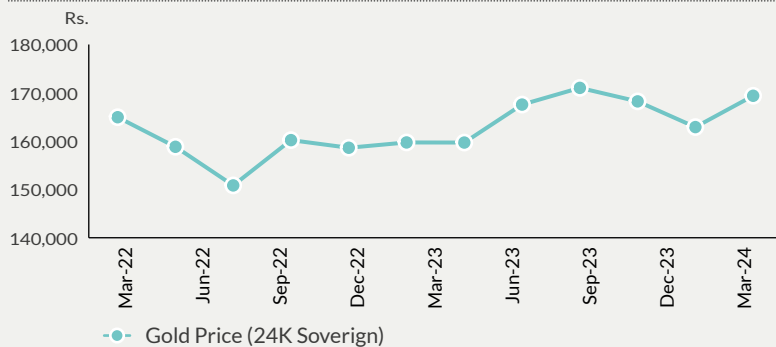
AWPLR Movement



Monthly Average Treasury Bill Rate Movement



Monthly Average Gold Price Movement



RISK MANAGEMENT REVIEW

Stress Test on NII – Interest Rate Shock

Scenario	Impact on NIIRs. '000			
	2023/24		2022/23	
	Increase	Decrease	Increase	Decrease
1%	213,020	-213,020	143,506	-143,506
3%	639,060	-639,060	430,518	-430,518
5%	1,065,010	-1,065,010	717,531	-717,531

NON-FINANCIAL RISKS

Operational Risk

Operational Risk is the risk of loss caused by inadequate human capital or the failure of internal systems and processes, including inadequate IT Systems

Operational Risk Management Approach

Managing Operational Risk starts with continuous and ongoing identification of operational risks by the RCD, including through Incident Reporting mechanism to detect operational risk events from drills conducted as part of the Business Continuity Planning process, the Branch Operational Risk Self-Assessment to assess the branch operational risk levels and regular on-site inspections to analyse potential risk pain points. Findings from the Internal audit reports also serve as a key source to identify risks. All operational risk events identified through these processes are scrutinised by the RCD and documented in the Risk Register. A summary of the operational risk event is tabled at the monthly EIRMC meeting for necessary action.

Additionally, the Board approved Business Continuity Plan (BCP) creates

the foundation for the Company to navigate unforeseen disruptions and safeguard continuity of operations and honour stakeholder deliverables.

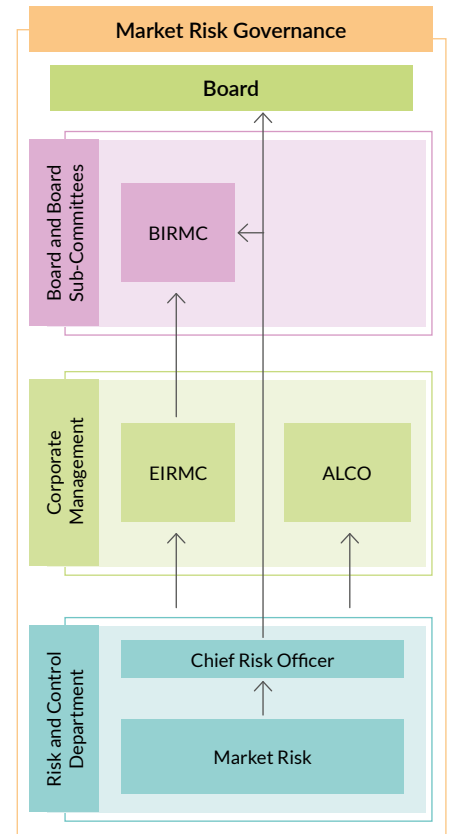
OPERATIONAL RISK UPDATE FOR FY 2023/24

Context and Strategy

Branch Operational Risk Self-Assessments were conducted in all four quarters in the current financial year, while the RCD branch visit programme covered a total of 41 branches. Potential loss events detected through these investigations were documented and presented at EIRMC meetings.

Reflecting the commitment to ongoing improvement, the RCD revisited existing BCP procedures in line with the industry best practices with necessary changes made to address identified gaps.

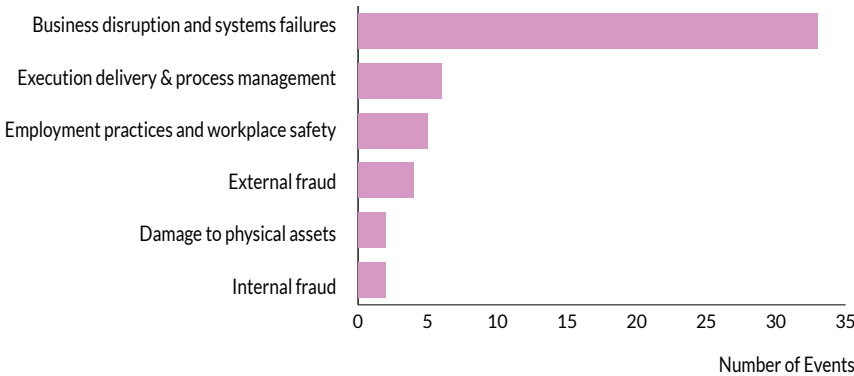
Meanwhile with employee attrition proving to be a key challenge in the current year, the Company took broad based action to retain key personnel. Full details regarding these efforts are captured in the Human Capital Report on pages 124 to 135.



Operational Risk Scorecard 2023/24

	Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023
Operational Risk	Frauds detected (value as a percentage of operational expenses) – FY 2023/24	%	Internal	<0.5	0.17	0.56
	Unsatisfactory audits as a percentage of total audit reviews) - FY 2023/24	%		<15	0.96	1.37
	Staff turnover ratio (annual)	%		<15	20.26	10.78
	Cost to income ratio	%		<50	55.6	52.64

Operational Risk Event Type 2023-24

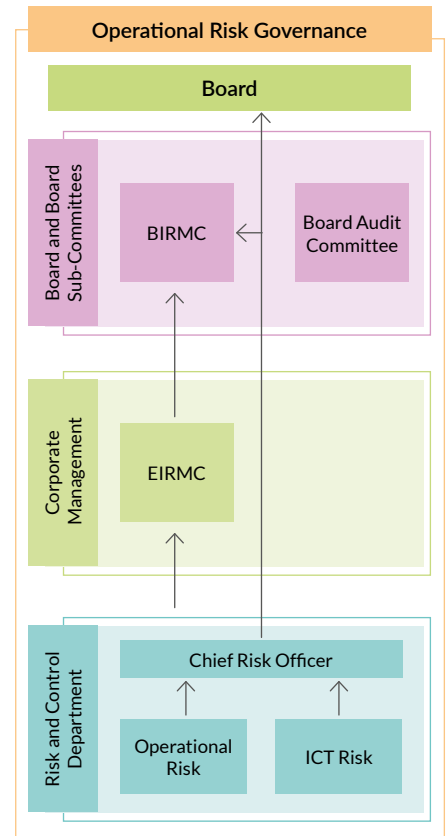


INFORMATION SECURITY RISK

Cybersecurity Risk is the risk associated with the loss of the Company’s data and information assets due to accidental or intentional unauthorised use, access, modification, disclosure, dissemination or destruction of information resources, which may compromise the confidentiality, integrity and availability of information.

Information Security Risk Management Approach

People’s Leasing’s information and data assets are protected by the ISO 27001:2013 Information Security Standard certification, which has been in place since 2011. A dedicated team headed by the Information Security Officer (ISO) oversees all matters pertaining to information security. The CISO reports to the BIRMC. Full details regarding these efforts are captured in the Intellectual Capital Report on pages 116 to 123.



Information Security Risk Scorecard 2023/24

Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023
Information Security Risk	Information Security Incident Management	Periodic Review	Checked by ISO	Checked	Checked
	Business Continuity Management – ICT			Checked	Checked
	Access Management		Checked by ISO	Complied	Complied

STRATEGIC RISK

Strategic Risk is the impact to the Company’s performance, prospects and reputation as a consequence of improper strategic decisions or ineffective strategic responses to the macroeconomic and regulatory environment.

Strategic Risk Management Approach

The Board approved Annual strategic plan remains the primary source for the management of People’s Leasing’s Strategic Risk. The strategic plan is supported by

business plans and the annual budget to mobilise resources for the preservation of the Company’s competitive position, prevent value erosion and to enhance financial and non-financial performance for the benefit of stakeholders. The Company’s CEO is charged with the responsibility of executing the Company’s strategy, while the Board and the Board Committees with the support of the RCD undertake to monitor the Company’s performance against budgets.

Key strategic risk indicators and a scorecard-based qualitative model aligned to ICAAP is used to measure and monitor strategic risk of the Company. This scorecard-based approach takes a number of variables into account, providing more weightage for the areas including initiatives to formulate overall business and corporate objectives, external PESTEL factors which had impact to the strategic decisions of the Company, implementation of prescribed business strategies, and key financial performance ratios.

Strategic Risk Scorecard 2023/24

Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023	
Strategic Risk	Return on equity ratio	%	Internal	>15	8.68	7.68
	Return on assets ratio	%		>3.5	3.25	2.47
	Net interest margin	%		>7.5	7.69	7.35
	Gearing ratio	Times		<7	2.65	3.15

RISK MANAGEMENT REVIEW

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.

Reputation Risk Management Approach

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.

ENVIRONMENT AND SOCIAL RISK

Environment and Social Risk refers to the negative impact on the environment and society caused by the Company's activities either directly or indirectly, that may compromise People's Leasing ability to achieve its strategic objectives.

Environment and Social Risk Management Approach

People's Leasing has taken steps to incorporate environmental and social risk assessments as part of its mainstream credit evaluation process. The Company currently is in the process of developing a framework and the same is led by the Company's Sustainability Team.

Details regarding the progress of these efforts are outlined under the Approach to Sustainability on pages 62 to 66.

GROUP RISK

The risk profile of each subsidiary varies based on their respective business model and the space in which they operate. Accordingly, a decentralised approach underpins the management of Group Risk, where subsidiary-specific risks are identified, assessed and mitigated by the respective entity. Each subsidiary presents 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

SUMMARY OF KEY RISKS

	Risk Environment	Risk Indicator	Unit	Appetite	31.03.2024	31.03.2023
Credit Risk	Internal	Non-Performing Ratio (Gross) - 6 months	%	<10	9.81	10.15
		CBSL NP Ratio - 3 months	%	<15	15.24	14.25
		P & L Charge Ratio (On Profit)	%	<20	-48.46	15.85
		NPL/Impairment Coverage Ratio	%	<75	86.43	84.03
Credit Concentration Risk	Internal	Single/group borrower limit	Rs. billion	As per CBSL	Complied	Complied
		HHI score	Points	<0.4	0.17	0.23
Liquidity Risk	Internal	Liquid assets ratio	%	>100	375.27	379.44
		Maturity mismatch ratio (up to one year)	%	>-45	0.97	7.68
		Facilities granted from stable sources	%	<150	93.73	86.50
		Maximum single depositor concentration	%	<5	2.94	1.59
		Exposure to bulk deposits (over Rs. 50 million)	%	<20	11.95	10.13
Market Risk	External	Interest rate sensitivity	%	<6	0.92	1.12
		Repricing gap ratio (up to one year)	%	>-20	13.01	13.76
Operational Risk	Internal	Frauds detected (value as a percentage of operational expenses) - FY 2023/24	%	<0.5	0.17	0.56
		Unsatisfactory audits as a percentage of total audit reviews) - FY 2023/24	%	<15	0.96	1.37
		Staff turnover ratio (annual)	%	<15	20.26	10.78
		Cost to Income ratio	%	<50	55.60	52.64
Regulatory Risk	Internal	Capital adequacy ratio				
		Tier 1 capital ratio	%	>10	30.00	25.76
		Total capital ratio	%	>14	29.70	26.61
		Capital funds ratio	%	>12.5	42.82	39.42
Strategic Risk	Internal	Return on equity ratio	%	>15	8.68	7.68
		Return on assets ratio	%	>3.5	3.25	2.47
		Net interest margin	%	>7.5	7.69	7.35
		Gearing ratio	Times	<7	2.65	3.15
Investment Risk	External	Equity Investment Ratio	%	<4.5%	0.67	0.51
		Non-Trading & Strategic Investments	%	<12.5%	9.55	9.63
Information Security Risk	Internal	Information Security Incident Management	Periodic Review	Checked by ISO	Checked	Checked
		Business Continuity Management - ICT		Checked by ISO	Checked	Checked
		Access Management		Periodic user access review	Complied	Complied

GREAT Instincts





Our instinct is a combination of expertise and confidence. They drive us to make the right decisions at the right moments, both on the field and on the road. When true instincts lead the way, Great Partnerships begin.

FINANCIAL CALENDAR

		2023/24	2024/25
Interim financial statements publication	Q1 ended 30 June	10 August 2023	Before 15 August 2024
	Q2 ended/ending 30 September	09 November 2023	Before 15 November 2024
	Q3 ended/ending 31 December	09 February 2024	Before 15 February 2025
	Q4 ended/ending 31 March	22 May 2024	Before 31 May 2025
Financial statements publication	Six months ended 30 September 2023	29 November 2023	
	Year ended 31 March 2024	Before 30 June 2024	
	Six months ending 30 September 2024		Before 30 November 2024
	Year ending 31 March 2025		Before 30 June 2025
Annual Report publication	Publication of Annual Report	June 2024	June 2025

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 279 to 281.

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 2024 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 28 May 2024 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 2023/24 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 237 to 239 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 276 to 277.

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 and their responsibilities in relation to the Financial Statements are set out in the "Independent Auditor's Report" given on pages 279 to 281.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 279 to 281

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,



Shaalini Silva
Company Secretary

31 May 2024
Colombo

INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය } BAN/D/PLF/2024/01
எனது இல. }
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

දිනය } 30 May 2024
திகதி }
Date }

The 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 2024.

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 judgement, 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.

W.P.C. Wickramaratne
Auditor General



DIRECTORS STATEMENT ON INTERNAL CONTROL

DIRECTORS STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

RESPONSIBILITY

The Board of Directors (“the Board”) of People’s 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 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 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. The board appointed committees review and recommend such policies/charters before seeking the approval of the board. Such policies/charters are regularly reviewed, updated and approved by the board.
- » The Company’s Internal Audit Department checks compliance with policies and procedures and the effectiveness of the internal control systems/ information system controls on an ongoing basis using samples and rotational procedures. This helps to highlight significant findings of non-compliance. Audits are carried out according to the annual audit plan which is reviewed and approved by the Board Audit Committee. The type and frequency of audits of business units/ processes are determined by the level of risk assessed, in order to provide an independent and objective report. All significant findings identified by the Internal Audit Department are submitted to the Board Audit Committee.
- » The Board Audit Committee reviews internal control issues identified by the Internal Audit Department, regulatory authorities, External Auditors and the 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 of the Financial Statements of the Company. These in turn are being observed and checked by the Internal Audit Department of the Company for

suitability of the design, implementation and effectiveness, on an on-going basis.

The Company adopts Sri Lanka Accounting Standards comprising SLFRSs and LKAs 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 for requirements of SLFRS 9 “Financial Instruments” and reputed Audit Firm appointed to conduct a Diagnostic Analysis of the Expected Credit Loss (ECL) model, aligning it with SLFRS 09. 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 framework. 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 done 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 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the 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.

**STATEMENT ON PRUDENTIAL
REQUIREMENTS, REGULATIONS AND
LAWS**

Except for an isolated instance, as explained below, there was no material non-compliance with prudential requirements, regulations, laws or internal controls affecting the Company.

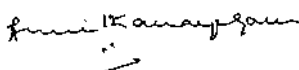
On August 18th, 2023, the Financial Intelligence Unit of the Central Bank of Sri Lanka (CBSL) imposed a penalty of LKR 500,000.00 due to non-compliance with Section 6 of the Financial Transactions Reporting Act (FTRA). This failure stemmed from the company's omission to report electronic fund transfers associated with the opening of fixed deposits exceeding Rupees One Million (Rs. 1,000,000.00).

The company has taken proactive measures to enhance its control mechanisms in light of this regulatory action. These initiatives aim to strengthen the control environment and ensure future compliance with relevant regulations.



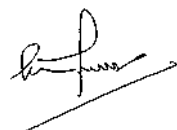
Y. Kanagasabai

Chairmen - Board Audit Committee



M.P. Amirthanayagam

Chairman



K.C.J. Clive Fonseka

Director

30 May 2024

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 2024 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 2007 and amendments thereto;
- » 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 237 and 239 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 279 to 281 of this Annual Report.

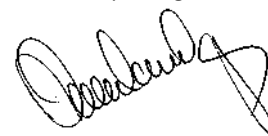
We confirm that;

- » 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 375 of the Financial Statements of this Annual Report.

All taxes, duties, levies and all 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 2024 have been paid, or where relevant provided for.



Udesh Gunawardena
Chief Operating Officer/ Acting CEO



Omal Sumanasiri
Deputy General Manager - Finance

31 May 2024
Colombo

INDEPENDENT AUDITORS' REPORT



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය } BAN/D/PLF/2024/01
எனது இல. }
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

දිනය } 30 May 2024
திகதி }
Date }

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 2024 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 the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 March 2024 comprising the statement of financial position as at 31 March 2024, and statement of profit or 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. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course.

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 2024 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 the audit of the financial statements of the current period. These matters were addressed in the context of the 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.

Key Audit Matter	How my audit addressed the key audit matter
<p>Allowance for impairment charges on Loans and Receivables carried at amortized cost.</p> <p>Allowance for impairment charges amounting to LKR 9.7 Bn arising from Loans and Receivables of LKR 126.6 Bn (Note 25) is determined by the management based on the accounting policies described in Note 25.6</p> <p>This was a key audit matter due to</p> <ul style="list-style-type: none"> » The involvement of significant management judgments, assumptions and level of estimation uncertainty associated in management's expectation of future cash flows to recover such financial assets; and » The materiality of the reported amount of Allowance for impairment charges and use of complex calculations in its determination. <p>Key areas of significant judgements, assumptions and estimates used by management included; assumed future occurrence of events and/or transactions and forward-looking macroeconomic scenarios and their associated weightages, which are subject to inherently heightened levels of estimation uncertainty.</p>	<p>In addressing the adequacy of the allowances for impairment charges on Loans and Receivables carried at amortized cost, my audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> » Assessed the alignment of the Group's Allowance for impairment charge computations and underlying methodology including responses to economic conditions with its accounting policies, based on the best available information up to the date of my report. » Evaluated the design, implementation, and operating effectiveness of controls estimation of Allowance for impairment charges, which included assessing the level of oversight, review and approval of allowance for impairment charges, policies and procedures by the Board and the management. » Checked the completeness, accuracy and reasonableness of the underlying data used in the allowance for impairment charge computations by cross checking to relevant source documents and accounting records of the Group. » Evaluated the reasonableness of credit quality assessments and related stage classifications. » Assessed the reasonableness of the judgements, assumptions and estimates used by the Management in assumed future occurrence of events and/or transactions including the value and the timing of cash flow forecasts, status of recovery actions of the collaterals, forward looking macroeconomic scenarios and their associated weightages. » Assessed the adequacy of the related financial statement disclosures set out in



INDEPENDENT AUDITORS' REPORT



Key Audit Matter	How my audit addressed the key audit matter
<p>Information Technology (IT) systems related internal controls over financial reporting</p> <p>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 spread sheets.</p> <p>Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.</p>	<p>My audit procedures included the following key procedures :</p> <ul style="list-style-type: none"> » 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; <ul style="list-style-type: none"> » Obtained an understanding of IT Governance Structure of the Group. » 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. » Obtained a high-level understanding of the cyber security risks relevant to the Group and the actions taken to address these risks primarily through inquiries related to processes and controls implemented to address cyber security risks. » Tested source data of the reports used to generate disclosures for accuracy and completeness.

1.4 Other information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 Annual Report, other than the financial statements and my auditor's report thereon. Management is responsible for the other information. The Company's 2024 Annual Report is expected to be made available to me after the date of this auditor's report.

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 Company's 2024 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 determines 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's and the Group's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Group is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of 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 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, the planned scope and timing of the audit and 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 includes specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that 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) (d) of the Companies Act, No.7 of 2007 and section 12 (a) of National Audit Act, No. 19 of 2018.

2.1.2 The Financial Statements of the Company comply with the 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 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 course 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.

W.P.C. Wickramaratne
Auditor General

FINANCIAL STATEMENT - TABLE OF CONTENTS

	Page No.		Page No.
Financial Statements		Statement of Financial Position - Liabilities	
Statement of Profit or Loss	283	35. Due to Banks	356
Statement of Comprehensive Income	284	36. Due to Customers	358
Statement of Financial Position	285	37. Debt Securities Issued	359
Statement of Changes in Equity	286	38. Other Financial Liabilities	361
Statement of Cash Flows	288	39. Insurance Liabilities and Reinsurance Payable	362
Notes to the Financial Statement		40. Lease Liabilities	364
1. Corporate and Group Information	289	41. Current Tax Liabilities	365
2. Basis of Preparation	289	42. Other Liabilities	366
3. Material Accounting Policies	292	43. Retirement Benefit Obligation	367
4. Standards issued but not yet effective	296	44. Deferred Tax Liabilities / (Assets)	369
Statement of Profit or Loss		Statement of Financial Position - Equity	
5. Gross income	297	45. Stated capital	371
6. Net Interest Income	297	46. Statutory Reserve Fund	372
7. Net Earned Premium	299	47. Retained Earnings	372
8. Fee and Commission Income	300	48. Other Reserves	373
9. Net gains/(losses) on financial assets - FVTPL	301	49. Non - Controlling Interest	374
10. Other Operating Income	301	Other Financial Disclosures	
11. Impairment Charges for Loans and Receivables and Other Losses	302	50. Contingent Liabilities and Commitments	374
12. Personnel Expenses	305	51. Net Assets Value per Ordinary Share	376
13. Depreciation and Amortisation	305	52. Current/Non Current Analysis	376
14. Benefits, Claims and Underwriting Expenditure	306	53. Financial Reporting by Segment	378
15. Other Operating Expenses	307	54. Assets Pledged	380
16. Tax on financial services	307	55. Related Party Disclosure	380
17. Income Tax Expense	308	56. Risk Management	386
18. Basic / Diluted earnings per ordinary share (EPS)	311	57. Events after the Reporting Period	411
19. Dividend per Ordinary Share	312		
Statement of Financial Position - Assets			
20. Analysis of Financial Instruments by Measurement Basis	312		
21. Fair Value of Assets and Liabilities	314		
22. Cash and Cash Equivalents	321		
23. Balances with Banks & Financial Institutions	322		
24. Financial assets -Fair value through profit or loss	322		
25. Loans and receivables - Amortised cost	324		
26. Insurance and Reinsurance Receivables	340		
27. Financial assets - Fair value through other comprehensive income	341		
28. Debt instrument - Amortised cost	342		
29. Investments in Subsidiaries	344		
30. Investment Property	346		
31. Other Assets	347		
32. Property, Plant and Equipment	349		
33. Right of use assets	353		
34. Goodwill and Intangible Assets	354		

STATEMENT OF PROFIT OR LOSS

For the Year Ended 31st March	Note	Page No.	Company			Group		
			2024 Rs. '000	2023 Rs. '000	Change %	2024 Rs. '000	2023 Rs. '000	Change %
Gross income	5	297	31,036,624	32,018,308	(3.07)	37,552,858	39,162,645	(4.11)
Interest income	6.1	298	28,853,306	30,196,588	(4.45)	32,216,697	33,406,918	(3.56)
Less: Interest expense	6.2	298	17,200,885	18,206,943	(5.53)	18,266,659	19,270,402	(5.21)
Net interest income	6	298	11,652,421	11,989,645	(2.81)	13,950,038	14,136,516	(1.32)
Net earned premium	7	299	-	-	-	3,735,325	4,673,853	(20.08)
Fee and commission income	8	300	1,544,820	1,265,287	22.09	979,395	691,195	41.70
Net gains/(losses) on financial assets - FVTPL	9	301	135,892	9,143	1,386.30	124,229	4,168	2,880.54
Other operating income	10	301	502,606	547,290	(8.16)	497,212	386,511	28.64
Total operating income			13,835,739	13,811,365	0.18	19,286,199	19,892,243	(3.05)
Less: Impairment charges for loans and receivables and other losses	11	302	(1,155,776)	568,485	(303.31)	(1,354,204)	703,962	(292.37)
Impairment charges for goodwill	34	354	-	-	-	-	-	-
Net operating income			14,991,515	13,242,880	13.20	20,640,403	19,188,281	7.57
Less: Expenses								
Personnel expenses	12	305	4,248,112	4,488,546	(5.36)	5,541,660	5,731,934	(3.32)
Depreciation and amortisation	13	305	669,936	698,572	(4.10)	613,868	660,133	(7.01)
Benefits, claims and underwriting expenditure	14	306	-	-	-	2,668,198	3,251,671	(17.94)
Other operating expenses	15	307	2,776,611	2,082,538	33.33	3,391,028	2,540,760	33.47
Total operating expenses			7,694,659	7,269,656	5.85	12,214,754	12,184,498	0.25
Operating profit before taxes on financial services			7,296,856	5,973,224	22.16	8,425,649	7,003,783	20.30
Less : Tax on financial services	16	307	1,920,924	1,631,468	17.74	1,996,425	1,673,580	19.29
Profit before income tax expense			5,375,932	4,341,756	23.82	6,429,224	5,330,203	20.62
Less : Income tax expense	17	308	1,835,435	1,324,118	38.62	2,231,793	1,888,502	18.18
Profit for the year			3,540,497	3,017,638	17.33	4,197,431	3,441,701	21.96
Profit attributable to								
Equity holders of the Company			3,540,497	3,017,638	17.33	3,994,917	3,507,014	13.91
Non-controlling interest	49	374	-	-	-	202,514	(65,313)	(410.07)
Profit for the year			3,540,497	3,017,638	17.33	4,197,431	3,441,701	21.96
Basic / Diluted earnings per ordinary share (Rs.)	18	311	1.64	1.40	17.14	1.85	1.63	13.50
Dividend per Ordinary share (Rs.)	19	312	1.40	0.50	180.00			

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

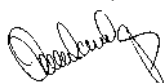
For the Year Ended 31st March	Note	Page No.	Company			Group		
			2024 Rs. '000	2023 Rs. '000	Change %	2024 Rs. '000	2023 Rs. '000	Change %
Profit for the year			3,540,497	3,017,638	17.33	4,197,431	3,441,701	21.96
Other comprehensive income, net of tax								
Items to be reclassified to profit or loss in subsequent years (net of tax):								
Net gains/(losses) arising from translating the Financial Statements of the foreign subsidiary	48.4	374	-	-	-	(625,269)	(594,615)	5.16
Net items to be reclassified to profit or loss in subsequent years			-	-	-	(625,269)	(594,615)	5.16
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	367	(17,890)	57,764	(130.97)	(26,787)	67,120	(139.91)
Deferred tax effect on actuarial gains and losses	44.1	370	5,368	(17,329)	130.98	8,139	(20,136)	140.42
Financial assets - Fair value through other comprehensive income								
Gains/(losses) on re-measuring	48.3	373	214,016	(195,940)	209.23	329,798	(248,491)	232.72
Deferred tax effect on above	44.1	370	(64,200)	58,789	(209.20)	(97,944)	74,554	(231.37)
Net items not to be reclassified to profit or loss in subsequent years			137,294	(96,716)	241.96	213,206	(126,953)	267.94
Other comprehensive income for the year, net of tax			137,294	(96,716)	241.96	(412,063)	(721,568)	(42.89)
Total comprehensive income for the year			3,677,791	2,920,922	25.91	3,785,368	2,720,133	39.16
Attributable to:								
Equity holders of the Company			137,294	(96,716)	241.96	(124,716)	(426,193)	(70.74)
Non-controlling interest	49	374	-	-	-	(287,347)	(295,375)	2.72
Other comprehensive income for the year, net of tax			137,294	(96,716)	241.96	(412,063)	(721,568)	(42.89)
Total comprehensive income for the year			3,677,791	2,920,922	25.91	3,785,368	2,720,133	39.16

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Page	Company			Group		
			2024 Rs. '000	2023 Rs. '000	Change %	2024 Rs. '000	2023 Rs. '000	Change %
Assets								
Cash and cash equivalents	22	321	9,728,132	5,844,798	66.44	10,636,505	6,316,003	68.41
Balances with banks & financial institutions	23	322	14,288,282	29,839,914	(52.12)	17,562,955	34,224,917	(48.68)
Financial assets - Fair value through profit or loss	24	322	1,339,867	203,975	556.88	1,451,613	345,093	320.64
Loans and receivables - Amortised cost	25	324	103,650,453	114,277,945	(9.30)	116,919,950	125,377,904	(6.75)
Insurance and reinsurance receivables	26	340	-	-	-	1,586,697	1,498,065	5.92
Financial assets - Fair value through other comprehensive income	27	341	1,158,669	944,653	22.66	1,720,475	1,372,962	25.31
Debt instrument - Amortised cost	28	342	18,372,055	10,903,577	68.50	23,826,514	15,859,672	50.23
Investments in subsidiaries	29	344	3,455,229	3,291,604	4.97	-	-	-
Investment property	30	346	295,465	284,961	3.69	1,305,512	1,200,317	8.76
Other assets	31	347	3,981,818	1,030,138	286.53	4,166,268	1,281,022	225.23
Property, plant and equipment	32	349	1,361,384	1,481,005	(8.08)	3,779,689	3,971,219	(4.82)
Right of use assets	33	353	1,360,775	1,615,939	(15.79)	1,287,033	1,372,423	(6.22)
Deferred tax assets	44	369	818,949	1,335,460	(38.68)	829,351	1,419,836	(41.59)
Goodwill and intangible assets	34	354	41,010	19,193	113.67	185,304	137,436	34.83
Total assets			159,852,088	171,073,162	(6.56)	185,257,866	194,376,869	(4.69)
Liabilities								
Due to banks	35	356	2,263,494	7,724,671	(70.70)	7,181,365	11,068,522	(35.12)
Due to customers	36	358	97,437,726	100,935,114	(3.46)	103,843,054	107,979,956	(3.83)
Debt securities issued	37	359	11,032,248	16,706,049	(33.96)	11,032,248	16,564,956	(33.40)
Other financial liabilities	38	361	3,188,693	1,457,388	118.80	3,926,092	1,709,574	129.65
Insurance liabilities and reinsurance payable	39	362	-	-	-	5,508,693	5,206,622	5.80
Lease Liabilities	40	364	1,636,537	1,753,723	(6.68)	1,554,027	1,477,875	5.15
Current tax liabilities	41	365	295,474	1,013,703	(70.85)	536,436	1,406,648	(61.86)
Other liabilities	42	366	1,393,241	1,016,790	37.02	1,632,768	1,202,218	35.81
Retirement Benefit Obligation	43	367	778,537	673,659	15.57	897,355	756,320	18.65
Total liabilities			118,025,950	131,281,097	(10.10)	136,112,038	147,372,691	(7.64)
Equity								
Stated capital	45	371	19,230,479	18,015,559	6.74	19,230,479	18,015,559	6.74
Statutory reserve fund	46	372	2,967,853	2,790,828	6.34	3,107,595	2,905,660	6.95
Retained earnings	47	372	19,884,827	19,556,826	1.68	23,976,101	23,248,550	3.13
Other reserves	48	373	(257,021)	(571,148)	(55.00)	431,456	349,380	23.49
Total equity attributable to equity holders of the Company			41,826,138	39,792,065	5.11	46,745,631	44,519,149	5.00
Non-controlling interest	49	374	-	-	-	2,400,197	2,485,029	(3.41)
Total equity			41,826,138	39,792,065	5.11	49,145,828	47,004,178	4.56
Total liabilities and equity			159,852,088	171,073,162	(6.56)	185,257,866	194,376,869	(4.69)
Contingent liabilities and commitments	50	374	14,240,316	5,626,774	153.08	14,402,895	5,750,578	150.46
Net asset value per ordinary share (Rs.)	51	376	19.41	19.49	(0.38)	21.70	21.80	(0.48)

We certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

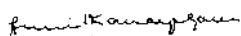


Omali Sumanasiri
Deputy General Manager - Finance

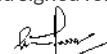


Udesh Gunewardena
Chief Operating Officer / Acting CEO

The Board of Directors is responsible for these Financial Statements. Approved and signed for and on behalf of the Board by:



Pradeep Amirthanayagam
Chairman



Clive Fonseka
Director

28 May 2024
Colombo

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - COMPANY

Company			Other Reserves		Retained Earnings	Total Equity
	Capital	Statutory Reserve Fund	Regulatory loss allowance reserve	Fair Value Reserve		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Balance as at 1st April 2022	17,071,961	2,639,945	-	(375,208)	19,481,612	38,818,310
Adjustment for Surcharge Tax levied under Surcharge Tax Act No. 14 of 2022	-	-	-	-	(1,947,167)	(1,947,167)
Adjusted balance as at 1st April 2022	17,071,961	2,639,945	-	(375,208)	17,534,445	36,871,143
Total comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	3,017,638	3,017,638
Other comprehensive income (net of tax)	-	-	-	(195,940)	99,224	(96,716)
Total comprehensive income for the year	-	-	-	(195,940)	3,116,862	2,920,922
Transactions with equity holders, recognised directly in equity						
Transfers to reserves	-	150,883	-	-	(150,883)	-
Dividend paid - Final	943,598	-	-	-	(943,598)	-
Total transactions with equity holders	943,598	150,883	-	-	(1,094,481)	-
Balance as at 31st March 2023	18,015,559	2,790,828	-	(571,148)	19,556,826	39,792,065
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

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

Group	Other Reserves							Total	Non-controlling Interest	Total Equity
	Capital	Statutory Reserve Fund	Regulatory allowance reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Retained Earnings				
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2022	17,071,961	2,729,352	-	(379,348)	1,276,459	23,122,851	43,821,275	3,154,527	46,975,802	
Adjustment for Surcharge Tax levied under Surcharge Tax Act No. 14 of 2022						(2,382,947)	(2,382,947)	(110,146)	(2,493,093)	
Adjusted balance as at 1st April 2022	17,071,961	2,729,352	-	(379,348)	1,276,459	20,739,904	41,438,328	3,044,381	44,482,709	
Total comprehensive income for the year						3,507,014	3,507,014	(65,313)	3,441,701	
Profit/(loss) for the year						121,538	(426,193)	(295,375)	(721,568)	
Other comprehensive income (net of tax)				(248,491)	(299,240)	121,538	(426,193)	(295,375)	(721,568)	
Total comprehensive income for the year				(248,491)	(299,240)	3,628,552	3,080,821	(360,688)	2,720,133	
Transactions with equity holders, recognised directly in equity										
Transfers to reserves		176,308				(176,308)				
Dividend paid - Final	943,598					(943,598)		(198,664)	(198,664)	
Total transactions with equity holders	943,598	176,308				(1,119,906)		(198,664)	(198,664)	
Balance as at 31st March 2023	18,015,559	2,905,660		(627,839)	977,219	23,248,550	44,519,149	2,485,029	47,004,178	
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						3,994,917	3,994,917	202,514	4,197,431	
Profit/(loss) for the year						(106,681)	(124,716)	(287,347)	(412,063)	
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	

The Notes appearing on pages 289 to 411 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.

For the year ended 31st March	Page	Note	Company		Group	
			2024	2023	2024	2023
	No.		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities						
Income from cash and cash equivalent	6.1	298	532,545	877,597	562,002	884,520
Payments to loans and receivables			(82,001,794)	(49,479,705)	(92,308,567)	(56,532,319)
Receipts from loans and receivables			118,689,051	108,112,701	128,330,292	116,824,867
Investment in balances with banks & financial institutions			(83,467,031)	(96,735,535)	(85,259,719)	(102,232,584)
Receipts from balances with banks & financial institutions			101,913,162	74,982,057	105,971,828	81,747,062
Investment in debt instrument at amortised cost			(64,224,591)	(40,967,052)	(68,672,625)	(45,032,821)
Receipts from debt instrument at amortised cost			57,374,968	42,620,849	61,324,640	47,916,827
Payment of due to customers			(130,632,152)	(164,570,652)	(135,582,552)	(169,175,292)
Receipts from due to customers			111,782,579	147,334,387	115,507,546	150,395,668
Receipt from other income			14,285	4,259	184,865	184,223
Investment in financial assets - fair value through profit or loss			(1,200,000)	(189,797)	(1,200,000)	(286,151)
Proceeds from financial assets - fair value through profit or loss			200,000	1,616	217,709	794,525
Receipt from Financial assets - fair value through OCI			81,549	313,654	103,589	566,386
Investment in Financial assets - fair value through OCI			-	-	-	(452,420)
Payment for personnel expenses			(4,158,611)	(4,724,920)	(5,419,653)	(5,986,957)
Payment for operating lease liability			(658,199)	(651,359)	(436,000)	(438,364)
Payment for other operating activities			(4,567,545)	(3,796,402)	(5,073,934)	(4,577,598)
Premium received from customers			-	-	3,646,693	4,498,316
Claims paid			-	-	(2,366,126)	(3,948,414)
Dividend income from investments			257,556	343,930	9,772	7,014
Gratuity paid	43	367	(88,382)	(92,658)	(107,113)	(100,021)
Income tax paid	41.1	366	(1,836,478)	(4,256,539)	(2,142,485)	(5,317,964)
Net cash generated from/(used in) operating activities			18,010,912	9,126,431	17,290,162	9,738,503
Cash flows from investing activities						
Purchase of property, plant and equipment	32	349	(168,935)	(253,253)	(206,483)	(234,426)
Proceeds from the sale of property, plant and equipment			236,008	39,867	256,152	88,898
Purchase of intangible assets	34	354	(30,248)	(7,684)	(64,610)	(12,781)
Net cash (used in)/generated from investing activities			36,825	(221,070)	(14,941)	(158,309)
Cash flows from financing activities						
Payment for due to banks	35.1	356	(6,598,526)	(7,618,774)	(8,041,178)	(9,082,471)
Borrowing from due to banks	35.1	356	-	2,000,000	2,581,519	2,799,279
Payment for debt securities issued	37.1	359	(6,594,697)	(2,093,667)	(6,450,482)	(2,077,567)
Borrowing from debt securities issued			-	-	-	-
Dividend paid to shareholders			(1,426,208)	17	(1,426,208)	17
Dividend paid to non-controlling interest			-	-	-	(123,900)
Net cash (used in)/generated from financing activities			(14,619,431)	(7,712,424)	(13,336,349)	(8,484,642)
Net (decrease) in cash & cash equivalents			3,428,306	1,192,937	3,938,872	1,095,552
Cash and cash equivalents at the beginning of the year			5,792,078	4,599,141	5,172,639	4,077,087
Cash and cash equivalents at the end of the year			9,220,384	5,792,078	9,111,511	5,172,639
Cash and cash equivalents			9,728,132	5,844,798	10,636,506	6,316,003
Bank overdraft			(507,748)	(52,720)	(1,524,995)	(1,143,364)
Cash and cash equivalents at the end of the year			9,220,384	5,792,078	9,111,511	5,172,639

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

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 2024 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 2024 is 2,052 and 2,902 respectively. (2,245 and 2,974 as at 31st March 2023).

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	
			2024	2023
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 mobilisation 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 2024 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 General 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;

NOTES TO THE FINANCIAL STATEMENTS

- » 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 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 2024 (including comparatives) were approved and authorised for issue on 28 May 2024 in accordance with the resolution of the Board of Directors on 28 May 2024.

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	322
Financial assets - Fair value through other comprehensive income	Fair Value	27	341
Investment property	Fair Value	30	346
Retirement benefit obligation	Liability is recognised as the present value of the retirement benefit obligation, plus actuarial gains and losses .	43	367

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 376 (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).

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 the resources to continue in business for the foreseeable future. The assessment took into consideration the current economic developments, in order to make projections for future economic conditions of the environment in which it operates. 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.

Specifically, the high degree of uncertainty that characterizes the internal economic environmental led to deterioration in the creditworthiness of corporate and individuals. This resulted in an increase of non-performing loans and therefore the recognition of significant impairment losses by the Company and by the sector in general. Based on the above along with the Group's capital adequacy levels and the ability of the Company to access the liquidity mechanisms, the Group estimates that the conditions for the application of the going concern principle in preparation of its financial statements are met. Therefore, the financial statements continue to be prepared on the going concern basis.

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 293

» The contractual cash flow characteristics of the financial assets as set out in Note 3.5.2 on page 293

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 25.7 to the financial statements on page 336.

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 to the financial statements on page 341.

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 354.

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 346.

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 364/353.

 GRI 207-1,207-2,207-3,207-4,3-3

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.

 GRI 207-1,207-2,207-3,207-4,3-3

Deferred Tax

Details of the 'deferred tax' are given in Note 44 to the financial statements on page 369.

 GRI 201-3

Retirement Benefit Obligation

Details of the 'retirement benefit obligation' are given in Note 43 to the financial statements on page 367.

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 366/374.

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 411.

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

NOTES TO THE FINANCIAL STATEMENTS

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 2024 include the Company, its subsidiaries and its associate company. The financial statements of the Company's subsidiaries and associate are prepared for the same reporting year except for People's Insurance PLC, a subsidiary 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 unrealised 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 replaces revenue recognition guidance, including LKAS 18 on "Revenue", LKAS 11 on "Construction Contracts" and IFRIC 13 on "Customer Loyalty Programmes" and is effective for annual reporting periods beginning on or after 1 April, 2018.

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 8, LKAS 12 and LKAS 1 for financial reporting which became effective for the annual reporting periods beginning on or after 1st January 2023, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not effective.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Disclosure of Accounting Policies - Amendments to LKAS 1 and SLFRS Practice Statement 2

Amendments to LKAS 1 and SLFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- » Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- » Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

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.

NOTES TO THE FINANCIAL STATEMENTS

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 321/322/324/340/342 and 356 to 364.

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 341.

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 322.

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. 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 356.

Due to Customers: Details in Note 36 on page 358.

Debt securities Issued: Details in Note 37 on page 359.

Other Financial Liabilities: Details in Note 38 on page 361.

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 314.

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 recognised 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 349.

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 353.

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 354.

3.10 Lease liability

Policies for recognising, measuring, and presenting lease contracts includes Note 40 on page 364.

3.11 Retirement Benefit obligation

Policies for recognising and measuring post-employment benefits includes Note 43 on page 367.

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 recognised 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 capitalises 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 207-1,207-2,207-3,207-4,3-3

3.14.1 Current tax

Details of the 'income tax expense' are given in Note 17 on page 308 to the financial statements. Accordingly, income tax rate

NOTES TO THE FINANCIAL STATEMENTS

of 30% was applied as per Inland Revenue (amendment) Act No.45 of 2022.

 GRI 207-1,207-2,207-3,207-4,3-3

3.14.2 Deferred Tax

Details of the 'deferred tax' are given in Note 44 on page 369 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, SSCL on financial services' are given in Note 16 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 307 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 had been increased from 15% to 18% with effect from 1st January 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 2024. Accordingly these accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 March 2024. 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). 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 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.

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2023. Early application is permitted, if the entity is applying both Sri Lanka Accounting Standard - SLFRS 9 "Financial Instruments" and Sri Lanka Accounting Standard - SLFRS 15 "Revenue from Contracts with Customers" on or before the date on which it first apply SLFRS 17.

4.2 Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

4.3 Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information

about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

4.4 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application

4.5 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

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.

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	6.1	298	28,853,306	30,196,588	32,216,697	33,406,918
Net earned premium	7	299	-	-	3,735,325	4,673,853
Fee and commission income	8	300	1,544,820	1,265,287	979,395	691,195
Net gains/(losses) on financial assets - FVTPL	9	301	135,892	9,143	124,229	4,168
Other operating income	10	302	502,606	547,290	497,212	386,511
Total			31,036,624	32,018,308	37,552,858	39,162,645

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 recognised 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 recognised 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	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	6.1	298	28,853,306	30,196,588	32,216,697	33,406,918
Interest expenses	6.2	298	17,200,885	18,206,943	18,266,659	19,270,402
Net interest income			11,652,421	11,989,645	13,950,038	14,136,516

6.1 Interest income

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents			532,545	877,597	562,002	884,520
Balances with banks & financial institutions			3,087,990	2,968,570	3,699,208	3,611,575
Loans and receivables	6.1.1	298	21,578,075	23,517,789	23,692,636	25,479,889
Debt instrument - Amortised cost			3,654,696	2,832,632	4,262,851	3,430,934
Total interest income			28,853,306	30,196,588	32,216,697	33,406,918

6.1.1 Interest income - Loans and receivables

For the year ended 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	11,605,428	11,349,795	11,606,944	11,353,503
Hire-Purchase/ Murabah receivable	1,643	1,119	853,194	758,514
Term loans and receivables	9,971,004	12,166,876	11,232,498	13,367,873
Total interest loans and receivables	21,578,075	23,517,789	23,692,636	25,479,889

6.2 Interest expenses

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to banks	6.2.1	299	682,321	1,611,082	1,190,871	2,233,489
Due to customers	6.2.1	299	15,352,185	14,803,475	15,938,105	15,305,829
Debt securities issued	6.2.1	299	920,896	1,555,403	917,774	1,539,300
SLFRS 16-Incremental Borrowing Cost	40	364	245,483	236,983	219,909	191,784
Total interest expenses			17,200,885	18,206,943	18,266,659	19,270,402

6. NET INTEREST INCOME (CONTD...)

6.2.1 Interest expenses - product wise

For the Year ended 31st March	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Due to banks						
Interest on bank overdraft			1,272	605	129,425	193,068
Interest on short term loan			-	49,260	-	49,260
Interest on term loan			436,604	954,474	817,001	1,384,418
Interest on securitisation			244,445	606,743	244,445	606,743
Subtotal			682,321	1,611,082	1,190,871	2,233,489
Due to customers						
Interest cost on deposits			15,352,185	14,803,475	15,938,105	15,305,829
Subtotal			15,352,185	14,803,475	15,938,105	15,305,829
Debt securities issued						
Interest on debentures	37.1	359	920,896	1,555,403	917,774	1,539,300
Subtotal			920,896	1,555,403	917,774	1,539,300
Lease Liabilities						
SLFRS 16-Incremental Borrowing Cost			245,483	236,983	219,909	191,784
Subtotal			245,483	236,983	219,909	191,784
Total interest expenses			17,200,885	18,206,943	18,266,659	19,270,402

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

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 gross reinsurance premium written comprises the total premium payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premium includes any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

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	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
For the Year ended 31st March				
Gross written premium	-	-	5,482,095	5,819,786
Less : Premium ceded to reinsurers	-	-	2,236,515	1,383,534
Less : Change in reserve unearned premium	-	-	(489,745)	(237,601)
Total	-	-	3,735,325	4,673,853

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 contracts;
- » 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	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Service charges	424,985	494,523	69,548	107,464
Other fees and commission	1,119,835	770,764	909,847	583,731
Total	1,544,820	1,265,287	979,395	691,195

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	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Net mark-to-market (losses)/gain	128,951	9,053	114,938	(6,133)
Net capital gains	6,941	90	9,291	10,301
Total	135,892	9,143	124,229	4,168

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, these are recognised on accrual basis.

Dividend Income

Dividend income is recognised when the right to receive the payment is established.

Operating lease income

Income arising on operating leases is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the Statement of Profit or Loss in other operating income.

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.

Hiring Income

Hiring income from vehicle on hire is recognised in the Statement of Profit or Loss based on the agreement entered between the owner and tenner for the year.

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

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Gain on sale of property, plant and equipment	111,049	22,189	126,037	22,189
Hiring income	-	-	-	463
Operating leases income	-	-	-	7,366
Rent income from investment property	-	-	81,846	78,392
Dividend income from - FVOCI	1,422	4,487	1,422	4,487
- Subsidiaries	373,334	513,828	-	-
- FVTPL	2,516	2,527	8,350	2,527
Gain/(Loss) of investment properties	10,504	-	105,195	94,692
Valuation income	-	-	56,682	55,363
Insurance fee income	-	-	87,335	82,590
Other income	3,781	4,259	30,345	38,442
Total	502,606	547,290	497,212	386,511

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 324 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 written off debts and disposal losses are recognised on a cash basis.

For the year ended 31st March	Page	Note	No.	Company		Group	
				2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Individual impairment		11.3/11.4	304	114,912	490,044	41,704	490,044
Collective impairment		11.3/11.4	304	(1,669,381)	31,642	(1,784,977)	213,684
Loss on Other receivable				(121)	-	(8,234)	(43,760)
Loss on disposal of collaterals including write offs				463,002	96,679	463,002	96,679
Recovery of written-off debts/disposal losses				(64,188)	(49,880)	(65,699)	(52,685)
Total		11.1/11.2	303	(1,155,776)	568,485	(1,354,204)	703,962

11. IMPAIRMENT CHARGES FOR LOANS AND RECEIVABLES AND OTHER LOSSES (CONTD...)**11.1 Impairment charge/(reversal) for loans and other losses - Company**

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)

For the year ended 31st March	2023			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	46,181	1,280,342	(1,457,062)	(130,539)
Hire-Purchase/ Murabah receivable	(6,795)	7,442	(9,307)	(8,660)
Term Loan and receivables	7,413	2,101,526	(1,401,255)	707,684
Other receivables	-	-	-	-
Total	46,799	3,389,310	(2,867,624)	568,485

11.2 Impairment charge/(reversal) for loans and other losses - Group

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)

For the year ended 31st March	2023			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	46,181	1,280,342	(1,457,062)	(130,539)
Hire-Purchase/ Murabah receivable	(6,795)	7,441	(153,797)	(153,151)
Term Loan and receivables	4,608	2,428,059	(1,401,255)	1,031,412
Other receivable	-	(43,760)	-	(43,760)
Total	43,994	3,672,082	(3,012,114)	703,962

NOTES TO THE FINANCIAL STATEMENTS

11.3 Impairment charge to the income statement – Company

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)

For the year ended 31st March	2023			
	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	-	-	490,044	490,044
- Collective impairment	(429,686)	(67,893)	529,221	31,642
Total	(429,686)	(67,893)	1,019,265	521,686

11.4 Impairment charge to the income statement – Group

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)

For the year ended 31st March	2023			
	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	-	-	490,044	490,044
- Collective impairment	(454,680)	117,728	550,636	213,684
Total	(454,680)	117,728	1,040,680	703,728

12. PERSONNEL EXPENSES

Accounting Policy

Personnel expenses include salaries, bonus, terminal benefit charges and other related expenses. The provision for bonus is recognised 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.

For the year ended 31st March	Page No.	Company		Group	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Remuneration		3,816,895	4,071,654	4,985,581	5,221,557
Employee benefit - Defined contribution plans - EPF		204,678	208,985	269,510	270,711
Employee benefit - Defined contribution plans - ETF		51,169	52,237	65,208	65,149
Employee benefit - Retirement benefit obligation - Gratuity	43 367	175,370	155,670	221,361	174,517
Total		4,248,112	4,488,546	5,541,660	5,731,934

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 349.

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 33 on page 353.

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deprecation of property, plant and equipment	32	349	159,024	165,015	262,934	284,076
Amortisation of Right of use assets	33	353	502,481	523,101	332,642	361,012
Amortisation of intangible assets	34	354	8,431	10,456	18,292	15,045
Total			669,936	698,572	613,868	660,133

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.

For the year ended 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net Benefits and claims	-	-	2,501,723	2,790,316
Underwritings and net acquisition costs	-	-	166,475	461,355
Total	-	-	2,668,198	3,251,671

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.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Directors' emoluments	18,727	5,726	37,865	14,794
Auditors' remunerations	7,032	7,032	14,959	14,630
Non-audit fees to auditors	1,351	1,406	1,466	1,406
Professional fees	108,084	37,658	123,231	41,813
Advertising expenses	56,582	39,529	107,460	75,804
Legal fees	9,594	7,529	17,587	15,492
Deposits Insurance Premium	134,224	147,584	134,224	147,584
Crop Insurance Levy	35,911	37,689	35,911	37,689
Operational expenses arising from investment property	-	-	18,186	9,700
Office administration and establishment expenses	2,405,106	1,798,385	2,900,139	2,181,848
Total	2,776,611	2,082,538	3,391,028	2,540,760

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% (2022/2023-18%).

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%, with effect from 01 October 2022. 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.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
VAT on financial services	1,691,301	1,526,568	1,758,576	1,565,971
SSCL on financial services	229,623	104,900	237,849	107,609
Total	1,920,924	1,631,468	1,996,425	1,673,580

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX EXPENSE

Accounting Policy

This Note 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.

Accordingly, The Company computed the income tax liability for the first six month of the year of assessment 2022/2023 by applying the income tax rate of 24%. The revised income tax rate of 30% and other amendments in line with the Inland Revenue (Amendment) Act No. 45 of 2022 were considered to calculate the income tax liability of the Company for second six month of the year of assessment 2022/2023.

A 30% income tax rate was also applied in the income tax calculation during the year of assessment 2023/24.

Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022, the Company is liable for the surcharge tax of Rs.1,947.16 Million out of the taxable income of Rs.7,788.66 Million pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statements commenced on 01 January 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense has been accounted as recommended by the SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka. Accordingly, during the year ended 31 December 2022, the Company has recognised the total liability to the Surcharge Tax as an adjustment to the opening retained earnings as at 01 April 2022.

Company	Note	Page No.	Current Tax rate	
			2024	2023
People's Leasing & Finance PLC			30%	24%-30%
People's Leasing Fleet Management Limited			30%	24%-30%
People's Micro-commerce Ltd			30%	24%-30%
People's Insurance PLC	17.1	308	30%	24%-30%
People's Leasing Property Development Limited	17.2	309	20%-30%	20%-30%
People's Leasing Havelock Properties Limited	17.3	309	10%	10%
Alliance Finance PLC	17.4	309	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.

Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of the previous period. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate. The Company is liable for the first six month of the year of assessment 2022/2023 by applying the income tax rate income tax at 24%.The revised income tax rate of 30% and other amendments in line with the Inland Revenue (Amendment) Act No. 45 of 2022 were considered to calculate the income tax liability of the Company for second six month of the year of assessment 2022/2023.

17. INCOME TAX EXPENSE (CONTD...)**17.2 People's Leasing Property Development Limited**

Pursuant to the agreement dated 3rd 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% concessional tax rate for a period of 2 years immediately succeeding the last date of tax exemption period and a 20% concessional tax rate after the expiration of the 10% concessional 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 16th 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% concessional tax rate for a period of 2 years immediately succeeding the last date of tax exemption period and a 20% concessional tax rate after the expiration of the 10% concessional 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%.

17.5 Income tax expense

For the year ended 31st March	Page	Company		Group		
		Note	No.	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000
Statement of Profit or Loss						
Current income tax charge	17.6	310	1,377,756	1,471,393	1,731,114	2,132,725
Deferred tax (reversal)/charge for the year	44	369	457,679	(147,275)	500,679	(244,223)
Income tax expense recognised in Statement of Profit or Loss			1,835,435	1,324,118	2,231,793	1,888,502
Statement of Comprehensive Income						
Deferred tax charge/(reversal) for the year	44	369	58,832	(41,460)	89,805	(54,418)
Income tax charge/(reversal) recognised in Statement of Comprehensive Income			58,832	(41,460)	89,805	(54,418)
Effective tax rate (excluding deferred tax)			25.63%	33.89%	26.93%	40.01%
Effective tax rate			34.14%	30.50%	34.71%	35.43%

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX EXPENSE (CONTD...)

17.6 Reconciliation of Accounting Profit and Taxable Income

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit as per Statement of Profit or Loss			5,375,932	4,341,756	6,429,224	5,330,203
Add: Disallowable expenses			1,302,721	3,216,890	1,478,041	4,159,442
Add: Lease capital recoverable			165,688	817,039	165,688	817,039
Less: Allowable expenses			1,380,520	2,709,307	2,013,309	2,859,307
Less: Exempted /allowable income			377,272	319,717	839,391	402,401
Statutory income			5,086,549	5,346,661	5,220,253	7,044,976
Less: Tax loss utilised during the year	17.7	310	-	-	-	-
Assessable income			5,086,549	5,346,661	5,220,253	7,044,976
Taxable income			5,086,549	5,346,661	5,220,253	7,044,976
Income tax expense at the statutory income	17.8	310	1,525,924	1,471,393	1,876,053	2,132,725
(Over)/ under provision- previous years			(148,168)	-	(144,939)	-
Current tax on profits for the year			1,377,756	1,471,393	1,731,114	2,132,725
Deferred tax charged/(reversal) for the year	44	369	457,679	(147,275)	500,679	(244,223)
Tax expense for the year			1,835,435	1,324,118	2,231,793	1,888,502

17.7 Tax Losses Brought Forward and Utilised during the Year

For the year ended 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	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

For the year ended 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
People's Leasing & Finance PLC	1,525,924	1,471,393	1,525,924	1,471,393
People's Leasing Fleet Management Limited	-	-	14,548	20,363
People's Micro-commerce Ltd	-	-	34,868	28,333
People's Insurance PLC	-	-	227,776	458,219
People's Leasing Property Development Limited	-	-	32,716	36,096
Alliance Finance PLC	-	-	40,221	118,321
Total income tax at the effective rate	1,525,924	1,471,393	1,876,053	2,132,725

17. INCOME TAX EXPENSE (CONTD...)**17.9 Summary of the taxes paid during the year**

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Direct taxes				
Income tax	1,836,478	2,309,372	2,142,485	2,619,752
Value added tax on financial services	1,750,444	1,629,017	1,805,240	1,668,229
SSCL on financial services	228,534	77,808	236,760	79,857
Crop insurance levy	29,752	39,637	33,791	47,817
Surcharge tax	-	1,947,167	-	2,493,093
Total direct taxes	3,845,208	6,003,001	4,218,276	6,908,748
Indirect taxes (collected and paid)				
Value added tax	290,857	138,697	1,074,467	736,548
SSCL on other income base	33,416	11,060	202,158	78,479
Stamp Duty	296,808	141,341	305,308	149,012
Withholding tax on dividend and interest	920,867	100,781	971,089	105,142
PAYE/APIIT	311,661	87,568	341,058	95,828
Total indirect taxes	1,853,609	479,447	2,894,080	1,165,009
Total taxes paid during the financial year	5,698,817	6,482,448	7,108,317	8,073,757

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.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit attributable to equity holders (Rs.)	3,540,498,468	3,017,638,245	3,994,916,903	3,507,013,959
Number of ordinary shares as at 31st March 2024 (Restated-2023)	2,154,375,750	2,154,375,750	2,154,375,750	2,154,375,750
Basic/ Diluted earnings per ordinary share (Rs.)	1.64	1.40	1.85	1.63

NOTES TO THE FINANCIAL STATEMENTS

19. DIVIDEND PER ORDINARY SHARE

For the year ended 31st March	Company	
	2024	2023
Cash dividend Paid (Rs.'000)	1,429,319	-
Scrip dividend Paid (Rs.'000)	1,429,319	943,598
Total dividend paid (Rs.'000)	2,858,638	943,598
Dividend per Ordinary share (Rs.)	1.40	0.50

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Accounting Policy

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant 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 2024	Page		Financial instruments recognised at fair value through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	22	321	-	9,728,132	-	9,728,132
Balances with banks & financial institutions	23	322	-	14,288,282	-	14,288,282
Financial assets -Fair value through profit or loss	24	322	1,339,867	-	-	1,339,867
Loans and receivables-Amotised Cost	25	324	-	103,650,453	-	103,650,453
Financial assets - Fair Value through other comprehensive income	27	341	-	-	1,158,669	1,158,669
Debt Instrument at amortised cost	28	342	-	18,372,055	-	18,372,055
Other financial assets	31	347	-	69,989	-	69,989
Total financial assets			1,339,867	146,108,911	1,158,669	148,607,447
Liabilities						
Due to banks	35	356	-	2,263,494	-	2,263,494
Due to customers	36	358	-	97,437,726	-	97,437,726
Debt securities issued	37	359	-	11,032,248	-	11,032,248
Other financial liabilities	38	361	-	3,188,693	-	3,188,693
Lease Liability	40	364	-	1,636,537	-	1,636,537
Total financial liabilities			-	115,558,698	-	115,558,698

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (CONTD...)

20.2 Company

As at 31st March 2023			Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	22	321	-	5,844,798	-	5,844,798
Balances with banks & financial institutions	23	322	-	29,839,914	-	29,839,914
Financial assets - Fair value through profit or loss	24	322	203,975	-	-	203,975
Loans and receivables - Amortised Cost	25	324	-	114,277,945	-	114,277,945
Financial assets - Fair Value through other comprehensive income	27	341	-	-	944,653	944,653
Debt Instrument at amortised cost	28	342	-	10,903,577	-	10,903,577
Other financial assets	31	347	-	100,306	-	100,306
Total financial assets			203,975	160,966,540	944,653	162,115,168
Liabilities						
Due to banks	35	356	-	7,724,671	-	7,724,671
Due to customers	36	358	-	100,935,114	-	100,935,114
Debt securities issued	37	359	-	16,706,049	-	16,706,049
Other financial liabilities	38	361	-	1,457,388	-	1,457,388
Lease Liability	40	364	-	1,753,723	-	1,753,723
Total financial liabilities			-	128,576,945	-	128,576,945

20.3 Group

As at 31st March 2024			Financial instruments recognised at fair value through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	22	321	-	10,636,505	-	10,636,505
Balances with banks & financial institutions	23	322	-	17,562,955	-	17,562,955
Financial assets - Fair value through profit or loss	24	322	1,451,613	-	-	1,451,613
Loans and receivables - Amortised cost	25	324	-	116,919,950	-	116,919,950
Insurance and reinsurance receivables	26	340	-	1,586,697	-	1,586,697
Financial assets - Fair Value through other comprehensive income	27	341	-	-	1,720,475	1,720,475
Debt Instrument at amortised cost	28	342	-	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	356	-	7,181,365	-	7,181,365
Due to customers	36	358	-	103,843,054	-	103,843,054
Debt securities issued	37	359	-	11,032,248	-	11,032,248
Other financial liabilities	38	361	-	3,926,092	-	3,926,092
Insurance liabilities and reinsurance payable	39	362	-	5,508,693	-	5,508,693
Lease liability	40	364	-	1,554,027	-	1,554,027
Total financial liabilities			-	133,045,479	-	133,045,479

NOTES TO THE FINANCIAL STATEMENTS

20.4 Group

As at 31st March 2023			Financial instruments recognised at fair value through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	22	321	-	6,316,003	-	6,316,003
Balances with banks & financial institutions	23	322	-	34,224,917	-	34,224,917
Financial assets - Fair value through profit or loss	24	322	345,093	-	-	345,093
Loans and receivables - Amortised cost	25	324	-	125,377,904	-	125,377,904
Insurance and reinsurance receivables	26	340	-	1,498,065	-	1,498,065
Financial assets - Fair Value through other comprehensive income	27	341	-	-	1,372,962	1,372,962
Debt Instrument at amortised cost	28	342	-	15,859,672	-	15,859,672
Total financial assets			345,093	183,276,561	1,372,962	184,994,616
Liabilities						
Due to banks	35	356	-	11,068,522	-	11,068,522
Due to customers	36	358	-	107,979,956	-	107,979,956
Debt securities issued	37	359	-	16,564,956	-	16,564,956
Other financial liabilities	38	361	-	1,709,574	-	1,709,574
Lease liability	40	364	-	1,477,875	-	1,477,875
Insurance liabilities and reinsurance payable	39	362	-	5,206,622	-	5,206,622
Total financial liabilities			-	144,007,505	-	144,007,505

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 3 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 2024 Company	Note	Page No.	Date of Valuation	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Quoted Investments	27	341	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	322	31.03.2024	280,717	-	-	280,717
Investment in Unit Trust	24	322	31.03.2024	-	1,059,150	-	1,059,150
Subtotal				280,717	1,059,150	-	1,339,867
Non financial assets - Investment property							
Land and building	30	346	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 land & buildings (included under property, plant & equipment).	32.4	352		-	-	1,243,058	1,243,058
Total				-	-	1,243,058	1,243,058

NOTES TO THE FINANCIAL STATEMENTS

31st March 2023		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	341	31.03.2023	228,541	-	-	228,541
Debentures			31.03.2023	-	716,112	-	716,112
Subtotal				228,541	716,112	-	944,653
Financial assets - Fair value through profit or loss							
Quoted Investments	24	322	31.03.2023	203,975	-	-	203,975
Subtotal				203,975	-	-	203,975
Non financial assets - Investment property							
Lands and buildings	31	347	31.03.2023	-	-	284,961	284,961
Subtotal				-	-	284,961	284,961
Total				432,516	716,112	284,961	1,433,589
Non financial assets disclosed at fair value							
Freehold lands & buildings (included under property, plant & equipment).	32.4	352		-	-	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:

31st 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	341	31.03.2024	234,492	-	-	234,492
Treasury bills	27	341	31.03.2024	-	561,806	-	561,806
Debentures	27	341	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	322	31.03.2024	392,463	-	-	392,463
Investment in Unit Trust	24	322	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	346	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	352	-	-	-	7,893,058	7,893,058
Total				-	-	7,893,058	7,893,058

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

As at 31st March 2023 Group	Note	Page No.	Date of Valuation	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Treasury bills	27	341	31.03.2023	-	428,309	-	428,309
Quoted Investments	27	341	31.03.2023	228,541	-	-	228,541
Debentures	27	341	31.03.2023	-	716,112	-	716,112
Subtotal				228,541	1,144,421	-	1,372,962
Financial assets - Fair value through profit or loss							
Quoted Investments	24	322	31.03.2023	345,093	-	-	345,093
Subtotal				345,093	-	-	345,093
Non financial assets - Investment property							
Land and building	30	346	31.03.2023	-	-	1,200,317	1,200,317
Subtotal				-	-	1,200,317	1,200,317
Total				573,634	1,144,421	1,200,317	2,918,372
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	352		-	-	7,143,058	7,143,058
Total				-	-	7,143,058	7,143,058

There were no material transfers between level 1 and level 2 during the 2023/2024 and 2022/2023. 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 352.

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.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Financial Assets				
Financial assets - Fair value through profit or loss				
Quoted Investments	135,892	9,143	124,229	4,168
Total	135,892	9,143	124,229	4,168

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.

	Note	Page No.	Company			Group		
			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 2022			-	1,047,943	1,047,943	820,664	5,477,279	6,297,943
Additions			284,961	-	284,961	284,961	-	284,961
Disposals / transfers			-	-	-	-	-	-
Total gains / (losses) recognised in profit or loss;								
Fair value recognised during the year			-	-	-	94,692	-	94,692
Depreciation of buildings			-	-	-	-	(63,805)	(63,805)
Fair value disclosed during the year			-	195,115	195,115	-	814,228	814,228
Balance as at 31 March 2023	32.4	352	284,961	1,243,058	1,528,019	1,200,317	6,227,702	7,428,019
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			-	-	-	-	-	-
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	352	295,465	1,243,058	1,538,523	1,305,512	6,872,507	8,178,019

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 2024 and 31st March 2023 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 2024						
Investment Property						
Freehold lands	31.03.2024	231,325	MCM	Estimated price per perch	Rs.375,000-8,000,000	*
Freehold buildings	31.03.2024	64,140	MCM	Estimated price per sq.ft	Rs 4,000	*
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	*
As at 31st March 2023						
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 2024						
Investment Property						
Freehold lands	31.12.2023	343,500	MCM	Estimated price per perch	Rs. 6,000,000 - 17,500,000	*
Freehold buildings	31.12.2023	666,547	MCM	Estimated price per sq.ft	Rs. 17500	*
			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	*
As at 31st March 2023						
Investment Property						
Freehold lands	31.12.2022	302,287	MCM	Estimated price per perch	Rs. 600,000 - 13,000,000	*
Freehold buildings	31.12.2022	613,068	MCM	Estimated price per sq.ft	Rs. 14,500	*
			Income basis	Estimated rental value per sq.ft.	Rs. 200 - 300	*
Property, plant and equipment						
Freehold lands	31.12.2022	3,704,771	MCM	Estimated price per perch	Rs. 50,000 - 13,000,000	*
Freehold buildings	31.12.2022	2,522,932	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 Company	2024					2023				
	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	-	9,728,132	-	9,728,132	9,728,132	-	5,844,798	-	5,844,798	5,844,798
Balances with banks & financial institutions	-	15,136,114	-	15,136,114	14,288,282	-	29,900,057	-	29,900,057	29,839,914
Loans and receivables (Gross)	-	130,253,601	-	130,253,601	112,505,240	-	122,796,426	-	122,796,426	124,687,201
Debt instrument - Amortised cost	-	18,463,247	-	18,463,247	18,372,055	-	10,936,265	-	10,936,265	10,903,577
Other financial assets	-	69,989	-	69,989	69,989	-	100,306	-	100,306	100,306
Total	-	173,651,083	-	173,651,083	154,963,698	-	169,577,852	-	169,577,852	171,375,796
Financial Liabilities										
Due to banks	-	2,261,237	-	2,261,237	2,263,494	-	7,450,914	-	7,450,914	7,724,671
Due to customers	-	99,373,010	-	99,373,010	97,437,726	-	101,524,558	-	101,524,558	100,935,114
Debt Securities issued	-	9,178,853	-	9,178,853	11,032,248	-	13,139,340	-	13,139,340	16,706,049
Other Financial liabilities	-	3,188,693	-	3,188,693	3,188,693	-	1,457,388	-	1,457,388	1,457,388
Lease Liabilities	-	1,534,352	-	1,534,352	1,636,537	-	1,570,117	-	1,570,117	1,753,723
Total	-	115,536,145	-	115,536,145	115,558,698	-	125,142,317	-	125,142,317	128,576,945

As at 31st March Group	2024					2023				
	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	-	10,636,505	-	10,636,505	10,636,505	-	6,316,003	-	6,316,003	6,316,003
Balances with banks & financial institutions	-	18,528,137	-	18,528,137	17,562,955	-	34,164,468	-	34,164,468	34,224,917
Loans and receivables (Gross)	-	144,313,634	-	144,313,634	126,632,467	-	135,077,403	-	135,077,403	136,885,374
Insurance and reinsurance receivables	-	1,586,697	-	1,586,697	1,586,697	-	1,498,065	-	1,498,065	1,498,065
Debt instrument - Amortised cost	-	24,739,582	-	24,739,582	23,826,514	-	15,854,167	-	15,854,167	15,859,672
Total	-	199,804,555	-	199,804,555	180,245,138	-	192,910,106	-	192,910,106	194,784,031
Financial Liabilities										
Due to banks	-	7,317,086	-	7,317,086	7,181,365	-	10,340,197	-	10,340,197	11,068,522
Due to customers	-	105,426,170	-	105,426,170	103,843,054	-	108,431,346	-	108,431,346	107,979,956
Debt Securities issued	-	9,178,853	-	9,178,853	11,032,248	-	12,998,247	-	12,998,247	16,564,956
Other Financial liabilities	-	3,926,092	-	3,926,092	3,926,092	-	1,709,574	-	1,709,574	1,709,574
Insurance liabilities and reinsurance payable	-	5,508,693	-	5,508,693	5,508,693	-	5,206,622	-	5,206,622	5,206,622
Lease Liabilities	-	1,496,451	-	1,496,451	1,554,027	-	1,328,797	-	1,328,797	1,477,875
Total	-	132,853,345	-	132,853,345	133,045,479	-	140,014,783	-	140,014,783	144,007,505

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:

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

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.

As at 31st March	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Cash in hand			1,174,532	1,004,152	1,211,180	1,018,947
Balance with banks	22.1	321	1,368,045	1,748,726	1,795,308	2,097,659
Savings account with banks			976,423	231,172	1,420,885	338,649
Saving deposit in foreign currency			33	35	33	35
Call Deposits			-	2,860,713	-	2,860,713
Securities under reverse repurchase agreement			6,209,099	-	6,209,099	-
Total			9,728,132	5,844,798	10,636,505	6,316,003
Fair value			9,728,132	5,844,798	10,636,505	6,316,003

22.1 Balance with banks

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Local banks	1,368,045	1,748,726	1,795,308	2,097,659
Total	1,368,045	1,748,726	1,795,308	2,097,659

NOTES TO THE FINANCIAL STATEMENTS

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.

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Fixed deposits				
Local currency	14,288,282	29,839,914	17,551,790	34,171,461
Foreign currency	-	-	11,165	53,456
Total	14,288,282	29,839,914	17,562,955	34,224,917
Fair value	15,136,114	29,900,057	18,528,137	34,164,468

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

The Group classifies financial assets as financial assets recognised through profit or loss (FVTPL) when they have been purchased primarily for short term profit making through trading activities. FVTPL 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. FVTPL 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.

As at 31st March	Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Quoted equity securities	24.1	323	280,717	203,975	392,463	345,093
Investment in Unit Trust	24.3	324	1,059,150	-	1,059,150	-
Total			1,339,867	203,975	1,451,613	345,093
Fair value			1,339,867	203,975	1,451,613	345,093

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS (CONTD...)

24.1 Quoted equity securities

As at 31st March	2024			2023		
	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	1,364,108	188,294	264,637	1,364,108	188,294	190,975
Hemas Holding PLC	200,000	14,157	16,080	200,000	14,157	13,000
Sub total		202,451	280,717		202,451	203,975
Total		202,451	280,717		202,451	203,975
Mark to market gains/(losses)		78,266			1,524	
Market value of equity securities		280,717			203,975	

As at 31st March	2024			2023		
	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Group		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Shares Listed In Sri Lanka						
Capital Goods						
John Keells Holdings PLC	1,364,108	188,294	264,637	1,364,108	188,294	190,975
Hemas Holding PLC	200,000	14,157	16,080	200,000	14,157	13,000
Subtotal		202,451	280,717		202,451	203,975
Shares Listed In Bangladesh						
British American Tobacco Bangladesh	10,000	17,977	11,081	10,000	19,990	15,829
Berger Paints Bangladesh Ltd.	999	4,919	4,901	999	5,470	5,284
Beximco Pharma	12,000	6,459	3,833	12,000	7,182	5,354
BRAC Bank Ltd.	32,250	4,094	3,558	30,000	4,552	3,525
City Bank Ltd.	114,750	8,005	7,274	112,500	8,902	7,484
Dutch Bangla Bank Ltd.	59,125	11,280	9,054	55,000	12,543	10,507
Eastern Bank Ltd.	30,000	2,483	2,635	35,000	3,666	3,396
Grameenphone Limited	28,000	26,427	18,273	28,000	29,386	24,488
Marico Bangladesh Ltd.	1,000	6,805	6,710	1,000	7,567	7,389
Reckitt Benckiser	310	4,411	3,988	390	6,171	5,666
Global Islami Bank Limited	433,955	11,342	9,289	413,291	12,612	11,351
Square Pharmaceuticals Ltd.	30,000	19,464	17,923	30,000	21,644	19,207
Summit Power	150,000	19,738	9,838	150,000	21,947	15,563
Walton Hi-Tech Industries	1,900	5,754	3,389	1,900	6,398	6,075
Subtotal		149,158	111,746		168,030	141,118
Total		351,609	392,463		370,481	345,093
Mark to market gains/(losses)		40,854			(25,388)	
Market value of equity securities		392,463			345,093	

NOTES TO THE FINANCIAL STATEMENTS

24.2 Industry/sector composition of equity securities – Company and Group

As at 31st March	2024			2023		
	Total Cost	Market Value	Composition	Total Cost	Market Value	Composition
Company	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Industry/Sector						
Capital Goods	202,451	280,717	100.00%	202,451	203,975	100.00%
Subtotal	202,451	280,717	100.00%	202,451	203,975	100.00%
Mark to market gains/(losses)	78,266			1,524		
Market value of equity securities	280,717			203,975		
Group						
Capital Goods	202,451	280,717	71.53%	202,451	203,975	59.11%
Shares Listed In Bangladesh	149,158	111,746	28.47%	168,030	141,118	40.89%
Subtotal	351,609	392,463	100.00%	370,481	345,093	100.00%
Mark to market gains/(losses)	40,854			(25,388)		
Market value of equity securities	392,463			345,093		

Sensitivity analysis of financial assets - FVTPL - equity is given in Note 56.4.3. on page no. 407.

24.3 Investment in Unit Trust

As at 31st March	No. of Units	Company		No. of Units	Group	
		2024	2023		2024	2023
		Rs. '000	Rs. '000		Rs. '000	Rs. '000
CAL Investment	32,237,882	1,059,150	-	32,237,882	1,059,150	-
		1,059,150	-		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.

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. Page 348.

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 25.6. Page 334.

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 recognised only when payments are received, with payments applied first to outstanding interest and then to the principal balance.

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

As at 31st March	Page	Note	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Loans and receivables	25.1.2	328	112,505,240	124,687,201	126,632,467	136,885,374
(Less):						
Individual impairment Allowance	25.7	336	2,260,418	2,145,506	2,187,210	2,145,506
Collective impairment Allowance	25.7	336	6,594,369	8,263,750	7,525,307	9,361,964
Net loans and receivables			103,650,453	114,277,945	116,919,950	125,377,904
Fair value			130,253,601	122,796,426	144,313,634	135,077,403

25.1 Analysis

25.1.1 Analysis by stage wise

Company

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

As at 31st March 2023	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	92,643,506	14,701,075	17,342,620	124,687,201
(Less):				
Individual impairment Allowance	-	-	2,145,506	2,145,506
Collective impairment Allowance	908,537	823,233	6,531,980	8,263,750
Net loans and receivables	91,734,969	13,877,842	8,665,134	114,277,945

Group

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

As at 31st March 2023	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	100,865,905	17,257,359	18,762,110	136,885,374
(Less):				
Individual impairment Allowance	-	-	2,145,506	2,145,506
Collective impairment Allowance	1,252,668	1,153,917	6,955,379	9,361,964
Net loans and receivables	99,613,237	16,103,442	9,661,225	125,377,904

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.1.2 Analysis by product**

As at 31st March	Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
By product						
Lease/Ijarah receivable	25.4.1/25.5.1	330/332	61,953,264	55,764,729	61,950,810	55,759,186
Hire-Purchase/ Murabah receivable	25.4.2/25.5.2	330/332	184,992	196,060	3,020,693	2,918,779
Term Loan and receivables	25.4.3/25.5.3	331/333	48,977,273	67,089,647	61,660,964	78,207,409
Related party receivables	25.2	328	1,389,711	1,636,765	-	-
Gross total			112,505,240	124,687,201	126,632,467	136,885,374

25.1.3 Analysis by Currency

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Sri Lankan Rupee	112,505,240	124,687,201	114,047,504	125,832,413
Bangladesh Taka	-	-	12,584,963	11,052,961
Gross total	112,505,240	124,687,201	126,632,467	136,885,374

25.1.4 Analysis by Industry

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Agriculture, Forestry & Fishing	24,068,961	27,151,036	24,631,279	27,709,320
Arts, Entertainment & Recreation	847,930	954,545	851,205	956,091
Construction & Infrastructure Development	7,357,034	8,528,731	7,308,784	9,433,072
Consumption	7,297,156	8,013,864	8,443,036	8,781,028
Education	2,060,396	1,707,696	2,060,832	1,707,696
Financial Services	7,482,293	8,776,851	10,357,850	12,776,951
Health Care, Social Services & Support Services	7,001,076	7,354,251	7,501,618	9,185,041
Information Technology And Communication	1,413,598	1,304,974	2,556,816	1,399,371
Manufacturing	7,097,228	7,247,716	12,396,221	10,617,109
Professional, Scientific & Technical Activities	8,989,175	10,064,883	10,384,508	10,069,976
Tourism	2,478,577	2,689,999	2,491,645	2,699,305
Transportation & Storage	20,245,475	24,861,237	20,346,201	24,989,315
Wholesale & Retail Trade	15,198,784	14,994,171	15,618,303	15,481,123
Other	967,557	1,037,247	1,684,169	1,079,976
Gross total	112,505,240	124,687,201	126,632,467	136,885,374

NOTES TO THE FINANCIAL STATEMENTS

25.2 Related Party Receivables

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
People's Leasing Property Development Limited	462,396	528,249	-	-
People's Leasing Fleet Management Limited	-	1,320	-	-
People's Leasing Havelock Properties Limited	843,719	1,043,582	-	-
People's Micro-commerce Ltd.	9,554	10,405	-	-
People's Insurance PLC	47,532	26,589	-	-
Alliance Finance PLC	26,510	26,620	-	-
Total	1,389,711	1,636,765	-	-

25.3 Movement in gross loan and receivables during the year

Movement in gross loan and receivables 2023/24 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total 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)	-
Amounts written off	-	-	-	-
Gross carrying amount as at 31st March 2024	84,239,819	10,439,263	17,826,158	112,505,240

Movement in gross loan and receivables 2022/23 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2022	124,054,490	16,207,503	20,900,031	161,162,024
New assets originated or purchased	24,572,528	361,926	77,170	25,011,624
Assets derecognised or repaid (excluding write offs)	(47,358,272)	(7,465,019)	(6,656,062)	(61,479,353)
Transfers to Stage 2 and 3	(14,813,857)	9,470,397	5,343,460	-
Transfers to Stage 1 and 3	4,048,153	(5,547,139)	1,498,986	-
Transfers to Stage 1 and 2	2,140,464	1,673,407	(3,813,871)	-
Amounts written off	-	-	(7,094)	(7,094)
Gross carrying amount as at 31st March 2023	92,643,506	14,701,075	17,342,620	124,687,201

Movement in gross loan and receivables 2023/24 - Group

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total 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)	-
Amounts written off	-	-	-	-
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

Movement in gross loan and receivables 2022/23 - Group

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2022	134,631,929	17,272,072	22,258,981	174,162,982
New assets originated or purchased	31,727,096	1,085,962	82,391	32,895,449
Assets derecognised or repaid (excluding write offs)	(56,107,111)	(6,223,770)	(6,319,132)	(68,650,012)
Transfers to Stage 2 and 3	(15,110,134)	9,659,805	5,450,329	-
Transfers to Stage 1 and 3	4,452,968	(6,101,853)	1,648,885	-
Transfers to Stage 1 and 2	2,354,510	1,840,748	(4,195,258)	-
Amounts written off	-	-	(15,922)	(15,922)
Foreign exchange adjustments	(1,083,353)	(275,605)	(148,164)	(1,507,122)
Gross carrying amount as at 31st March 2023	100,865,905	17,257,359	18,762,110	136,885,374

NOTES TO THE FINANCIAL STATEMENTS

25.4 Remaining Contractual Maturity Analysis -Company

25.4.1 Lease/ljarah receivable

As at 31st March	2024				2023			
	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	37,665,486	41,791,184	14,207	79,470,877	34,877,887	33,566,958	35,300	68,480,145
Less: Unearned income	9,353,538	8,163,090	296	17,516,924	7,634,808	5,078,328	1,477	12,714,614
Net rentals receivable	28,311,948	33,628,094	13,911	61,953,953	27,243,079	28,488,630	33,823	55,765,531
Less : Rentals received in advance				688				803
Lease/ljarah receivable before impairment provision				61,953,265				55,764,728
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Total individual impairment	-	-	-	-	-	-	-	-
Collective Impairment								
Stage 1	-	-	-	231,521	-	-	-	622,874
Stage 2	-	-	-	159,977	-	-	-	559,881
Stage 3	-	-	-	2,175,315	-	-	-	2,438,367
Total collective impairment	-	-	-	2,566,813	-	-	-	3,621,122
Total net rentals receivable	28,311,948	33,628,094	13,911	59,386,452	27,243,079	28,488,630	33,823	52,143,606

25.4.2 Hire-Purchase/ Murabah receivable

As at 31st March	2024				2023			
	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	196,280	2,516	-	198,796	207,793	3,211	-	211,004
Less: Unearned income	13,591	38	-	13,629	14,705	65	-	14,770
Net rentals receivable	182,689	2,478	-	185,167	193,088	3,146	-	196,234
Less : Rentals received in advance	-	-	-	174	-	-	-	174
Hire-Purchase/ Murabah receivable before impairment provision	-	-	-	184,993	-	-	-	196,060
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Total individual impairment	-	-	-	-	-	-	-	-
Collective Impairment								
Stage 1				1,145	-	-	-	81
Stage 2				-	-	-	-	-
Stage 3				180,808	-	-	-	188,440
Total collective impairment				181,953	-	-	-	188,521
Total net rentals receivable	182,689	2,478	-	3,040	193,088	3,146	-	7,539

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.4.3 Term Loan and receivables**

For the year ended 31st March	2024				2023			
	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	7,501,218	7,746,909	1,784	15,249,911	12,132,928	18,250,910	41,723	30,425,561
Short and medium loans	4,502,741	1,929,926	7,196	6,439,863	4,960,282	3,555,325	43,594	8,559,201
Clean Basis Loan	821,567	15,511	-	837,078	836,317	29,316	-	865,633
Self E Cash Loan	3,564,760	1,161,484	-	4,726,244	3,465,791	1,606,759	-	5,072,551
Fast Track Loan	1,033,287	245,514	-	1,278,801	896,100	92,235	-	988,335
Trading Murabah	209,839	23,017	-	232,856	181,068	22,846	45,535	249,449
Musharakah	742,240	712,869	-	1,455,109	1,136,527	1,435,060	8,052	2,579,639
Gold Loan	10,957,789	-	-	10,957,789	9,194,726	-	-	9,194,726
Factoring receivable	1,122,792	-	-	1,122,792	1,507,410	-	-	1,507,410
Margin trading	5,714,267	-	-	5,714,267	6,632,491	-	-	6,632,491
Staff loans	200,464	577,107	54,890	832,461	180,883	454,141	192,458	827,481
Sundry loans	126,141	4,143	-	130,284	164,157	23,312	-	187,470
Less ; Prepaid Rentals	(181)	-	-	(181)	(300)	-	-	(300)
Loan receivable before impairment provision	36,496,924	12,416,480	63,870	48,977,274	41,288,381	25,469,904	331,362	67,089,647
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				2,187,210				2,145,506
Total individual impairment				2,187,210				2,145,506
Collective Impairment								
Stage 1				82,388				285,582
Stage 2				53,380				263,352
Stage 3				3,709,835				3,905,173
Total collective impairment				3,845,603				4,454,107
Total net rentals receivable	36,496,924	12,416,480	63,870	42,944,461	41,288,381	25,469,904	331,362	60,490,034

NOTES TO THE FINANCIAL STATEMENTS

25.5 Remaining Contractual Maturity Analysis -Group

25.5.1 Lease/ljarah receivable

As at 31st March	2024				2023			
	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	37,662,701	41,791,183	14,208	79,468,092	34,876,040	33,560,590	35,300	68,471,930
Less: Unearned income	9,353,207	8,163,090	296	17,516,593	7,635,488	5,077,648	1,477	12,714,614
Net rentals receivable	28,309,494	33,628,093	13,912	61,951,499	27,240,552	28,482,942	33,823	55,757,316
Less : Rentals received in advance				688				803
Lease/ljarah receivable before impairment provision				61,950,811				55,756,513
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				231,521				622,874
Stage 2				159,977				559,881
Stage 3				2,175,316				2,438,367
Total collective impairment				2,566,814				3,621,122
Total net rentals receivable	28,309,494	33,628,093	13,912	59,383,997	27,240,552	28,482,942	33,823	52,135,391

25.5.2 Hire-Purchase/ Murabah receivable

As at 31st March	2024				2023			
	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	2,159,024	1,982,320	-	4,141,344	1,779,431	2,177,217	-	3,956,648
Less: Unearned income	614,308	506,168	-	1,120,476	536,448	501,248	-	1,037,696
Net rentals receivable	1,544,716	1,476,152	-	3,020,868	1,242,983	1,675,969	-	2,918,952
Less : Rentals received in advance				174				174
Hire-Purchase/ Murabah receivable before impairment provision				3,020,694				2,918,778
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				28,015				86,167
Stage 2				40,286				92,156
Stage 3				308,762				326,611
Total collective impairment				377,063				504,933
Total net rentals receivable	1,544,716	1,476,152	-	2,643,631	1,242,983	1,675,969	-	2,413,845

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

25.5.3 Term Loan and receivables

As at 31st March	2024				2023			
	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	7,501,218	7,746,909	1,784	15,249,911	12,132,928	18,250,910	41,723	30,425,561
Short and medium loans	10,809,630	6,227,625	1,983,669	19,020,924	9,664,686	9,326,044	639,014	19,629,744
Clean Basis Loan	821,567	15,511	-	837,078	836,317	29,316	-	865,633
Self E Cash Loan	3,564,760	1,161,484	-	4,726,244	3,465,791	1,606,759	-	5,072,551
Fast Track Loan	1,033,287	245,514	-	1,278,801	896,100	92,235	-	988,335
Trading Murabah	209,839	23,017	-	232,856	181,068	22,846	45,535	249,449
Musharakah	742,240	712,869	-	1,455,109	1,136,527	1,435,060	8,052	2,579,639
Gold Loan	10,957,789	-	-	10,957,789	9,194,726	-	-	9,194,726
Factoring receivable	1,122,792	-	-	1,122,792	1,507,410	-	-	1,507,410
Margin trading	5,714,267	-	-	5,714,267	6,632,491	-	-	6,632,491
Staff loans	224,357	637,140	73,593	935,090	191,331	479,967	203,403	874,700
Sundry loans	126,141	4,143	-	130,284	164,157	23,312	-	187,470
Less :Prepaid Rentals	(181)	-	-	(181)	(300)	-	-	(300)
Loan receivable before impairment provision	42,827,706	16,774,212	2,059,046	61,660,964	46,003,233	31,266,450	937,727	78,207,409
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				2,187,210				2,145,506
Total individual impairment				2,187,210				2,145,506
Collective Impairment								
Stage 1				350,190				543,627
Stage 2				233,844				501,880
Stage 3				3,997,397				4,190,401
Total collective impairment				4,581,431				5,235,908
Total net rentals receivable	42,827,706	16,774,212	2,059,046	54,892,323	46,003,233	31,266,450	937,727	70,825,995

NOTES TO THE FINANCIAL STATEMENTS

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 Instrument.

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 recognises 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."

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

25.6 Impairment Allowance for Loans and Receivable to Customers (Cond...)

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 realisation 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)."

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:

Company	Lease	Hire	Ijarah	Term	Re-finance	Related	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase Rs. '000	Rs. '000	Loans Rs. '000	loans Rs. '000	Party Loans Rs. '000	Rs. '000	Murabah Rs. '000	Rs. '000	Rs. '000
At 1st April 2022	3,686,757	182,871	111,085	4,423,908	23,447	-	7,515	199,055	1,252,932	9,887,570
Charge/(Reversal) for the year	(157,838)	1,422	(18,882)	518,903	26,050	-	(3,287)	(2,077)	157,395	521,686
At 31st March 2023	3,528,919	184,293	92,203	4,942,811	49,497	-	4,228	196,978	1,410,327	10,409,256

Individual impairment

Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	717,122	16,886	-	-	1,171	1,410,327	2,145,506
Total Individual impairment	-	-	-	717,122	16,886	-	-	1,171	1,410,327	2,145,506

Collective impairment

Stage 1	602,883	78	19,991	284,319	-	-	3	1,263	-	908,537
Stage 2	545,564	-	14,317	261,332	-	-	-	2,020	-	823,233
Stage 3	2,380,472	184,215	57,895	3,680,038	32,611	-	4,225	192,524	-	6,531,980
Total Collective impairment	3,528,919	184,293	92,203	4,225,689	32,611	-	4,228	195,807	-	8,263,750
Total	3,528,919	184,293	92,203	4,942,811	49,497	-	4,228	196,978	1,410,327	10,409,256

Company	Lease	Hire	Ijarah	Term	Re-finance	Related	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase Rs. '000	Rs. '000	Loans Rs. '000	loans Rs. '000	Party Loans Rs. '000	Rs. '000	Murabah 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

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	Ijarah	Term	Re-finance	Related	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase Rs. '000	Rs. '000	Loans Rs. '000	loans Rs. '000	Party Loans Rs. '000	Rs. '000	Murabah Rs. '000	Rs. '000	Rs. '000
At 1st April 2022	3,686,757	643,775	111,085	4,790,308	23,447	-	7,515	326,317	1,252,932	10,842,136
Charge/(Reversal) for the year	(157,838)	(143,069)	(18,882)	972,698	26,050	-	(3,287)	(129,339)	157,395	703,728
Exchange rate variance	-	-	-	(38,394)	-	-	-	-	-	(38,394)
At 31st March 2023	3,528,919	500,706	92,203	5,724,612	49,497	-	4,228	196,978	1,410,327	11,507,470

Individual impairment

Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	717,122	16,886	-	-	1,171	1,410,327	2,145,506
Total Individual impairment	-	-	-	717,122	16,886	-	-	1,171	1,410,327	2,145,506

Collective impairment

Stage 1	602,883	86,164	19,991	542,364	-	-	3	1,263	-	1,252,668
Stage 2	545,564	92,156	14,317	499,860	-	-	-	2,020	-	1,153,917
Stage 3	2,380,472	322,386	57,895	3,965,266	32,611	-	4,225	192,524	-	6,955,379
Total Collective impairment	3,528,919	500,706	92,203	5,007,490	32,611	-	4,228	195,807	-	9,361,964
Total	3,528,919	500,706	92,203	5,724,612	49,497	-	4,228	196,978	1,410,327	11,507,470

Group	Lease	Hire	Ijarah	Term	Re-finance	Related	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase Rs. '000	Rs. '000	Loans Rs. '000	loans Rs. '000	Party Loans Rs. '000	Rs. '000	Murabah 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	2,500,087	373,980	66,726	4,326,706	30,603	-	3,083	224,122	-	7,525,307
Total	2,500,087	373,980	66,726	5,398,483	47,490	-	3,083	224,122	1,098,546	9,712,517

NOTES TO THE FINANCIAL STATEMENTS

25.8 Movement in provision for impairment during the year

Movement in impairment 2023/24 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2023	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	-	-	-	-
Amounts written off	(16,153)	(23,573)	(61,323)	(101,049)
Balance as at 31st March 2024	342,389	213,357	8,299,041	8,854,787

Movement in impairment 2022/23 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2022	1,338,223	891,126	7,658,221	9,887,570
New assets originated or purchased	54,520	18,525	29,519	102,564
Assets derecognised or repaid (excluding write offs)	(111,628)	(687,814)	(201,356)	(1,000,798)
Transfers to Stage 2 and 3	(1,415,730)	421,383	994,347	-
Transfers to Stage 1 and 3	80,509	(289,082)	208,573	-
Transfers to Stage 1 and 2	76,260	103,778	(180,038)	-
Impact on year end ECL of exposures transferred between stages during the year	477,074	(160,731)	(143,386)	172,957
Changes to models and inputs used for ECL calculations	409,309	526,048	318,700	1,254,057
Amounts written off	-	-	(7,094)	(7,094)
Balance as at 31st March 2023	908,537	823,233	8,677,486	10,409,256

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**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	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)
Amounts written off	-	-	-	-
Foreign exchange adjustments	(28,988)	(19,845)	(31,994)	(80,827)
Balance as at 31st March 2024	609,726	434,107	8,668,685	9,712,517

Movement in impairment 2022/23 - 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 2022	1,745,742	1,036,189	8,060,205	10,842,136
New assets originated or purchased	262,396	105,963	31,453	399,812
Assets derecognised or repaid (excluding write offs)	(169,818)	(708,045)	(213,595)	(1,091,458)
Transfers to Stage 2 and 3	(1,654,045)	639,811	1,014,234	-
Transfers to Stage 1 and 3	88,560	(377,990)	289,430	-
Transfers to Stage 1 and 2	83,886	114,156	(198,042)	-
Impact on year end ECL of exposures transferred between stages during the year	500,928	(165,553)	(149,346)	186,028
Changes to models and inputs used for ECL calculations	429,774	541,829	312,326	1,283,930
Amounts written off	-	-	(7,094)	(7,094)
Foreign exchange adjustments	(34,756)	(32,442)	(38,686)	(105,884)
Balance as at 31st March 2023	1,252,668	1,153,917	9,100,885	11,507,470

NOTES TO THE FINANCIAL STATEMENTS

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), non performing (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.

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.

As at 31st March	Note	Company		Group	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Reinsurance receivables		-	-	469,767	521,091
Insurance Receivables		-	-	1,116,930	976,974
Total		-	-	1,586,697	1,498,065
Fair value		-	-	1,586,697	1,498,065

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 transferred 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.

As at 31st March	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Equity securities	27.1	342	234,492	228,541	234,492	228,541
Treasury bills			-	-	561,806	428,309
Debentures	27.1	342	924,177	716,112	924,177	716,112
Total			1,158,669	944,653	1,720,475	1,372,962
Fair value			1,158,669	944,653	1,720,475	1,372,962

NOTES TO THE FINANCIAL STATEMENTS

27.1 Equity & Debt securities - Company

As at 31st March			2024			2023		
	Page		No of	Cost of	Market	No of	Cost of	Market
	Note	No.	Shares	Investment	Value	Shares	Investment	Value
				Rs. '000	Rs. '000		Rs. '000	Rs. '000
Quoted Investments								
People's Merchant Finance PLC			25,014,002	237,633	117,566	25,014,002	237,633	130,073
Asiri Hospital Holdings PLC			500,000	20,730	12,500	500,000	20,730	12,450
Windforce PLC			1,000,000	18,489	19,600	1,000,000	18,489	16,500
Lanka credit and business Finance PLC			5,000,000	50,000	11,000	5,000,000	50,000	12,500
Sanasa Development Bank PLC			2,271,260	213,853	73,816	2,271,260	213,853	57,008
Subtotal				540,705	234,482		540,705	228,531
Unquoted Investments								
Credit Information Bureau of Sri Lanka	27.2	342	200	10	10	200	10	10
Subtotal				10	10		10	10
Debenture investments								
Ceylon Electricity Board			9,180,900	1,000,086	924,177	9,180,900	1,000,086	716,112
Subtotal				1,000,086	924,177		1,000,086	716,112
Total				1,540,801	1,158,669		1,540,801	944,653

27.2 Credit Information Bureau of Sri Lanka

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	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.

28. DEBT INSTRUMENT - AMORTISED COST (CONTD...)

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Treasury bills	18,372,055	10,903,577	18,372,055	10,903,577
Treasury bonds	-	-	3,429,548	2,242,156
Unquoted preference shares	-	-	420,538	630,330
Debentures	-	-	1,604,373	2,083,609
Total	18,372,055	10,903,577	23,826,514	15,859,672
Fair value	18,463,247	10,936,265	24,739,582	15,854,167

28. DEBT INSTRUMENT- AMORTISED COST**28.1 Debentures**

As at 31st March	Rate	Maturity date	Group			
			2024		2023	
			No. of Debentures	Carrying Value Rs. '000	No. of Debentures	Carrying Value Rs. '000
Sampath Bank PLC	13.90%	24-Feb-24	-	-	1,000,000	101,152
Siyapatha Finance PLC	13.33%	8-Aug-24	1,500,000	162,636	1,500,000	162,605
National Development Bank PLC	13.95%	30-Mar-24	2,000,000	228,031	2,000,000	200,149
	12.75%	9-Nov-23	1,000,000	-	1,000,000	104,925
DFCC Bank PLC	13.00%	29-Mar-25	844,500	95,539	844,500	84,538
	13.50%	28-Mar-24	1,000,000	-	1,000,000	100,143
	11.00%	12-Jun-25	1,190,000	129,435	1,190,000	129,407
MTD Walkers PLC	11.75%	30-Sep-19	254,784	26,954	254,784	26,954
Commercial Bank PLC	12.00%	22-Jul-23	881,700	-	881,700	90,106
Hatton National Bank PLC	13.00%	1-Nov-23	193,300	-	193,300	20,332
	12.30%	22-Sep-24	413,300	43,901	413,300	43,894
Nations Trust Bank PLC	12.80%	23-Dec-24	2,000,000	206,602	2,000,000	206,566
Hayleys PLC	12.50%	31-Jul-23	1,000,000	-	1,000,000	101,972
Ceylon Electricity Board	9.35%	15-Apr-26	4,000,000	435,794	4,000,000	435,688
LOLC PLC	10.25%	24-Feb-26	3,000,000	302,892	3,000,000	302,819
Subtotal				1,631,784		2,111,250
Less : Allowance for expected credit losses				(27,412)		(27,641)
Total				1,604,373		2,083,609

Total allowance for expected credit loss stemmed from 12 months ECL since all investments under this category are investment grade instruments.

NOTES TO THE FINANCIAL STATEMENTS

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 their principal activities are given in the Note 1.2 on page 289.

As at 31st March	2024			2023		
	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	201,797	100.00	175,000	353,841
People's Leasing Property Development Limited	100.00	713,625	2,524,509	100.00	550,000	2,081,892
People's Leasing Havelock Properties Limited	100.00	600,000	1,779,117	100.00	600,000	1,525,743
People's Micro-commerce Ltd	100.00	150,000	628,627	100.00	150,000	479,547
People's Insurance PLC	75.00	600,000	3,450,000	75.00	600,000	3,255,000
Alliance Finance PLC	51.00	1,216,604	1,667,335	51.00	1,216,604	1,920,742
Total		3,455,229	10,251,385		3,291,604	9,616,765

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.

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	2024			2023		
	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	4,674,252	624,005	5,298,257	5,505,104	557,249	6,062,353
Less : Operating expenses	4,028,321	333,794	4,362,115	4,395,453	734,304	5,129,757
Profit before income tax	645,931	290,211	936,142	1,109,651	(177,055)	932,596
Less : Income tax expense	208,243	100,227	308,470	442,306	296,718	739,024
Profit after tax	437,688	189,984	627,672	667,345	(473,773)	193,572
Profit allocated to Non-controlling interest (NCI)	109,422	93,092	202,514	166,836	(232,149)	(65,313)
As at 31st March						
	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	732,308	139,371	871,679	259,422	126,354	385,776
Balances with banks & financial institutions	3,410,573	884,700	4,295,273	3,665,082	1,390,392	5,055,474
Loans and receivables	97,634	12,474,999	12,572,633	42,539	10,949,870	10,992,409
Insurance and reinsurance receivables	2,096,469	-	2,096,469	2,111,871	-	2,111,871
Financial assets - Fair value through other comprehensive income	561,806	-	561,806	428,309	-	428,309
Debt Instrument at amortised cost	5,033,920	420,538	5,454,458	4,466,859	630,330	5,097,189
Property, plant and equipment & intangible assets	309,916	138,237	448,153	367,958	165,712	533,670
Other assets	203,630	284,722	488,352	386,208	381,610	767,818
Total assets	12,446,256	14,342,567	26,788,823	11,728,248	13,644,268	25,372,516
Due to banks	11,944	2,787,553	2,799,497	192,027	1,047,214	1,239,241
Due to customers	-	7,756,925	7,756,925	-	8,109,008	8,109,008
Other financial liabilities	1,000,130	415,726	1,415,856	871,770	624,228	1,495,998
Other liabilities	459,526	113,079	572,605	493,820	97,658	591,478
Insurance liabilities and reinsurance payable	5,605,452	-	5,605,452	5,296,906	-	5,296,906
Total liabilities	7,077,052	11,073,283	18,150,335	6,854,523	9,878,108	16,732,631
Net assets value	5,369,204	3,269,284	8,638,488	4,873,723	3,766,160	8,639,885

NOTES TO THE FINANCIAL STATEMENTS

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.

30. INVESTMENT PROPERTY (CONTD...)

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Balance as at 1st April	284,961	-	1,200,317	820,664
Addition during the year	-	284,961	-	284,961
Gain from fair value adjustment	10,504	-	105,195	94,692
Balance as at 31st March	295,465	284,961	1,305,512	1,200,317

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)	2024 Cost Rs. '000	2024 Revaluation Rs. '000	2023 Revaluation Rs. '000
Penideniya - Kandy	No. 210, Daulagala Road, Penideniya	31.03.2024	MCM	13.50	1	10,948	60,000	61,340	60,000
Uragasmanhandiya - Ambalangoda	No. 490D, Siripura, Nawadagala	31.03.2024	MCM	35.00	-	-	11,961	13,125	11,961
Katugasthota - Kandy	No. 396, Katugasthota Road, Kandy	31.03.2024	MCM	26.45	1	2,355	213,000	221,000	213,000
Total					2		284,961	295,465	284,961

The company carries investment property at Market value. Valuation of the above company investment properties were carried out as at 31.03.2024 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 Uragasmanhandiya - 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 classified 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 2023 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 352.

Rent income recognised in respect to the above investment property is disclosed in Note 10 on page 301.

Direct operational expenses recognised in respect to the above investment property is disclosed in Note 15 on page 307.

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.

	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March						
Other financial assets - Insurance Commission			69,989	100,306	-	-
Non financial assets	31.1	348	3,911,829	929,832	4,166,268	1,281,022
Total			3,981,818	1,030,138	4,166,268	1,281,022

NOTES TO THE FINANCIAL STATEMENTS

31.1 Non Financial Assets

As at 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Advance payments			145,494	118,813	139,875	91,853
Dividend receivable			-	110,768	-	-
Inventories			45,404	47,018	81,845	67,150
Prepaid Expense			187,305	127,533	102,919	48,467
Unamortised cost on staff loans (Day 1 difference)	31.2	348	383,859	370,151	384,218	370,235
Differed expenses			-	-	1,366	178,931
Other receivables			3,149,767	155,549	3,456,045	524,386
Total			3,911,829	929,832	4,166,268	1,281,022

31.2 Unamortised cost on staff loans (Day 1 difference)

As at 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	370,151	54,211	370,235	54,360
Charge for the year	13,708	315,940	13,983	315,875
Balance as at 31st March	383,859	370,151	384,218	370,235

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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

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 Rs. '000	Improvement of Leasehold Properties Rs. '000	Motor Vehicles Rs. '000	Computer Hardware Rs. '000	Office Equipments Rs. '000	Furniture and Fittings Rs. '000	Total 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	159,024.00
Disposals	-	-	(38,731)	(74,053)	(2,696)	(23,573)	(139,053.00)
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
Cost							
Balance as at 1st April 2022	723,542	56,872	438,804	874,947	666,126	440,498	3,200,789
Additions	-	-	182,800	14,113	49,359	6,981	253,253
Disposals	-	-	(29,081)	(55,955)	(15,990)	(4,673)	(105,699)
Transfers/adjustments	-	-	-	-	-	-	-
Balance as at 31st March 2023	723,542	56,872	592,523	833,105	699,495	442,805	3,348,343
(Less): Accumulated depreciation							
Balance as at 1st April 2022	3,705	56,872	97,669	675,663	547,092	406,012	1,787,013
Charge for the year	471	-	32,151	68,915	47,712	15,765	165,015
Disposals	-	-	(8,898)	(55,955)	(15,286)	(4,551)	(84,690)
Balance as at 31st March 2023	4,176	56,872	120,922	688,623	579,519	417,227	1,867,338
Net book value at 31st March 2023	719,366	-	471,601	144,482	119,977	25,579	1,481,005

32.2 Property, Plant and Equipment - Group

	Freehold Land and Buildings Rs. '000	Improvement of Leasehold Properties Rs. '000	Motor Vehicles Rs. '000	Computer Hardware Rs. '000	Office Equipments Rs. '000	Furniture and fittings Rs. '000	Total 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)
Fair value adjustments	-	-	-	-	-	-	-
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)
Transfers	-	-	-	-	-	-	-
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

	Freehold Land and Buildings Rs. '000	Improvement of Leasehold Properties Rs. '000	Motor Vehicles Rs. '000	Computer Hardware Rs. '000	Office Equipments Rs. '000	Furniture and fittings Rs. '000	Total Rs. '000
Cost							
Balance as at 1st April 2022	3,687,089	58,583	432,006	1,019,057	998,494	544,638	6,739,867
Additions	-	-	124,531	26,691	64,575	18,629	234,426
Disposals	-	-	(104,490)	(55,955)	(15,990)	(4,673)	(181,108)
Exchange rate variance	-	-	(2,310)	(5,450)	(2,310)	(4,951)	(15,021)
Balance as at 31st March 2023	3,687,089	58,583	449,737	984,343	1,044,769	553,643	6,778,164
(Less): Accumulated depreciation							
Balance as at 1st April 2022	445,522	57,349	148,561	783,400	735,591	478,762	2,649,185
Charge for the year	63,805	-	44,007	86,924	64,179	25,161	284,076
Disposals	-	-	(41,374)	(55,955)	(15,286)	(4,551)	(117,166)
Exchange rate variance	-	-	(672)	(3,662)	(3,321)	(1,495)	(9,150)
Balance as at 31st March 2023	509,327	57,349	150,522	810,707	781,163	497,877	2,806,945
Net book value at 31st March 2023	3,177,762	1,234	299,215	173,636	263,606	55,766	3,971,219

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	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Improvement of leasehold properties	56,872	56,872	56,872	56,872
Motor vehicles	49,745	18,860	50,149	36,864
Computer hardware	534,609	526,546	621,252	596,593
Office equipment	503,641	457,782	565,953	513,045
Furniture and fittings	372,139	382,967	425,832	433,490
Total	1,517,006	1,443,027	1,720,058	1,636,864

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)	2024 Cost Rs. '000	2024 Revaluation Rs. '000	2023 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, Anagarila 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
Subtotal					5		723,542	1,243,058	1,243,058
People's Leasing Property Development Limited									
Borella	No. 1161, Maradana Road, Colombo 08	31.12.2023	MCM	104.9	2	127,621	1,532,414	3,450,000	3,000,000
Subtotal					2		1,532,414	3,450,000	3,000,000
People's Leasing Havelock Properties Limited									
Colombo 05*	No. 07, Havelock Road, Colombo 05	31.12.2023	MCM	111.45	1	84,024	2,059,690	3,200,000	2,900,000
Subtotal					1		2,059,690	3,200,000	2,900,000
Total					8		4,315,646	7,893,058	7,143,058

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 classified 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 2024 and 31st March 2023.

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 2024 and 31st March 2023.

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 2024 and 31st March 2023.

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 54 380 (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 (2023 : 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 315 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	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Cost				
Balance as at 1st April	3,639,518	3,502,568	2,606,244	2,469,636
Transfer from other asset (Prepaid rentals)	11,747	54,279	11,747	54,279
	3,651,265	3,556,847	2,617,991	2,523,915
Additions	283,704	161,309	293,956	191,169
Disposals	(119,054)	(78,638)	(119,054)	(78,638)
Exchange rate variance	-	-	(26,763)	(30,202)
Balance as at 31st March	3,815,915	3,639,518	2,766,130	2,606,244
(Less): Accumulated amortisation				
Balance as at 1st April	2,023,579	1,530,188	1,233,821	930,152
Amortisation	502,481	523,101	332,642	361,012
Disposal	(70,920)	(29,710)	(70,920)	(29,710)
Exchange rate variance	-	-	(16,445)	(27,633)
Balance as at 31st March	2,455,140	2,023,579	1,479,098	1,233,821
Net book value at 31st March	1,360,775	1,615,939	1,287,032	1,372,423

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 2023	217,862	308,545	526,407	259,290	417,099	676,389
Additions	30,248	-	30,248	67,916	-	67,916
Disposals	-	-	-	-	-	-
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
Impairment	-	-	-	-	-	-
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

Cost

Balance as at 1st April 2022	210,178	308,545	518,723	247,069	417,099	664,168
Additions	7,684	-	7,684	12,781	-	12,781
Exchange rate variance	-	-	-	(560)	-	(560)
Balance as at 31st March 2023	217,862	308,545	526,407	259,290	417,099	676,389
(Less): Accumulated amortisation						
Balance as at 1st April 2022	188,213	308,545	496,758	216,020	308,545	524,565
Amortisation	10,456	-	10,456	15,045	-	15,045
Impairment	-	-	-	-	-	-
Exchange rate variance	-	-	-	(657)	-	(657)
Balance as at 31st March 2023	198,669	308,545	507,214	230,408	308,545	538,953
Net book value at 31st March 2023	19,193	-	19,193	28,882	108,554	137,436

Intangible assets include fully amortised software amounting to Rs. 184,373,402 for the company and Rs. 185,272,902 for the Group as at 31st March 2024 (Rs. 177,147,838 for Company and Rs. 178,049,338 for Group as at 31st March 2023), 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 2023/24.

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 2024 or 2023.

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Overdrafts	507,748	52,720	1,524,995	1,143,364
Term loans	1,755,746	4,089,382	5,656,370	6,342,589
Asset backed securities	-	3,582,569	-	3,582,569
Total	2,263,494	7,724,671	7,181,365	11,068,522
Fair value	2,261,237	7,450,914	7,317,086	10,340,197

35.1 Movement of due to banks

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance as at 1 April	7,671,951	11,679,642	9,925,158	13,974,861
Amount borrowed during the year	-	2,000,000	2,581,519	2,799,279
Repayments during the year	(6,598,526)	(7,618,773)	(8,041,178)	(9,082,471)
Interest expenses during the year	682,321	1,611,082	1,190,871	2,233,489
Subtotal	1,755,746	7,671,951	5,656,370	9,925,158
Overdrafts	507,748	52,720	1,524,995	1,143,364
Balance as at 31 March	2,263,494	7,724,671	7,181,365	11,068,522

35.2 Long term loan details

Name of the borrower	Granted date	Facility amount Rs. '000	Period	Interest Rate	Security status
Commercial Bank of Ceylon PLC	11.11.2021	3,000,000	03 years	9.25%	Secured
Hatton National Bank PLC	16.11.2021	4,000,000	03 years	AWPLR + 0.5%	Secured

Asset backed securities

Name of the borrower	Granted date	Facility amount Rs. '000	Period	Interest Rate	Security status
Hatton National Bank PLC	29.06.2018	2,000,000	05 years	12.27%	Secured
Hatton National Bank PLC	13.03.2019	2,000,000	05 years	13.08%	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 380 - '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	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

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	52,720	-	-	52,720
Long term loans	2,340,573	1,748,809	-	4,089,382
Asset backed securities	3,582,569	-	-	3,582,569
Total	5,975,862	1,748,809	-	7,724,671

35.3.2 Remaining Contractual Maturity Analysis of Due to bank -Group

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

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,143,364	-	-	1,143,364
Long term loans	3,974,140	2,368,449	-	6,342,589
Asset backed securities	3,582,569	-	-	3,582,569
Total	8,700,073	2,368,449	-	11,068,522

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 12.1 billion (2022/23 Rs.11.5 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. 134.22 Mn as the premium for the above insurance scheme during the year. (2022/23 -147.58 Mn).

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Fixed Deposits	92,577,092	96,761,645	99,027,354	103,843,184
Savings Deposits	4,860,634	4,173,469	4,815,700	4,136,772
Total	97,437,726	100,935,114	103,843,054	107,979,956
Fair value	99,373,010	101,524,558	105,426,170	108,431,346

36.1 Remaining Contractual Maturity Analysis of Due to Customers - Company

	2024			
	Within one year Rs. '000	1-5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31st March				
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

	2023			
	Within one year Rs. '000	1-5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31st March				
Fixed Deposits	71,191,079	25,570,566	-	96,761,645
Savings Deposits	3,904,347	83,300	185,822	4,173,469
Total	75,095,426	25,653,866	185,822	100,935,114

36.2 Remaining Contractual Maturity Analysis of Due to Customers - Group

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

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	78,092,707	25,750,477	-	103,843,184
Savings Deposits	3,862,675	83,300	190,797	4,136,772
Total	81,955,382	25,833,777	190,797	107,979,956

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.

As at 31st March	Page	Company		Group		
		2024	2023	2024	2023	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Listed Debentures	Note 37.2	360	11,032,248	16,706,049	11,032,248	16,564,956
Total			11,032,248	16,706,049	11,032,248	16,564,956
Fair value			9,178,853	13,139,340	9,178,853	12,998,247

37.1 Movement of debt securities issued

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	16,706,049	17,244,313	16,564,956	17,103,223
Redemption of debt securities issued	(5,295,400)	(704,600)	(5,169,620)	(704,600)
Interest expenses on debt securities issued	920,896	1,555,403	917,774	1,539,300
Interest paid on debt securities issued	(1,299,297)	(1,389,067)	(1,280,862)	(1,372,967)
Balance as at 31 March	11,032,248	16,706,049	11,032,248	16,564,956

NOTES TO THE FINANCIAL STATEMENTS

37. DEBT SECURITIES ISSUED (CONTD...)

37.2 Listed debentures

As at 31st March	Issued date	Maturity date	Face value Rs. '000	Interest rate	Repayment term	Type	Company		Group	
							2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Senior, unsecured, redeemable, A+ rated										
	18-Apr-2018	18-Apr-2023	-	12.80%	Annually	Type B	-	5,943,391	-	5,802,298
	5-Aug-2021	5-Aug-2024	2,942,940	8.00%	Annually	Type A	3,091,864	3,089,465	3,091,864	3,089,465
	5-Aug-2021	5-Aug-2024	2,419,929	8.00%	At Maturity	Type B	2,944,024	2,743,781	2,944,024	2,743,781
	5-Aug-2021	5-Aug-2026	4,272,360	9.00%	Annually	Type C	4,539,490	4,509,198	4,539,490	4,509,198
	5-Aug-2021	5-Aug-2026	364,766	9.00%	At Maturity	Type D	456,870	420,214	456,870	420,214
			9,999,995				11,032,248	16,706,049	11,032,248	16,564,956

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	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
As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	6,718,166	9,987,883	-	16,706,049
Total	6,718,166	9,987,883	-	16,706,049

Remaining Contractual Maturity Analysis of Debt Security -Group

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

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	6,577,073	9,987,883	-	16,564,956
Total	6,577,073	9,987,883	-	16,564,956

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.

As at 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount payable to suppliers	2,009,627	204,319	2,347,382	243,157
Insurance payable	509,772	613,806	-	-
Other payables	669,294	639,263	1,578,710	1,466,417
Total	3,188,693	1,457,388	3,926,092	1,709,574

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 equalisation 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 recognised 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, cancelled 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	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Insurance Liabilities	39.1	364	-	-	4,326,861	4,800,973
Reinsurance payables			-	-	1,181,832	405,649
Total			-	-	5,508,693	5,206,622

39.1 Insurance Liabilities

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Outstanding claims provision	-	-	814,643	1,288,755
Provision for unearned premiums (net)	-	-	3,512,218	3,512,218
Total	-	-	4,326,861	4,800,973

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 14.91% as a weighted average incremental borrowing rate in order to record the right of use assets and Lease Liabilities (2023 - 19.68%).

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance as at 1st April	1,753,723	2,059,050	1,477,875	1,588,115
Additions/renewal of operating lease agreements during the year	283,704	161,309	293,956	191,169
Accretion of interest	245,483	236,983	219,909	191,784
Payments to lease creditors	(586,137)	(651,359)	(377,477)	(438,364)
Expiration of operating lease agreements during the year	(60,236)	(52,260)	(60,236)	(54,829)
Balance as at 31st March	1,636,537	1,753,723	1,554,027	1,477,875

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 402.

Remaining Contractual Maturity Analysis of Lease Liability

As at 31st March Company	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

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	461,803	1,127,460	164,460	1,753,723
Total	461,803	1,127,460	164,460	1,753,723

As at 31st March Group	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

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	265,413	1,048,002	164,460	1,477,875
	265,413	1,048,002	164,460	1,477,875

41 CURRENT TAX LIABILITIES

Accounting Policy

The Group and Company is subject to income taxes and other taxes including VAT and NBT 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 recognised 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.

	Page	Company		Group		
		2024	2023	2024	2023	
As at 31st March	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current tax payable	41.1	366	295,474	1,013,703	536,436	1,406,648
Total			295,474	1,013,703	536,436	1,406,648

NOTES TO THE FINANCIAL STATEMENTS

41 CURRENT TAX LIABILITIES (CONTD...)

41.1 Current tax liability

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Balance as at 1st April	1,013,703	1,851,676	1,406,648	2,098,784
Provision for the year	1,525,924	1,471,393	1,876,053	2,132,725
Under/(Over) provision in respect of previous year	(148,168)	-	(144,939)	-
Payment of income tax	(1,836,478)	(4,256,539)	(2,142,485)	(5,317,964)
Tax credits(*)	(259,507)	1,947,173	(458,841)	2,493,103
Balance as at 31st March	295,474	1,013,703	536,436	1,406,648

41.2 Withholding Tax (WHT) On Fixed Deposits And Saving Accounts

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). As a result, starting on January 1, 2023, 5% will be applied to service fees for persons that exceed Rs. 100,000, 10% to rent for anyone that exceeds Rs. 100,000, 5% to any amount of interest, and 15% to dividends. On the income tax payment, this WHT deduction can be claimed as a tax credit.

42. OTHER LIABILITIES

Accounting Policy

Other liabilities include VAT on financial services payable, Social Security Contribution Levy, 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	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
VAT on financial services Payable	249,569	308,716	270,349	317,732
SSCL payable	31,781	31,195	53,036	53,268
Value Added Tax (VAT) payable	68,571	13,235	201,942	116,449
W.H.T. Payable	46,627	-	48,592	3,402
Crop Insurance Levy Payable	17,806	11,647	17,806	11,647
Amount payable to customers	478,329	272,956	478,618	273,303
Stamp Duty Payable	133,907	34,365	136,554	36,971
Other Payable	366,336	344,676	425,871	389,446
Total	1,393,241	1,016,790	1,632,768	1,202,218

 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.

	Page	Company		Group	
		2024	2023	2024	2023
Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April		673,659	668,411	756,320	748,944
Amount recognise in Statement of Profit or Loss	43.1	368	175,370	155,670	221,361
Amount recognise in Statement of Comprehensive Income	43.2	368	17,890	(57,764)	26,787
Benefits paid during the year			(88,382)	(92,658)	(107,113)
Balance as at 31st March			778,537	673,659	897,355

NOTES TO THE FINANCIAL STATEMENTS

43. RETIREMENT BENEFIT OBLIGATION (CONTD...)

43.1 Amount recognise in Statement of Profit or Loss

For the year ended 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current service cost	54,111	55,362	77,202	65,812
Net interest on the net defined benefit liability	121,259	100,308	144,159	108,705
Total amount recognised in Statement of Profit or Loss	175,370	155,670	221,361	174,517

43.2 Amount recognise in Statement of Comprehensive Income

For the year ended 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Losses/(Gains) due to changes in assumptions	56,806	(45,364)	63,097	(56,903)
Experience Losses/(Gains) arising during the year	(38,916)	(12,400)	(36,310)	(10,217)
Total actuarial (losses)/gain recognised in Statement of Comprehensive Income	17,890	(57,764)	26,787	(67,120)

An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2024 by Messrs Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries (31 March 2023 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	2024	2023
Company /Group		
Actuarial assumptions		
Discount rate	12.00%	18.00%
Future salary increment rate	10.00%	15.00%
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 6.0 years for the year ended 31st March 2024. (7.9 - 2023)

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	2024		2023	
	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%	35,693	(35,693)	35,475	(35,475)
-1%	(39,166)	39,166	(39,307)	39,307
Increase/ (decrease) in salary Increment				
1%	39,246	(39,246)	39,800	(39,800)
-1%	(36,357)	36,357	(36,451)	36,451

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.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Within the next 12 months	121,465	85,296	138,366	95,970
Between 1-5 years	376,817	288,778	423,931	322,789
Beyond 5 years	280,255	299,585	335,058	337,561
Total	778,537	673,659	897,355	756,320

GRI 2-207-1,207-2,207-3,207-4,3-3

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.

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Recognised under assets	(818,949)	(1,335,460)	(875,915)	(1,477,554)
Recognised under liabilities	-	-	46,564	57,718
Deferred tax liability/(Asset)	(818,949)	(1,335,460)	(829,351)	(1,419,836)

NOTES TO THE FINANCIAL STATEMENTS

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 Movement in Deferred Tax

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	(1,335,460)	(1,146,726)	(1,419,836)	(1,121,196)
Charge for the year	457,679	(147,275)	500,679	(244,222)
Deferred Tax charge relating to components of Statement of Comprehensive Income	58,832	(41,460)	89,805	(54,418)
Balance as at 31st March	(818,949)	(1,335,460)	(829,351)	(1,419,836)

	Company					Group				
	Deferred Tax Assets	Deferred Tax Liabilities	Statement of Profit or Loss	Statement of Comprehensive Income	Statement of Changes in Equity	Deferred Tax Assets	Deferred Tax Liabilities	Statement of Profit or Loss	Statement of Comprehensive Income	Statement of Changes in Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2024										
Retirement benefit obligation	233,561	-	(8,761)	(5,368)	(5,368)	264,520	-	(4,109)	(8,139)	(8,139)
Carry forward tax losses	-	-	-	-	-	63,798	-	(25,130)	-	-
Impairment allowances for loan receivables	781,223	-	542,852	-	-	805,012	-	501,110	-	-
Deffered tax on transitional Adjustment	-	-	-	-	-	-	-	-	-	-
Accelerated depreciation allowance for tax purpose (Lease)	-	185,881	(48,374)	-	-	-	194,226	(53,078)	-	-
Accelerated depreciation allowance for tax purpose (PPE)	-	55,880	(27,468)	-	-	-	163,148	50,297	-	-
Deferred Tax on SLFRS 16	51,342	-	(570)	-	-	51,342	-	(570)	-	-
Deferred Tax on FVOCI	-	5,416	-	64,200	64,200	-	19,541	-	97,944	97,944
Fair value gains/losses - investment property	-	-	-	-	-	21,594	-	32,159	-	-
	1,066,126	247,177	457,679	58,832	58,832	1,206,266	376,915	500,679	89,805	89,805
Deferred tax effect on Profit or Loss and Other Comprehensive Income for the year	-	-	457,679	58,832	-	-	-	500,679	89,805	-
Recognised under equity	-	-	-	-	58,832	-	-	-	-	89,805
Recognised under assets	-	(818,949)	-	-	-	-	(875,915)	-	-	-
Recognised under liabilities	-	-	-	-	-	-	46,564	-	-	-
Net deferred tax liability/ (assets) as at 31 March	-	(818,949)	-	-	-	-	(829,351)	-	-	-

	Company					Group				
	Deferred Tax Assets	Deferred Tax Liabilities	Statement of Profit or Loss	Statement of Comprehensive Income	Statement of Changes in Equity	Deferred Tax Assets	Deferred Tax Liabilities	Statement of Profit or Loss	Statement of Comprehensive Income	Statement of Changes in Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2023										
Retirement benefit obligation	219,433	-	(92,311)	17,329	17,329	334,546	-	(112,446)	20,136	20,136
Carry forward tax losses	-	-	-	-	-	-	-	-	-	-
Impairment allowances for loan receivables	2,577,454	1,522,025	94,267	-	-	2,575,291	1,304,309	69,200	-	-
Deffered tax on transitional Adjustment	268,638	-	(53,728)	-	-	268,638	-	(53,727)	-	-
Accelerated depreciation allowance for tax purpose (Lease)	-	234,255	(106,329)	-	-	-	234,255	(147,839)	-	-
Accelerated depreciation allowance for tax purpose (PPE)	-	83,348	57,026	-	-	-	258,965	57,026	-	-
Deferred Tax on SLFRS 16	95,947	45,173	(37,235)	-	-	67,227	45,173	(8,515)	-	-
Deferred Tax on FVOCI	58,789	-	(8,965)	(58,789)	(58,789)	74,554	-	49,817	(74,554)	(74,554)
Fair value gains/losses - investment property	-	-	-	-	-	-	57,718	(97,739)	-	-
	3,220,261	1,884,801	(147,275)	(41,460)	(41,460)	3,320,256	1,900,420	(244,223)	(54,418)	(54,418)
Deferred tax effect on Profit or Loss and Other Comprehensive Income for the year		-	(147,275)	(41,460)	-	-	-	(244,223)	(54,418)	-
Recognised under equity		-	-	-	(41,460)		-	-	-	(54,418)
Recognised under assets		(1,335,460)	-	-	-		(1,477,554)	-	-	-
Recognised under liabilities		-	-	-	-		57,718	-	-	-
Net deferred tax liability as at 31 March 2023		(1,335,460)	-	-	-		(1,419,836)	-	-	-

Deferred tax assets/liabilities have been calculated at the rate specific to each company.

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	
	2024		2023	
	Number	Rs. '000	Number	Rs. '000
Balance as at 1 April	2,041,883,116	18,015,559	1,887,195,002	17,071,961
Scrip Dividend	112,492,634	1,214,920	154,688,114	943,598
Balance as at 31 March	2,154,375,750	19,230,479	2,041,883,116	18,015,559

NOTES TO THE FINANCIAL STATEMENTS

45. STATED CAPITAL (CONTD...)

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

	2024		2023	
	Actual	Required	Actual	Required
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March				
Tier 1 Capital/ Core capital	40,454,374	2,000,000	36,238,022	2,000,000
Tier 1 Capital Ratio / Core capital ratio	30.00%	10.00%	25.76%	10.00%
Total Capital Ratio / Total risk weighted capital ratio	29.70%	14.00%	26.61%	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.

46. STATUTORY RESERVE FUND

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	2,790,828	2,639,945	2,905,660	2,729,352
Transfer during the year	177,025	150,883	201,935	176,308
Balance as at 31st March	2,967,853	2,790,828	3,107,595	2,905,660

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	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	19,556,826	19,481,612	23,248,550	23,122,851
Profit for the year	3,540,497	3,017,638	3,994,917	3,507,014
Comprehensive income	(76,722)	99,224	(106,681)	121,538
Transfers to reserves	(277,136)	(150,883)	(302,047)	(176,308)
Dividend paid	(2,858,638)	(943,598)	(2,858,638)	(943,598)
Surcharge Tax	-	(1,947,167)	-	(2,382,947)
Balance as at 31st March	19,884,827	19,556,826	23,976,101	23,248,550

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 373.
- » 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 374.
- » 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 2024

			Company			Group		
	Page	Note	Opening balance at	Movement transfers	Closing balance at	Opening balance at	Movement transfers	Closing balance at
			01-04-2023	Rs. '000	Rs. '000	31-03-2024	Rs. '000	Rs. '000
Regulatory loss allowance reserve			-	100,111	100,111	-	100,111	100,111
Fair value reserve	48.3	373	(571,148)	214,016	(357,132)	(627,839)	300,852	(326,987)
Foreign currency translation reserve	48.4	374	-	-	-	977,219	(318,887)	658,332
Total			(571,148)	314,127	(257,021)	349,380	82,076	431,456

48.2 Previous year 2023

			Company			Group		
	Page	Note	Opening balance at	Movement transfers	Closing balance at	Opening balance at	Movement transfers	Closing balance at
			01-04-2022	Rs. '000	Rs. '000	31-03-2023	Rs. '000	Rs. '000
Fair value reserve	48.3	373	(375,208)	(195,940)	(571,148)	(379,348)	(248,491)	(627,839)
Foreign currency translation reserve	48.4	374	-	-	-	1,276,459	(299,240)	977,219
Total			(375,208)	(195,940)	(571,148)	897,111	(547,731)	349,380

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	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	(571,148)	(375,208)	(627,839)	(379,348)
Net fair value gains/(losses) on remeasuring financial investments	214,016	(195,940)	329,798	(248,491)
Transfer to NCI	-	-	(28,946)	-
Balance as at 31st March	(357,132)	(571,148)	(326,987)	(627,839)

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	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance as at 01st April	-	-	977,219	1,276,459
Net gains/(losses) arising from translating the Financial Statements	-	-	(625,269)	(594,615)
Transfer to NCI	-	-	306,382	295,375
Balance as at 31st March	-	-	658,332	977,219

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	
	2024 Rs. '000	2023 Rs. '000
As at 31st March		
Balance as at 01st April	2,485,030	3,154,527
Acquisition of a subsidiary with non-controlling interest	-	74,764
Profit for the year	202,514	(65,313)
Other comprehensive income	(287,347)	(295,375)
Dividend paid for the year	-	(273,428)
Surcharge Tax	-	(110,146)
Balance as at 31st March	2,400,197	2,485,029

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.

	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March						
Contingent liabilities	50.1	375	353,254	338,408	515,833	462,212
Commitments	50.2	375	13,887,062	5,288,366	13,887,062	5,288,366
Total			14,240,316	5,626,774	14,402,895	5,750,578

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.

As at 31st March	Page	No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Litigation against the Company	50.1.1	375	294,821	252,572	294,821	252,572
Guarantees - Others	50.1.2	375	58,433	58,825	58,433	58,825
Assessment received from Inland Revenue Department			-	27,011	162,579	150,815
Total			353,254	338,408	515,833	462,212

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, forty six (46) 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:

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Capital Commitments				
Approved but not contracted for	1,870,197	1,001,417	1,870,197	1,001,417
Subtotal	1,870,197	1,001,417	1,870,197	1,001,417
Un-utilised facilities				
Margin trading	6,794,683	4,130,745	6,794,683	4,130,745
Fast track	144,472	105,270	144,472	105,270
selfy e cash	5,072,542	-	5,072,542	-
Gold loan -Wadiah	5,168	50,934	5,168	50,934
Subtotal	12,016,865	4,286,949	12,016,865	4,286,949
Total	13,887,062	5,288,366	13,887,062	5,288,366

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 337.

NOTES TO THE FINANCIAL STATEMENTS

51. NET ASSETS VALUE PER ORDINARY SHARE

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Total equity attributable to equity holders of the Company (Rs. '000)	41,826,138	39,792,065	46,745,631	44,519,149
Total number of shares	2,154,375,750	2,041,883,116	2,154,375,750	2,041,883,116
Net assets value per share (Rs.)	19.41	19.49	21.70	21.80

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2024			2023		
	Within 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	Within 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
Company						
Assets						
Cash and cash equivalents	9,728,132	-	9,728,132	5,844,798	-	5,844,798
Balances with banks & financial institutions	14,288,282	-	14,288,282	29,839,914	-	29,839,914
Financial assets -Fair value through profit or loss	1,339,867	-	1,339,867	203,975	-	203,975
Loans and receivables	59,170,793	44,479,660	103,650,453	58,456,983	55,820,962	114,277,945
Financial assets - Fair value through other comprehensive income	1,158,659	10	1,158,669	944,643	10	944,653
Debt instrument - Amortised cost	18,372,055	-	18,372,055	10,903,577	-	10,903,577
Investments in subsidiaries	-	3,455,229	3,455,229	-	3,291,604	3,291,604
Investment property	-	295,465	295,465	-	284,961	284,961
Other assets	3,829,337	152,481	3,981,818	872,589	157,549	1,030,138
Property, plant and equipment	-	1,361,384	1,361,384	-	1,481,005	1,481,005
Right of use assets	-	1,360,775	1,360,775	-	1,615,939	1,615,939
Deferred tax assets	-	818,949	818,949	-	1,335,460	1,335,460
Goodwill and intangible assets	-	41,010	41,010	-	19,193	19,193
Total assets	107,887,125	51,964,963	159,852,088	107,066,479	64,006,683	171,073,162
Liabilities						
Due to banks	2,263,494	-	2,263,494	5,975,862	1,748,809	7,724,671
Due to customers	78,938,390	18,499,336	97,437,726	75,095,424	25,839,690	100,935,114
Debt securities issued	6,400,684	4,631,564	11,032,248	6,718,166	9,987,883	16,706,049
Other financial liabilities	3,188,693	-	3,188,693	1,457,388	-	1,457,388
Lease Liabilities	344,617	1,291,920	1,636,537	461,803	1,291,920	1,753,723
Current tax liabilities	295,474	-	295,474	1,013,703	-	1,013,703
Other liabilities	1,393,241	-	1,393,241	1,016,790	-	1,016,790
Retirement Benefit Obligation	121,465	657,072	778,537	85,296	588,363	673,659
Total liabilities	92,946,058	25,079,892	118,025,950	91,824,433	39,456,664	131,281,097
Net assets	14,941,067	26,885,071	41,826,138	15,242,046	24,550,019	39,792,065

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2024			2023		
	Within 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	Within 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
Assets						
Cash and cash equivalents	10,636,505	-	10,636,505	6,316,003	-	6,316,003
Balances with banks & financial institutions	17,562,955	-	17,562,955	34,224,917	-	34,224,917
Financial assets -Fair value through profit or loss	1,451,613	-	1,451,613	345,093	-	345,093
Loans and receivables	66,223,220	50,696,730	116,919,950	66,298,700	59,079,204	125,377,904
Reinsurance and insurance receivables	1,586,697	-	1,586,697	1,498,065	-	1,498,065
Financial assets - Fair value through other comprehensive income	1,720,465	10	1,720,475	1,372,952	10	1,372,962
Debt instrument - Amortised cost	22,787,970	1,038,544	23,826,514	12,810,585	3,049,087	15,859,672
Investment properties	-	1,305,512	1,305,512	-	1,200,317	1,200,317
Other assets	4,013,787	152,481	4,166,268	1,123,473	157,549	1,281,022
Property, plant and equipment	-	3,779,689	3,779,689	-	3,971,219	3,971,219
Right to use assets	-	1,287,033	1,287,033	-	1,372,423	1,372,423
Deferred tax assets	-	829,351	829,351	-	1,419,836	1,419,836
Goodwill and intangible assets	-	185,304	185,304	-	137,436	137,436
Total assets	125,983,212	59,274,654	185,257,866	123,989,788	70,387,081	194,376,869
Liabilities						
Due to banks	4,795,648	2,385,717	7,181,365	8,700,073	2,368,449	11,068,522
Due to customers	86,009,869	17,833,185	103,843,054	81,955,382	26,024,574	107,979,956
Debt securities issued	6,400,684	4,631,564	11,032,248	6,577,073	9,987,883	16,564,956
Other financial liabilities	3,926,092	-	3,926,092	1,709,574	-	1,709,574
Insurance and reinsurance payable	-	5,508,693	5,508,693	-	5,206,622	5,206,622
Lease Liabilities	341,565	1,212,462	1,554,027	265,413	1,212,462	1,477,875
Current tax liabilities	536,436	-	536,436	1,406,648	-	1,406,648
Other liabilities	1,632,768	-	1,632,768	1,202,218	-	1,202,218
Retirement benefit obligation	138,366	758,989	897,355	95,970	660,350	756,320
Total liabilities	103,781,428	32,330,610	136,112,038	101,912,351	45,460,340	147,372,691
Net assets	22,201,784	26,944,044	49,145,828	22,077,437	24,926,741	47,004,178

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	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest income	12,333,980	11,413,366	10,589,539	13,140,899	828,950	948,386	1,391,108	1,452,100	7,530,937	6,911,484	(457,817)	(459,317)	32,216,697	33,406,918
Net earned premium	-	-	-	-	-	-	3,969,415	4,873,871	-	-	(234,090)	(200,018)	3,735,325	4,673,853
Net fee and commission income	936,245	669,324	803,828	770,633	62,924	55,617	-	-	288,531	282,204	(1,112,133)	(1,086,583)	979,395	691,195
Net trading income	-	-	-	-	-	-	-	2,249	124,229	1,919	-	-	124,229	4,168
Other operating income	286,042	101,678	245,586	117,068	19,225	8,449	118,785	84,546	178,366	634,727	(350,792)	(559,957)	497,212	386,511
Gross income	13,556,267	12,184,368	11,638,953	14,028,600	911,099	1,012,452	5,479,308	6,412,766	8,122,063	7,830,334	(2,154,832)	(2,305,875)	37,552,858	39,162,645
Interest expenses	7,415,894	6,857,480	6,367,036	7,895,432	498,413	569,818	-	-	4,443,135	4,406,988	(457,819)	(459,316)	18,266,659	19,270,402
Total Operating income	6,140,373	5,326,888	5,271,917	6,133,168	412,686	442,634	5,479,308	6,412,766	3,678,928	3,423,346	(1,697,013)	(1,846,559)	19,286,199	19,892,243
Credit loss expenses	(726,672)	(227,806)	(617,527)	1,128,996	(1,771)	(153,467)	-	-	(8,234)	(43,761)	-	-	(1,354,204)	703,962
Net operating income	6,867,045	5,554,694	5,889,444	5,004,172	414,457	596,101	5,479,308	6,412,766	3,687,162	3,467,106	(1,697,013)	(1,846,559)	20,640,403	19,188,281
Depreciation	262,673	228,090	238,117	294,633	21,548	21,830	102,678	103,645	157,365	181,774	(168,513)	(169,839)	613,868	660,133
Segment result	3,196,557	2,111,289	2,744,453	2,430,855	214,836	175,436	627,587	1,246,908	1,915,172	1,356,827	(272,956)	(317,532)	8,425,649	7,003,783
Less: Tax on financial services	-	-	-	-	-	-	-	-	-	-	-	-	1,996,425	1,673,580
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	2,231,793	1,888,502
Profit attributable to equity holder	-	-	-	-	-	-	-	-	-	-	-	-	4,197,431	3,441,701
As at 31st March														
Segment assets	69,085,195	59,409,781	62,626,580	76,742,103	5,667,203	5,686,110	12,446,256	11,728,248	41,388,072	47,346,146	(5,955,440)	(6,535,520)	185,257,866	194,376,868
Total assets	69,085,195	59,409,781	62,626,580	76,742,103	5,667,203	5,686,110	12,446,256	11,728,248	41,388,072	47,346,146	(5,955,440)	(6,535,520)	185,257,866	194,376,868
Segment liabilities	51,431,804	45,552,968	46,623,559	58,842,676	4,219,058	4,359,875	7,077,051	6,854,524	30,812,144	36,303,070	(4,051,578)	(4,540,422)	136,112,038	147,372,691
Total liability	51,431,804	45,552,968	46,623,559	58,842,676	4,219,058	4,359,875	7,077,051	6,854,524	30,812,144	36,303,070	(4,051,578)	(4,540,422)	136,112,038	147,372,691

NOTES TO THE FINANCIAL STATEMENTS

54. ASSETS PLEDGED

The following assets have been pledged as securities for liabilities.

Nature of Assets	Nature of Liabilities	Carrying Amount Pledged				Included under
		Company		Group		
		31 March 2024 Rs. '000	31 March 2023 Rs. '000	31 March 2024 Rs. '000	31 March 2023 Rs. '000	
Rentals receivables on lease	Securitisation	-	5,042,359	-	5,042,359	Loans and receivables
	Term loan	2,179,094	4,845,020	2,179,094	4,845,020	Loans and receivables
	Short term loans	23,509,389	14,911,377	23,509,389	14,911,377	Loans and receivables
Rentals receivables on hire-purchase	Term loan	-	-	1,037,255	1,037,255	Loans and receivables
	Short term loans	-	-	46,705	46,705	Loans and receivables
Rentals receivables on loans	Securitisation	-	-	-	-	Loans and receivables
	Short term loans	-	8,697,471	-	8,697,471	Loans and receivables
Fixed deposits	Bank guarantee for assessment	-	-	125,700	21,500	Contingent liabilities and commitments
Fixed deposits	Overdrafts	-	-	75,000	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	
	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	18,727	5,726	37,865	14,794
Total	18,727	5,726	37,865	14,794

(b) Remuneration to Corporate Management

	Company		Group	
	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	270,450	197,483	342,398	282,087
Post employment benefits	19,647	47,426	22,111	50,499
Total	290,097	244,909	364,509	332,586

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	
	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
No. of ordinary shares held	972,820	747,831	1,078,985	929,331
Cash dividend paid (Rs. '000)	681	-	681	-
Scrip dividend (No. of shares)	53,588	73,165	58,088	77,665

55.2.3 Transactions, Arrangements and Agreements involving Key Management Personnel (KMPs), 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	
	2024	2023	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	57	316	806	3,176	863	3,492
Interest expense	1,619	3,223	37,031	54,770	38,650	57,993

(b) Items in Statement of Financial Position

	Board of Directors		Corporate Management		Total	
	2024	2023	2024	2023	2024	2023
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Loans and receivables	-	1,612	6,475	10,547	6,475	12,159
Total	-	1,612	6,475	10,547	6,475	12,159
Liabilities						
Due to customers	10,723	19,936	213,326	316,155	224,049	336,091
Total	10,723	19,936	213,326	316,155	224,049	336,091

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	2024 Rs. '000	2023 Rs. '000	2024 %	2023 %
People's Bank				
People's Leasing Property Development Limited	462,396	528,249	1.11	1.33
People's Leasing Fleet Management Limited	-	1,320	-	-
People's Leasing Havelock Properties Limited	843,719	1,043,582	2.02	2.62
People's Microfinance Ltd	80,044	10,405	-	-
People's Insurance PLC	47,532	26,589	0.11	0.07
Alliance Finance PLC	26,510	26,620	0.06	0.07
Board of Directors	-	1,612	-	-
Corporate management	6,475	10,547	0.02	0.03
Total net accommodation	1,466,676	1,648,924	3.32	4.12

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

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest income	1,332	7,663	1,332	7,663
Interest expenses	1,129,126	375,363	1,129,126	375,363

b. Items in Statement of Financial Position

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Assets				
Loans and receivables	5,679	10,429	5,679	10,429
Total	5,679	10,429	5,679	10,429
Liabilities				
Due to banks	-	-	-	-
Due to customer	3,415,159	2,167,874	3,415,159	2,167,874
Total	3,415,159	2,167,874	3,415,159	2,167,874

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

As at 31st March	Parent		Subsidiaries	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest income	6,201,705	6,432,847	272,829	312,463
Interest expense	410,497	129,395	226,191	217,166
Fee and Commission income	-	-	690,539	678,554
Other operating income	-	-	377,135	531,930
Benefits, claims and underwriting expenditure	-	-	220,573	189,231
Depreciation and amortisation	4,301	4,567	215,824	215,824
Other operating expenses	-	-	16,986	16,067

b. Items in Statement of Financial Position

As at 31st March	Parent		Subsidiaries	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Assets				
Cash and cash equivalents	2,340,575	4,701,513	-	-
Balances with banks & financial institutions	2,989,538	26,680,324	-	-
Loans and receivables	-	-	1,462,655	1,642,309
Financial assets - Amortised cost	18,372,055	10,903,577	-	-
Investments in subsidiaries / Associate (net of impairment)	-	-	3,455,229	3,291,604
Other assets	4,670	-	111,842	253,877
Right of use asset	14,430	19,878	152,524	368,349
Total	23,721,268	42,305,292	5,182,250	5,556,139
Liabilities				
Due to banks	498,705	43,736	-	-
Due to customers	3,415,159	554,386	1,350,179	1,062,879
Other Financial liabilities	-	-	601,598	700,811
Other liabilities	-	-	15,929	9,460
Lease liability	23,962	23,962	189,003	432,635
Total	3,937,826	622,084	2,156,709	2,346,878

NOTES TO THE FINANCIAL STATEMENTS

55. RELATED PARTY DISCLOSURE (CONTD...)

c. Transactions

For the year ended 31st March	Parent		Subsidiaries	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Purchase of vehicles	-	-	-	103,550
Building rent paid	4,035	6,516	284,342	284,342
Building rent received	-	-	13,217	13,637
Cash and cash equivalents - Repo investments	65,410,137	6,150,000	-	-
Cash and cash equivalents - Repo settlements	65,461,426	6,665,168	-	-
Cash and cash equivalents - Money market account investments	33,616,500	24,451,334	-	-
Cash and cash equivalents - Money market account withdrawals	32,924,701	25,620,116	-	-
Cash and cash equivalents - Call Deposit Investments	7,662,226	22,255,000	-	-
Cash and cash equivalents - Call Deposit withdrawals	10,814,419	20,178,665	-	-
Balances with banks and financial institutions - FD investments	56,680,782	93,389,656	-	-
Balances with banks and financial institutions - FD withdrawals	82,695,645	71,514,078	-	-
Loans and receivables - Grantings	-	-	351,395	347,337
Loans and receivables - Repayments	-	-	339,732	338,514
Debt instrument - Amortised cost - Investments	64,224,591	40,967,052	-	-
Debt instrument - Amortised cost - Settlements	60,074,968	43,255,119	-	-
Due to banks - Repayment	295,487	295,487	-	-
Due to customers - Investments	3,558,902	3,141,782	1,063,578	1,063,578
Due to customers - Settlements	3,536,263	3,619,098	945,304	945,304
Other financial liabilities - Services obtained	-	-	10,203	10,203
Other financial liabilities - Repayment	-	-	10,910	10,910
Dividend paid	2,143,977	707,698	-	-
Dividend received	-	-	367,500	513,828
Insurance premium paid in respect of customers introduced by People's Leasing & Finance PLC	-	-	1,884,034	2,581,127
Total	489,104,059	362,216,769	5,270,215	6,212,330

55.4.2 Group

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	
	2024 Rs. '000	2023 Rs. '000
Interest income	6,463,156	6,710,304
Interest expenses	419,069	147,035
Net earned premiums	347,954	359,945
Fee and commission income	26,316	28,061
Other operating income	112,227	115,746
Benefits, claims and underwriting expenditure	34,790	56,650
Depreciation and amortisation	4,301	4,567

b. Items in Statement of Financial Position

As at 31st March	Immediate Parent	
	2024 Rs. '000	2023 Rs. '000
Assets		
Cash and cash equivalents	2,584,359	4,902,129
Balances with banks & financial institutions	4,441,178	28,366,010
Insurance and reinsurance receivables	294,726	291,717
Financial assets - Amortised cost	18,372,055	10,903,577
Other assets	4,670	4,592
Right of use assets	14,430	19,878
Total	25,711,418	44,487,903
Liabilities		
Due to banks	540,649	295,763
Due to customers	3,415,159	554,386
Other liabilities	7,851	8,369
Lease liabilities	23,962	23,962
Total	3,987,621	882,480

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	Relationship	Nature of the transaction	Transaction value		Transaction value as a % of gross income		Terms and conditions
			2024	2023	2024	2023	
Name of the Related party			Rs. '000	Rs. '000	Rs. '000	Rs. '000	
People's Bank	Immediate Parent	Repo investments	65,410,137	6,150,000	210.75%	19.21%	Normal terms
		Repo settlements	65,461,426	6,665,168	210.92%	20.82%	Normal terms
		FD investments	56,680,782	93,389,656	182.63%	291.68%	Normal terms
		FD withdrawals	82,695,645	71,514,078	266.45%	223.35%	Normal terms
		Tbill investments	64,224,591	40,967,052	206.93%	127.95%	Normal terms
		Tbill settlements	60,074,968	43,255,119	193.56%	135.09%	Normal terms
		Call deposit investments	7,662,226	22,255,000	24.69%	69.51%	Normal terms
		Call deposit Withdrawals	10,814,419	20,178,665	34.84%	63.02%	Normal terms
People's Insurance PLC	Subsidiary	Insurance premium	1,884,034	2,581,127	6.07%	8.06%	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 recognised in the profit and loss statement as an impairment gain or loss. (Explained in Note 25.6) on page 335.

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

Individual Impairment

As detailed in Note 25.6 on page 335, 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.

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

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 2024	Neither past due nor impaired Rs. '000	Past due but not impaired				Individually impaired Rs. '000	Total Rs. '000
		1-30 Days	31-60 days	61-90 days	Over 90 days		
		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	69,528,049	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	113,310,511	14,711,770	7,068,333	3,822,291	13,123,549	4,251,247	156,287,702

Company As at 31st March 2023	Neither past due nor impaired Rs. '000	Past due but not impaired				Individually impaired Rs. '000	Total Rs. '000
		1-30 Days	31-60 days	61-90 days	Over 90 days		
		Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Cash and cash equivalents (excluding cash in hand)	4,840,646	-	-	-	-	-	4,840,646
Balances with banks & financial institutions	29,839,914	-	-	-	-	-	29,839,914
Financial assets - Fair value through profit or loss	203,975	-	-	-	-	-	203,975
Loans and receivables - Amortised cost	76,024,330	16,619,175	10,000,432	4,700,643	14,733,157	2,609,464	124,687,201
Financial assets - Fair value other comprehensive income	944,653	-	-	-	-	-	944,653
Debt instrument - Amortised cost	10,903,577	-	-	-	-	-	10,903,577
Other financial assets	100,306	-	-	-	-	-	100,306
Total	122,857,401	16,619,175	10,000,432	4,700,643	14,733,157	2,609,464	171,520,272

Group As at 31st March 2024	Neither past due nor impaired Rs. '000	Past due but not impaired				Individually impaired Rs. '000	Total Rs. '000
		1-30 Days	31-60 days	61-90 days	Over 90 days		
		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 - Fair value through profit or loss	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

Group As at 31st March 2023	Neither past due nor impaired Rs. '000	Past due but not impaired				Individually impaired Rs. '000	Total Rs. '000
		1-30 Days	31-60 days	61-90 days	Over 90 days		
		Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Cash and cash equivalents (excluding cash in hand)	5,297,056	-	-	-	-	-	5,297,056
Balances with banks & financial institutions	34,224,917	-	-	-	-	-	34,224,917
Financial assets - Fair value through profit or loss	345,093	-	-	-	-	-	345,093
Loans and receivables - Amortised cost	83,670,400	17,195,506	11,679,224	5,578,135	16,152,645	2,609,464	136,885,374
Insurance and reinsurance receivables	1,498,065	-	-	-	-	-	1,498,065
Financial assets - Fair value other comprehensive income	1,372,962	-	-	-	-	-	1,372,962
Debt instrument - Amortised cost	15,859,672	-	-	-	-	-	15,859,672
Total	142,268,165	17,195,506	11,679,224	5,578,135	16,152,645	2,609,464	195,483,139

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 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

Company

31 March 2023	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	5,844,798	-	-	-	-	-	-	-	-	-	5,844,798
Balances with Banks & financial institutions	29,839,914	-	-	-	-	-	-	-	-	-	29,839,914
Financial assets - Fair value through profit or loss	190,975	-	-	-	-	-	-	13,000	-	-	203,975
Loans and receivables - Amortised cost	8,776,851	27,151,036	7,247,716	2,689,999	24,861,237	8,528,731	14,994,171	19,126,829	2,259,519	9,051,111	124,687,201
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	10,409,256
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	114,277,945
Financial assets - Fair value other comprehensive income	199,581	-	-	-	-	-	-	745,072	-	-	944,653
Debt instrument - Amortised cost	10,903,577	-	-	-	-	-	-	-	-	-	10,903,577
Other financial assets	100,306	-	-	-	-	-	-	-	-	-	100,306

* 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 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
31 March 2023	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	6,316,003	-	-	-	-	-	-	-	-	-	6,316,003
Balances with banks & financial institutions	34,224,917	-	-	-	-	-	-	-	-	-	34,224,917
Financial assets - Fair value through profit or loss	215,485	-	-	-	-	-	-	129,608	-	-	345,093
Loans and receivables - Amortised cost	12,776,951	27,709,320	10,617,109	2,699,305	24,989,315	9,433,072	15,481,123	20,962,712	2,355,462	9,861,004	136,885,374
Less - Impairment charges											11,507,470
Net loans and receivables											125,377,904
Reinsurance and insurance receivable	-	-	-	-	-	-	-	-	-	1,498,065	1,498,065
Financial assets - Fair value other comprehensive income	627,891	-	-	-	-	-	-	745,071	-	-	1,372,962
Debt instrument - Amortised cost	15,859,672	-	-	-	-	-	-	-	-	-	15,859,672

* 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 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

As at 31 March 2023

Central	6,820,293	16,804	3,476,303	-	10,313,400
Eastern	2,823,384	8,616	2,282,945	-	5,114,945
North Central	3,311,761	8,906	2,050,647	-	5,371,314
Northern	1,870,740	2,265	2,775,154	-	4,648,159
North Western	5,484,869	13,948	3,707,618	-	9,206,435
Sabaragamuwa	4,250,399	8,719	2,083,365	-	6,342,483
Southern	8,394,590	19,845	6,648,866	-	15,063,301
Uva	3,887,879	11,368	2,418,103	-	6,317,349
Western	18,920,814	105,589	41,646,648	1,636,765	62,309,815
Total	55,764,729	196,060	67,089,647	1,636,765	124,687,201

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 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	8,236,770
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
As at 31 March 2023				
Central	6,820,293	451,109	3,479,437	10,750,839
Eastern	2,823,384	397,963	2,285,755	5,507,102
North Central	3,311,761	323,994	2,052,921	5,688,676
Northern	1,870,740	2,265	2,775,154	4,648,159
North Western	5,484,869	150,930	3,708,607	9,344,406
Sabaragamuwa	4,250,399	229,935	2,084,961	6,565,295
Southern	8,394,590	280,546	6,650,747	15,325,883
Uva	3,887,879	582,481	2,422,225	6,892,585
Western	18,915,271	499,556	41,694,643	61,109,469
Bangladesh	-	-	11,052,961	11,052,961
Total	55,759,186	2,918,779	78,207,409	136,885,374

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.2.3 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.

Company	As at 31st March 2024		As at 31st March 2023	
	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	8,553,600	8,553,600	4,840,646	4,840,646
Balances with banks & financial institutions	14,288,282	14,288,282	29,839,914	29,839,914
Financial assets - Fair value through profit or loss	1,339,867	1,339,867	203,975	203,975
Loans and receivables - Amortised cost	103,650,453	201,752	114,277,945	306,052
Financial assets - Fair value through other comprehensive income	1,158,669	1,158,669	944,653	944,653
Debt instrument - Amortised cost	18,372,055	18,372,055	10,903,577	10,903,577
Other financial assets	69,989	69,989	100,306	100,306
Total	147,432,915	43,984,214	161,111,016	47,139,123

Group	31 March 2024		31 March 2023	
	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	9,425,325	9,425,325	5,297,056	5,297,056
Balances with banks & financial institutions	17,562,955	17,562,955	34,224,917	34,224,917
Financial assets - Fair value through profit or loss	1,451,613	1,451,613	345,093	345,093
Loans and receivables - Amortised cost	116,919,950	201,752	125,377,904	306,052
Reinsurance and insurance receivable	1,586,697	1,586,697	1,498,065	1,498,065
Financial assets - Fair value through other comprehensive income	1,720,475	1,720,475	1,372,962	1,372,962
Debt instrument - Amortised cost	23,826,514	23,826,514	15,859,672	15,859,672
Total	172,493,529	55,775,331	183,975,669	58,903,817

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			Total collateral	Net exposure	Associated ECL
	Maximum exposure to credit risk	Movable securities	Immovable securities			
Rs.'000						
Company						
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
As at 31 March 2023						
Loans and receivables	17,342,620	11,958,881	13,685,174	25,644,055	(8,301,435)	8,677,486
Group						
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
As at 31 March 2023						
Loans and receivables	18,762,110	12,294,149	13,800,662	26,094,811	(7,332,701)	9,100,885

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.

As at 31st March	2024			2023		
	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	4,767,983	7,341,120	11,521,174	5,161,420	6,359,754

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 Rs. '000
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(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 Rs. '000
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	
Company - As at 31 March 2023					
PD 1% increase across all age buckets	8,786	8,044	-	16,830	16,830
PD 1% decrease across all age buckets	(8,786)	(8,044)	-	(16,830)	(16,830)
LGD 5% increase	43,932	41,088	175,012	260,032	260,032
LGD 5% decrease	(43,932)	(41,088)	(175,012)	(260,032)	(260,032)
Probability weighted Economic Scenarios					
- Base case 10% increase, worst case 5% decrease and best case 5% decrease	(5,683)	(4,376)	-	(10,059)	(10,059)
- Base case 10% decrease, worst case 5% increase and best case 5% increase	5,683	4,376	-	10,059	10,059

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income Rs. '000
	Stage 1	Stage 2	Stage 3	Total	
	(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

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income Rs. '000
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	
Group - As at 31 March 2023					
PD 1% increase across all age buckets	9,292	8,507	-	17,799	17,799
PD 1% decrease across all age buckets	(9,292)	(8,507)	-	(17,799)	(17,799)
LGD 5% increase	47,447	44,375	189,013	280,835	280,835
LGD 5% decrease	(47,447)	(44,375)	(189,013)	(280,835)	(280,835)
Probability weighted Economic Scenarios					
- Base case 10% increase, worst case 5% decrease and best case 5% decrease	(5,768)	(4,442)	-	(10,210)	(10,210)
- Base case 10% decrease, worst case 5% increase and best case 5% increase	5,768	4,442	-	10,210	10,210

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	
	2024	2023	2024	2023
As at 31 March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Liquidity ratios				
Advances to deposit ratios (Times)	1.06	1.13	1.13	1.16
Liquidity Assets to Deposit (%)	36	45	38	45

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 2024.

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 2024	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Total 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	133,723,803
Financial assets - Fair value through other comprehensive income	-	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	181,646,102
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)	(252,311)	51,107,684
Company As at 31st March 2023							
	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
Financial Asset							
Cash and cash equivalents	2,984,085	2,860,713	-	-	-	-	5,844,798
Balances with banks & financial institutions	-	30,160,220	-	-	7,478	-	30,167,698
Financial assets -Fair value through profit or loss	-	203,975	-	-	-	-	203,975
Loans and receivables - Amortised cost	14,866,751	30,620,220	37,234,467	55,520,225	9,655,890	436,428	148,333,981
Financial assets -Fair value through profit or loss	-	944,643	-	-	-	10	944,653
Debt instrument - Amortised cost	-	10,017,190	1,357,841	-	-	-	11,375,031
Other financial assets	-	100,306	-	-	-	-	100,306
Total undiscounted financial assets	17,850,836	74,907,267	38,592,308	55,520,225	9,663,368	436,438	196,970,442
Financial liabilities							
Due to banks	52,720	2,113,653	4,174,310	1,778,223	-	-	8,118,906
Due to customers	3,949,686	54,318,028	45,926,481	19,604,178	17,464,082	185,824	141,448,279
Debt securities issued	-	5,973,211	619,948	6,995,938	5,218,138	-	18,807,234
Other financial liabilities	-	1,457,388	-	-	-	-	1,457,388
Lease Liabilities	-	165,085	504,249	948,757	544,241	191,776	2,354,109
Total undiscounted financial liabilities	4,002,406	64,027,365	51,224,988	29,327,096	23,226,460	377,600	172,185,916
Net undiscounted financial assets/ (liabilities)	13,848,430	10,879,902	(12,632,680)	26,193,129	(13,563,092)	58,838	24,784,525

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 2024	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Total 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
Insurance and reinsurance 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
Group As at 31 March 2023							
	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
Financial Asset							
Cash and cash equivalents	3,455,290	2,860,713	-	-	-	-	6,316,003
Balances with banks & financial institutions	56,100	30,995,463	3,159,507	111,868	925,403	-	35,248,341
Financial assets -Fair value through profit or loss	-	345,093	-	-	-	-	345,093
Loans and receivables - Amortised cost	15,544,489	32,063,196	39,929,713	60,570,598	12,374,078	3,341,594	163,823,668
Reinsurance and insurance receivable	-	1,268,209	572,030	-	-	-	1,840,239
Financial assets - Fair value through other comprehensive income	-	1,372,952	-	-	-	10	1,372,962
Debt instrument - Amortised cost	26,954	11,865,448	3,149,189	1,372,618	503,434	-	16,917,643
Total undiscounted financial assets	19,082,833	80,771,074	46,810,439	62,055,084	13,802,915	3,341,604	225,863,949
Financial liabilities							
Due to banks	251,727	2,257,413	5,479,984	2,397,863	16,570	-	10,403,557
Due to customers	3,954,226	58,072,352	50,796,418	19,866,333	17,510,069	194,627	150,394,025
Debt securities issued	-	5,831,331	619,948	6,995,938	5,218,138	-	18,665,355
Other financial liabilities	-	1,709,574	-	-	-	-	1,709,574
Reinsurance and insurance payable	5,167,905	38,717	-	-	-	-	5,206,622
Lease Liabilities	-	109,137	336,403	910,141	485,158	191,776	2,032,615
Total undiscounted financial liabilities	9,373,858	68,018,524	57,232,753	30,170,276	23,229,935	386,403	188,411,749
Net undiscounted financial assets/(liabilities)	9,708,975	12,752,550	(10,422,314)	31,884,808	(9,427,020)	2,955,201	37,452,200

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 Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
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	-	-	13,887,062
Total commitments and guarantees	-	12,727,975	1,512,044	298	-	14,240,316

As at 31st March 2023

Guarantees	-	18,475	40,350	-	-	58,825
Assessment received from Inland Revenue Department	-	-	-	27,011	-	27,011
Litigation against the Company	-	234,683	17,889	-	-	252,572
Capital commitment	-	4,537,303	751,063	-	-	5,288,366
Total commitments and guarantees	-	4,790,461	809,302	27,011	-	5,626,774

Group	On Demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
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

As at 31st March 2023

Guarantees	-	18,475	40,350	-	-	58,825
Assessment received from Inland Revenue Department	-	-	-	150,815	-	150,815
Litigation against the Company	-	234,683	17,889	-	-	252,572
Capital commitment	-	4,537,303	751,063	-	-	5,288,366
Total commitments and guarantees	-	4,790,461	809,302	150,815	-	5,750,578

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...)

56.3.3 Total liquid assets

The table below sets out the components of the Company's liquid assets;

As at 31st March	2024	2023
	Amount Rs. '000	Amount Rs. '000
Cash in hand	1,167,062	1,004,152
Balances in current accounts	577,194	656,631
Deposits in commercial banks	15,264,738	32,931,834
Securities under reverse repurchase agreement	6,209,099	-
Treasury bills and Treasury Bonds	18,460,778	10,918,159
Total liquidity assets	41,678,871	45,510,776

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 2024 and 31st March 2023 to a reasonable possible change in interest rates, with all other variable constant.

As at 31st March	2024	2023
	Rs. '000	Rs. '000
Impact on Statement of Profit or Loss due to interest rate shocks		
0.50%	(30,211)	(11,681)
1%	(60,421)	(23,361)
-0.50%	30,211	11,681
-1%	60,421	23,361

Sensitivity of Lease Liability to Key Assumption

Sensitivity to Incremental Borrowing Rates

As at 31st March	2024	2023
	Rs. '000	Rs. '000
Impact on Company's Statement of Financial Position due to interest rate shocks		
1%	(32,520)	(33,413)
-1%	33,677	34,504

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 2024	Carrying amount Rs. '000	On demand Rs. '000	Less than 3 'months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Non-interest bearing 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 Liabilities	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)	-

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

Interest Rate Risk Exposure on Financial Asset and Liabilities

Company As at 31st March 2023	Carrying amount Rs. '000	On demand Rs. '000	Less than 3 'months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Non-interest bearing Rs. '000
Assets								
Cash and cash equivalents	5,844,798	231,207	2,860,713	-	-	-	-	2,752,878
Balances with banks & financial institutions	29,839,914	1,009,931	28,826,913	-	-	3,070	-	-
Financial assets - Fair value through profit or loss	203,975	-	-	-	-	-	-	203,975
Loans and receivables - Amortised cost	124,687,201	14,629,963	27,611,243	32,967,958	43,941,028	5,493,962	43,047	-
Less - Impairment charges	10,409,256	-	-	-	-	-	-	-
Net loans and receivables	114,277,945	-	-	-	-	-	-	-
Financial assets - Fair value through other comprehensive income	944,653	-	716,111	-	-	-	-	228,542
Debt instrument - Amortised cost	10,903,577	472,265	9,326,181	1,105,131	-	-	-	-
Other financial assets	100,306	-	-	-	-	-	-	100,306
Total	162,115,168	16,343,366	69,341,161	34,073,089	43,941,028	5,497,032	43,047	3,285,701
Liabilities								
Due to banks	7,724,671	3,837,710	1,089,112	2,048,372	749,477	-	-	-
Due to customers	100,935,114	10,580,912	40,066,888	24,447,624	13,484,894	12,168,972	185,824	-
Debt securities issued	16,706,049	1,428,626	5,289,540	-	5,356,373	4,631,510	-	-
Other financial liabilities	1,457,388	-	-	-	-	-	-	1,457,388
Lease Liability	1,753,723	-	107,916	353,887	686,919	440,541	164,460	-
Total	128,576,945	15,847,248	46,553,456	26,849,883	20,277,663	17,241,023	350,284	1,457,388
Total interest sensitivity gap	33,538,223	496,118	22,787,705	7,223,206	23,663,365	(11,743,990)	(307,237)	

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 2024	Carrying amount Rs. '000	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Non-interest bearing 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
Insurance liabilities and reinsurance payables	5,508,693	-	-	-	-	-	-	5,508,693
Lease Liability	1,554,027	66,283	122,235	200,834	625,543	332,274	206,858	-
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	-

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

Group As at 31st March 2023	Carrying amount Rs. '000	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Non-interest bearing Rs. '000
Assets								
Cash and cash equivalents	6,316,003	163,565	3,035,965	-	-	-	-	3,116,473
Balances with banks & financial institutions	34,224,917	1,377,609	30,919,064	1,442,833	82,341	403,070	-	-
Financial assets - Fair value through profit or loss	345,093	-	-	-	-	-	-	345,093
Loans and receivables - Amortised cost	136,885,374	15,080,704	30,382,749	38,685,642	45,014,968	7,044,846	676,465	-
Less-Impairment charges	11,507,470	-	-	-	-	-	-	-
Net loans and receivables	125,377,904	-	-	-	-	-	-	-
Reinsurance and insurance receivable	1,498,065	-	-	-	-	-	-	1,498,065
Financial assets - Fair value through other comprehensive income	1,372,962	-	1,144,420	-	-	-	-	228,542
Debt instrument - Amortised cost	15,859,672	349,790	10,713,302	1,747,493	1,952,671	1,096,416	-	-
Total	184,994,616	16,971,668	76,195,500	41,875,968	47,049,980	8,544,332	676,465	5,188,173
Liabilities								
Due to banks	11,068,522	4,940,968	2,286,436	2,455,430	1,369,118	16,570	-	-
Due to customers	107,979,956	10,507,279	43,116,651	28,331,452	13,641,502	12,192,275	190,797	-
Debt securities issued	16,564,956	1,413,312	5,163,760	-	5,356,373	4,631,510	-	-
Other financial liabilities	1,709,574	-	-	-	-	-	-	1,709,574
Lease Liability	1,477,875	-	61,222	204,192	662,158	385,844	164,460	-
Insurance liabilities and reinsurance payables	5,206,622	-	-	-	-	-	-	5,206,622
Total	144,007,505	16,861,559	50,628,069	30,991,074	21,029,151	17,226,199	355,257	6,916,196
Total interest sensitivity gap	40,987,111	110,109	25,567,431	10,884,894	26,020,829	(8,681,867)	321,208	

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 2024 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

For the year ended 31st March	Change in currency rate in %	Company		Group	
		2024	2023	2024	2023
		Effect on profit before tax Rs. '000	Effect on profit before tax Rs. '000	Effect on profit before tax Rs. '000	Effect on profit before tax Rs. '000
USD	1	-	-	1,927	2,093
USD	-1	-	-	(1,927)	(2,093)

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	2024			2023		
	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	2,807	2,807	-	2,040	2,040	-
Financial assets - FVOCI	3,665	-	3,665	2,285	-	2,285
Group						
Financial assets - FVTPL	3,924	3,924	-	(3,451)	(3,451)	-
Financial assets - FVOCI	3,665	-	3,665	2,285	-	2,285

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 2024.

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-24			31-Mar-23		
	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	654,585	110,140	544,445	600,217	179,858	420,359
Marine	16,261	9,621	6,640	20,742	11,239	9,503
Fire	111,737	87,117	24,620	140,495	83,694	56,801
Miscellaneous	303,370	138,591	164,779	307,558	120,821	186,737
Total	1,085,953	345,469	740,484	1,069,012	395,612	673,400

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 2024

Accident Period	Current estimate of cumulative claims incurred															Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Q1	
	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	
2010	78,751	(69,469)	(929)	(345)	(863)	(15)	(1,336)	(2,973)	(120)	-	-	(189)	(1,714)	(650)	(150)	-
2011	-	503,322	(370,468)	(7,277)	(17,635)	(10,287)	(8,376)	(3,889)	(4,944)	(42,706)	7,617	-	(8,228)	(28,250)	-	8,880
2012	-	-	577,352	(420,220)	(1,369)	(58,856)	(33,484)	(10,665)	(5,481)	(3,707)	(4,893)	(3,888)	(15,285)	(10,490)	(750)	8,265
2013	-	-	-	420,784	(345,120)	7,349	(21,513)	(2,149)	(22,663)	(2,510)	(3,099)	(3,028)	(11,880)	(7,085)	(3,000)	6,085
2014	-	-	-	-	454,091	(364,572)	(18,583)	(7,482)	(10,478)	(12,806)	(5,729)	(5,018)	(1,963)	(15,549)	(1,063)	10,848
2015	-	-	-	-	-	439,389	(339,611)	(9,697)	(36,427)	(18,596)	(8,095)	(4,309)	(1,081)	(10,800)	(1,457)	9,317
2016	-	-	-	-	-	-	505,258	(435,667)	(5,828)	(11,792)	(4,666)	(6,015)	(1,122)	(25,205)	(700)	14,263
2017	-	-	-	-	-	-	-	525,221	(441,566)	(8,526)	(5,021)	(5,610)	(7,196)	(29,822)	(815)	26,665
2018	-	-	-	-	-	-	-	-	519,953	(458,906)	3,004	(6,683)	(12,163)	(24,989)	(1,018)	19,198
2019	-	-	-	-	-	-	-	-	-	845,045	(764,306)	5,485	(12,075)	(23,534)	(7,116)	43,498
2020	-	-	-	-	-	-	-	-	-	-	523,552	(467,683)	29,238	(12,662)	(21,381)	51,065
2021	-	-	-	-	-	-	-	-	-	-	-	617,874	(499,993)	(38,046)	(4,916)	74,919
2022	-	-	-	-	-	-	-	-	-	-	-	-	695,642	(507,747)	(29,686)	158,209
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	616,947	(268,238)	348,709
2024 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	309,570	309,570
Current estimated of cumulative claims incurred	78,751	433,853	205,955	(7,059)	89,105	13,009	82,356	52,700	(7,552)	285,494	(261,636)	120,935	152,180	(117,882)	(30,719)	1,089,491

Accident Period	Cumulative Payments to date															Total
	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2020	2021	2022	2023	2024 Q1	
	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	
2010	134,903	72,230	5,153	3,494	2,328	1,718	390	2,129	-	-	193	-	650	-	-	223,187
2011	-	893,614	311,764	57,575	19,214	16,664	8,262	8,627	16,329	84,791	3,154	58	387	4,357	-	1,424,796
2012	-	-	1,463,234	252,384	29,760	53,691	16,478	10,057	5,532	9,222	7,835	2,569	10,807	300	2,351	1,864,218
2013	-	-	-	1,621,311	329,994	28,525	12,958	10,447	14,079	4,101	4,584	2,428	11,439	2,194	3,026	2,045,087
2014	-	-	-	-	1,586,379	395,616	23,979	13,186	15,396	13,820	6,434	5,012	10,011	1,450	133	2,071,416
2015	-	-	-	-	-	1,743,314	389,878	30,768	26,780	21,259	10,697	3,402	(6,738)	1,832	1,287	2,222,479
2016	-	-	-	-	-	-	2,129,944	468,923	26,927	15,975	11,924	8,644	(10,175)	3,414	300	2,655,877
2017	-	-	-	-	-	-	-	2,267,584	515,478	39,809	12,594	12,075	3,340	10,694	2,942	2,864,516
2018	-	-	-	-	-	-	-	-	2,646,682	551,787	29,128	10,880	(1,316)	9,915	817	3,247,893
2019	-	-	-	-	-	-	-	-	-	2,956,804	737,058	41,866	7,386	13,410	4,080	3,760,603
2020	-	-	-	-	-	-	-	-	-	-	2,214,578	534,897	24,130	17,166	3,143	2,793,915
2021	-	-	-	-	-	-	-	-	-	-	-	2,397,109	846,549	114,455	8,715	3,366,828
2022	-	-	-	-	-	-	-	-	-	-	-	-	2,831,414	824,727	40,399	3,696,540
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	2,396,800	457,615	2,854,415
2024 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	256,858	256,858
Cumulative payments to date	134,903	965,843	1,780,150	1,934,764	1,967,674	2,239,528	2,581,891	2,811,721	3,267,202	3,697,567	3,038,180	3,018,940	3,727,883	3,400,716	781,666	35,348,629
Total Gross claims outstanding	213,654	1,399,696	1,986,105	1,927,705	2,056,779	2,252,538	2,664,247	2,864,421	3,259,650	3,983,061	2,776,544	3,139,875	3,880,064	3,282,834	750,947	36,438,120

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 2024

Accident Period	Current estimate of cumulative claims incurred															Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Q1	
	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	
2010	76,513	(67,286)	(883)	(337)	(863)	(15)	(1,336)	(2,973)	(120)	-	-	(189)	(1,714)	(650)	(150)	-
2011	-	334,002	(264,276)	19,062	(15,032)	(10,210)	(8,372)	374	(4,929)	(12,880)	7,639	(22)	(8,228)	(25,755)	-	11,375
2012	-	-	518,952	(385,453)	(1,003)	(35,842)	(33,231)	(10,665)	(5,481)	(3,707)	(4,893)	(3,888)	(15,285)	(9,490)	(750)	9,265
2013	-	-	-	417,521	(345,012)	6,320	(23,344)	3,858	(22,654)	(2,510)	(3,099)	(3,028)	(11,880)	(6,838)	(3,000)	6,333
2014	-	-	-	-	441,138	(353,410)	(17,002)	(7,390)	(10,359)	(12,806)	(5,729)	(5,018)	(2,963)	(14,945)	(1,063)	10,452
2015	-	-	-	-	-	427,129	(328,292)	(14,887)	(30,299)	(18,592)	(8,095)	(4,309)	(1,081)	(10,644)	(1,457)	9,472
2016	-	-	-	-	-	-	473,701	(409,202)	(883)	(11,644)	(4,636)	(6,045)	(1,122)	(16,583)	(700)	22,884
2017	-	-	-	-	-	-	-	482,443	(415,491)	5,036	(3,350)	(4,139)	(7,197)	(20,222)	(815)	36,266
2018	-	-	-	-	-	-	-	-	487,249	(442,104)	18,072	(6,616)	(11,495)	(15,059)	(1,018)	29,028
2019	-	-	-	-	-	-	-	-	-	496,293	(429,549)	10,433	(11,219)	(13,083)	(7,116)	45,759
2020	-	-	-	-	-	-	-	-	-	-	451,761	(435,010)	27,225	(2,040)	(10,406)	31,531
2021	-	-	-	-	-	-	-	-	-	-	-	465,608	(431,723)	(13,324)	12,643	33,204
2022	-	-	-	-	-	-	-	-	-	-	-	-	797,095	(526,524)	35,530	306,101
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	550,489	(259,213)	291,277
2024 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	298,150	298,150
Current estimated of cumulative claims incurred	76,513	266,716	253,793	50,794	79,229	33,973	62,124	41,558	(2,967)	(2,915)	18,121	7,777	320,412	(124,667)	60,636	1,141,096

Accident Period	Cumulative Payments to date															
	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2020	2021	2022	2023	2024 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
2010	132,617	71,907	5,121	3,494	2,328	1,614	390	2,129	-	-	193	-	650	-	-	220,443
2011	-	890,085	248,761	32,281	17,415	16,664	8,244	8,627	16,329	13,201	3,154	58	387	4,357	-	1,259,562
2012	-	-	1,457,472	226,968	29,152	31,860	16,282	10,057	5,532	9,222	7,835	2,569	10,807	300	2,351	1,810,406
2013	-	-	-	1,616,604	329,884	27,883	12,833	10,432	11,079	4,101	4,584	2,428	11,439	2,194	3,026	2,036,487
2014	-	-	-	-	1,581,957	369,486	23,866	13,132	15,396	13,820	6,434	5,012	10,011	1,450	133	2,040,696
2015	-	-	-	-	-	1,756,890	387,579	30,608	26,799	21,259	10,697	3,402	(6,738)	1,832	1,287	2,233,616
2016	-	-	-	-	-	-	2,075,965	446,918	25,385	15,969	11,371	8,644	(10,175)	3,414	300	2,577,792
2017	-	-	-	-	-	-	-	2,209,836	492,761	32,630	12,311	12,075	3,340	10,694	2,942	2,776,590
2018	-	-	-	-	-	-	-	-	2,619,040	521,977	15,045	10,872	(1,316)	9,915	817	3,176,352
2019	-	-	-	-	-	-	-	-	-	2,902,120	487,549	37,663	3,801	13,410	4,080	3,448,624
2020	-	-	-	-	-	-	-	-	-	-	2,149,086	505,153	23,120	15,402	3,026	2,695,786
2021	-	-	-	-	-	-	-	-	-	-	-	2,331,752	774,441	94,330	8,522	3,209,045
2022	-	-	-	-	-	-	-	-	-	-	-	-	2,666,268	774,098	34,711	3,475,077
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	2,309,670	432,916	2,742,585
2024 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,905	175,905
Cumulative payments to date	132,617	961,992	1,711,355	1,879,345	1,960,736	2,204,397	2,525,160	2,731,738	3,212,322	3,534,299	2,708,260	2,919,629	3,486,036	3,241,066	670,014	33,878,965
Total net claims outstanding	209,131	1,228,708	1,965,148	1,930,139	2,039,964	2,238,369	2,587,283	2,773,296	3,209,354	3,531,385	2,726,381	2,927,405	3,806,448	3,116,399	730,650	35,020,061

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.

GREAT Complements



Supplementary Information



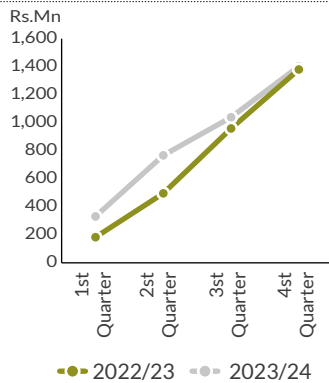
Strength is enhanced by collaboration, and every success is amplified by unity. One must complement the other, for Great Partnerships to happen. In the pages to follow, we invite you to witness the timeless outcomes that arise, when a strategy complements the vision.

QUARTERLY ANALYSIS

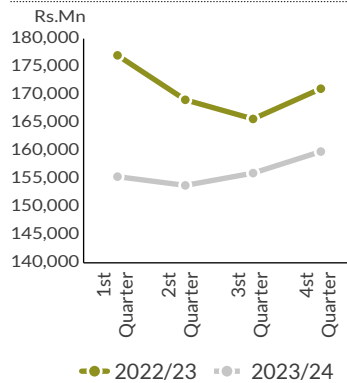
INCOME STATEMENT

Rs.Million	Company									
	1st Quarter Apr-Jun		2nd Quarter July-Sep		3rd Quarter Oct-Dec		4th Quarter Jan-Mar		Total	
	2023	2022	2023	2022	2023	2022	2024	2023	2023/24	2022/23
Interest income	7,465	6,774	7,249	7,413	7,179	7,814	6,960	8,196	28,853	30,197
Less: Interest expense	4,948	3,191	4,395	4,785	4,110	4,828	3,748	5,403	17,201	18,207
Net interest income	2,517	3,583	2,854	2,628	3,069	2,986	3,212	2,793	11,652	11,990
Fee and commission income	299	264	396	291	464	309	386	401	1,545	1,265
Net gains/(losses) on financial assets - FVTPL	15	(3)	60	7	20	(3)	41	8	136	9
Other operating income	70	85	(5)	1	393	269	45	192	503	547
Total operating income	2,901	3,929	3,305	2,927	3,946	3,561	3,684	3,394	13,836	13,811
Less: Impairment charges and other losses for loans and receivables	442	1,700	(280)	166	(276)	(142)	(1,042)	(1,156)	(1,156)	568
Impairment charges for goodwill	-	-	-	-	-	-	-	-	-	-
Net operating income	2,459	2,229	3,585	2,761	4,222	3,703	4,726	4,550	14,992	13,243
Less: Expenses										
Personnel expenses	870	1,034	1,085	1,062	1,151	1,057	1,142	1,336	4,248	4,489
Depreciation and amortisation	172	178	169	177	163	171	166	173	670	699
Other operating expenses	624	515	632	457	766	549	755	561	2,777	2,082
Total operating expenses	1,666	1,727	1,886	1,696	2,080	1,777	2,063	2,070	7,695	7,270
Operating profit before tax on financial services	793	502	1,699	1,065	2,142	1,926	2,663	2,480	7,297	5,973
Less: Tax on financial services	272	226	455	316	536	480	658	609	1,921	1,631
Profit before income tax expense	521	276	1,244	749	1,606	1,446	2,005	1,871	5,376	4,342
Less: Income tax expense	190	93	477	253	567	487	601	491	1,835	1,324
Profit for the period	331	183	767	496	1,039	959	1,403	1,380	3,540	3,018

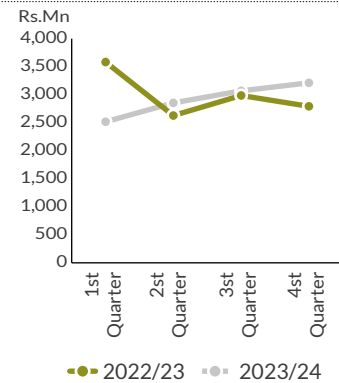
Profit After Tax



Total Assets



Net Interest Income



STATEMENT OF FINANCIAL POSITION

Rs.Million	Company							
	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	2023	2022	2023	2022	2023	2022	2024	2023
Assets								
Cash and cash equivalents	6,920	14,412	4,764	6,092	2,595	4,958	9,728	5,845
Balances with banks and financial institutions	23,482	2,018	17,650	9,488	10,991	18,983	14,288	29,840
Financial assets -Fair value through profit or loss	219	22	279	181	1,299	196	1,340	204
Loans and receivables - Amortised cost	104,051	140,298	100,833	131,942	102,275	121,857	103,650	114,278
Financial assets - Fair value through other comprehensive income	909	970	1,046	1,013	1,101	834	1,159	945
Debt Instrument - Amortised cost	10,866	10,998	19,911	11,796	28,899	10,314	18,372	10,904
Investments in subsidiaries	3,292	3,214	3,292	3,214	3,455	3,214	3,455	3,292
Investment property	285		285		285		296	285
Other assets	1,087	614	1,671	1,004	1,215	1,088	3,982	1,030
Property, plant and equipment	1,425	1,383	1,405	1,365	1,342	1,356	1,361	1,481
Right-of-use assets	1,500	1,859	1,374	1,748	1,250	1,606	1,361	1,616
Deferred tax assets	1,327	1,217	1,292	1,229	1,282	1,248	819	1,335
Goodwill and intangible assets	17	19	15	16	18	22	41	19
Total assets	155,380	177,024	153,817	169,088	156,007	165,676	159,852	171,073
Liabilities								
Due to banks	5,874	10,843	4,320	11,148	3,656	8,574	2,263	7,724
Due to customers	93,228	106,314	93,197	99,474	94,105	97,414	97,438	100,935
Debt securities issued	10,988	16,161	10,589	15,925	10,809	16,315	11,032	16,706
Other financial liabilities	1,171	858	2,333	1,330	2,943	1,037	3,189	1,457
Lease liabilities	1,732	2,020	1,642	1,912	1,526	1,775	1,637	1,754
Current tax liabilities	839	1,562	432	441	545	708	295	1,014
Other liabilities	712	775	1,039	816	1,097	881	1,393	1,017
Retirement Benefit Obligation	691	688	699	703	698	700	779	674
Total liabilities	115,235	139,221	114,251	131,749	115,379	127,404	118,026	131,281
Equity								
Stated capital	18,016	17,072	18,016	18,016	18,016	18,016	19,230	18,015
Statutory reserve fund	2,791	2,640	2,791	2,640	2,791	2,640	2,968	2,791
Retained earnings	19,879	18,761	19,185	17,351	18,785	18,328	19,885	19,557
Other reserves	(541)	(670)	(426)	(668)	1,036	(712)	(257)	(571)
Total equity	40,145	37,803	39,566	37,339	40,628	38,272	41,826	39,792
Total liabilities and equity	155,380	177,024	153,817	169,088	156,007	165,676	159,852	171,073

TEN YEAR SUMMARY

	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Financial Capital										
Operating result										
Income (Rs. million)	31,037	32,018	26,741	27,104	33,599	32,736	28,603	23,859	19,186	20,542
Interest income (Rs. million)	28,853	30,197	23,882	24,983	31,459	30,836	26,705	22,041	17,876	19,248
Interest expenses (Rs. million)	17,201	18,207	10,832	13,064	15,787	15,646	14,500	11,830	7,941	9,248
Net interest income (Rs. million)	11,652	11,990	13,049	11,919	15,672	15,190	12,204	10,212	9,935	10,000
Non-interest income (Rs. million)	2,183	1,822	2,860	2,120	2,140	1,899	1,898	1,818	1,310	1,294
Impairment and other losses (Rs. million)	(1,156)	568	777	1,143	4,752	1,955	1,430	216	258	1,645
Other operating expenses [Note 1] (Rs. million)	9,616	8,901	8,482	7,024	8,509	8,549	6,903	6,338	4,844	4,274
Profit before tax (PBT) (Rs. million)	5,376	4,342	6,650	5,873	4,552	6,585	5,770	5,476	6,143	5,375
Income tax expense (Rs. million)	1,835	1,324	1,991	1,840	1,609	2,169	1,460	1,467	1,796	1,622
Profit after tax (PAT) (Rs. million)	3,540	3,018	4,659	4,033	2,943	4,416	4,309	4,009	4,347	3,753
Return on assets (ROA) (%)	3.25	2.47	3.85	3.49	2.64	3.95	3.71	3.99	5.19	4.75
Cost to income (%)	55.61	52.64	43.74	42.03	36.53	37.81	39.73	45.01	37.24	34.63
Net Interest Margin (NIM) (%)	7.69	7.35	8.10	7.58	9.68	9.70	8.38	7.89	8.92	9.37
Total Assets to Equity Ratio (Times)	3.82	4.30	4.66	4.79	5.68	6.03	5.94	6.09	5.46	5.31
Price to Book Value (PBV) (Times)	0.57	0.41	0.39	0.59	0.66	0.74	0.92	1.00	1.11	1.65
Financial position										
Cash, balances with banks & reverse repo (Rs. million)	24,016	35,685	9,787	8,102	10,372	6,699	8,783	7,681	4,054	3,465
Loans & receivables (Rs. million)	103,650	114,278	151,274	141,388	147,748	151,708	140,165	134,055	109,872	98,411
Investments in subsidiaries (Rs. million)	3,455	3,292	3,214	3,214	3,214	3,214	3,214	2,075	1,875	1,875
Investments in government treasury bills and bonds (rs. million)	18,372	10,904	9,827	6,994	4,107	8,003	4,890	2,968	4,930	5,266
Total assets (Rs. million)	159,852	171,073	180,765	164,546	171,660	172,541	160,694	150,457	124,336	112,323
Borrowings (rs. million)	13,296	24,431	28,994	20,265	26,417	48,549	55,705	74,258	60,819	49,848
Deposits from customers (Rs. million)	97,438	100,935	103,368	101,503	106,701	88,369	69,763	44,723	33,836	34,094
Total equity (Rs. million)	41,826	39,792	38,818	34,341	30,247	28,603	27,030	24,697	22,772	21,136
Total liabilities and shareholders' funds (Rs. million)	159,852	171,073	180,765	164,546	171,660	172,541	160,694	150,457	124,336	112,323
Financial cash Inflows /(Outflows)										
Operating activities (Rs. million)	18,011	9,126	(3,602)	4,264	31,615	15,944	27,691	(998)	(8,533)	(7,351)
Investing activities (Rs. million)	37	(221)	(382)	60	(106)	302	(802)	(159)	(397)	(231)
Financing activities (Rs. million)	(14,619)	(7,712)	6,596	(9,477)	(27,310)	(16,452)	(28,716)	2,926	9,156	(738)
Net cash flows (Rs. million)	3,428	1,193	2,612	(5,153)	4,198	(206)	(1,827)	1,769	227	(8,320)
Human Capital										
Employees (Numbers)	2,052	2,114	2,245	2,343	2,401	2,329	2,085	2,085	1,834	1,666
PBT per employee (Rs.million)	2.58	1.99	2.90	2.48	1.92	2.98	2.77	2.79	3.51	3.32
Total assets per Employee (Rs. million)	78	80.92	80.52	70.23	71.50	74.08	77.07	72.16	67.79	67.42
Employees' salaries & benefits (Rs. million)	4,248	4,489	3,738	3,465	3,701	3,438	2,974	2,556	1,807	1,565
Natural Capital										
Investment in Environmental Conservation (Rs. million)	1.98	1.01	1.87	2.77	3.32	1.94	2.19	3.37	3.36	1.17
Carbon footprint (Tones of CO2 equivalent)	2,511	1,802	4,382	3,811	5,836	5,338	6,046	6,236	3,059	2,770

	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Social and Relationship Capital										
Shareholders (Number)	9,983	10,770	10,926	10,027	8,644	8,961	8,801	9,176	9,407	8,880
Number of ordinary shares (Nos.million)	2,154	2,042	1,887	1,705	1,628	1,580	1,580	1,580	1,580	1,580
Earnings per share (EPS) (Rs.)	1.64	1.48	2.47	2.37	1.73	2.80	2.73	2.54	2.75	2.38
Net assets per share (NAPS) (Rs.)	19.41	19.49	20.57	20.15	18.58	18.10	17.11	15.63	14.41	13.38
Market price per share (Rs.)										
Highest	13.00	9.30	13.80	15.40	18.30	17.30	19.20	20.10	26.50	28.00
Lowest	7.00	4.90	8.00	9.10	12.00	12.90	15.50	15.30	15.40	14.20
Closing	11.00	7.90	8.10	11.80	12.20	13.40	15.80	15.60	16.00	22.10
Market capitalisation (Rs. million)	23,698	16,131	15,286	20,114	19,858	21,170	24,962	24,646	25,278	34,915
Price Earnings ratio (PE) (Times)	6.69	5.34	3.28	4.99	6.67	4.79	5.79	6.14	5.82	9.29
Dividend per share (DPS) (Rs.)	1.40	0.50	1.25	0.60	1.20	1.25	1.25	1.25	1.25	1.25
Dividend paid (Rs. million)	2,859	944	2,180	977	1,929	1,975	1,975	1,975	1,975	1,975
Dividend yield (%)	12.73	6.33	15.43	5.08	9.84	9.33	7.91	8.01	7.81	5.66
Dividend cover (times)	1.24	3.20	2.14	4.13	1.53	2.24	2.18	2.03	2.20	1.90
Dividend payout (%)	80.74	31.28	46.79	24.22	65.57	44.72	45.83	49.26	45.43	52.62
Return on equity (ROE) (%)	8.68	7.68	12.74	12.49	10.00	15.88	16.66	16.89	19.80	18.61
Return on capital employed (ROCE) (%)	14.21	13.41	10.68	11.86	12.37	13.98	13.69	12.04	11.99	13.92
Debt to equity (Excluding deposits) (Times)	0.32	0.61	0.75	0.59	0.87	1.70	2.06	3.01	2.67	2.36
Debt to equity with contingent liabilities and commitments (Times)	0.66	0.76	0.92	0.91	1.05	1.97	2.34	3.25	2.77	2.57
Current ratio (Times)	1.04	1.17	0.79	0.76	0.83	0.82	0.80	0.84	0.85	0.93
Interest cover (Times)	1.31	1.24	1.61	1.45	1.29	1.42	1.40	1.46	1.77	1.58
Taxes paid to governments (Rs. million)	3,845	6,003	2,792	4,203	5,712	2,942	2,109	2,828	2,915	1,793
Taxes collected on behalf of government (Rs.million)	1,854	479	322	294	1,137	1,434	1,151	1,048	1,313	1,250
Investment on community outreach CSR (Rs. million)	0.71	5.57	27.53	17.60	55.53	120.29	101.53	187.64	76.25	71.68
Capital adequacy ratios										
Tier 1 Capital/ Core capital ratio [Note 2]	30.00	25.76	18.77	17.72	15.12	14.36	18.38	17.56	19.56	20.22
Required minimum Tier 1 Capital/ Core capital ratio (%) [Note 2]	10.00	10.00	8.00	7.00	7.00	6.00	5.00	5.00	5.00	5.00
Total Capital Ratio / Total risk weighted capital ratio (%) [Note 2]	29.70	26.61	19.68	18.58	15.99	15.20	16.46	16.37	18.14	19.04
Required minimum total capital ratio/Total risk weighted capital ratio (%) [Note 2]	14.00	14.00	12.00	11.00	11.00	10.00	10.00	10.00	10.00	10.00
Manufactured and Intellectual Capital										
Branches (Number)	109	111	111	104	103	103	103	103	92	89
Credit ratings & key accolades										
Fitch Ratings Lanka	A-(lka)	A+(lka)	A+(lka)	A+(lka)	AA-(lka)	AA-(lka)	AA-(lka)	AA-(lka)	AA-(lka)	AA-(lka)
Business Today - Top 40 Listed Corporate Entities [Note 3]	31 st Position	29 th Position	27 th Position	18 th Position	13 th Position	13 th Position	15 th Position	14 th Position	17 th Position	14 th 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.

STATEMENT OF PROFIT OR LOSS IN US \$

	Company		Group	
	2024	2023	2024	2023
For the year ended 31st March	US\$'000	US\$'000	US\$'000	US\$'000
Gross Income	103,050	97,840	124,685	119,672
Interest income	95,801	92,274	106,968	102,084
Less: Interest expenses	57,112	55,636	60,650	58,886
Net interest income	38,689	36,638	46,318	43,198
Net earned premium	-	-	12,402	14,282
Fee and commission income	5,129	3,866	3,252	2,112
Net gain / (losses) on financial Assets - FVTPL	451	28	412	13
Other operating income	1,669	1,672	1,651	1,181
Total operating income	45,938	42,204	64,035	60,786
Less: Impairment charges for loans and receivables and other losses	(3,837)	1,737	(4,496)	2,151
Net operating income	49,775	40,467	68,531	58,635
Less: Expenses				
Personnel expenses	14,105	13,716	18,400	17,515
Depreciation and Amortisation	2,224	2,135	2,038	2,017
Benefits, claims and underwriting expenditure	-	-	8,859	9,936
Other operating expenses	9,219	6,364	11,259	7,764
Total operating expenses	25,548	22,215	40,556	37,232
Operating profit before taxes on financial services	24,227	18,252	27,975	21,403
Less : Tax on financial services	6,378	4,985	6,629	5,114
Profit before income tax expense	17,849	13,267	21,346	16,289
Less : Income tax expense	6,094	4,046	7,410	5,771
Profit for the year	11,755	9,221	13,936	10,518

Exchange rate of US\$ was Rs 301.18 as at 31st March 2024 (Rs 327.25 as at 31st March 2023).

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	
	2024 US \$ '000	2023 US \$ '000	2024 US \$ '000	2023 US \$ '000
As at 31st March				
Assets				
Cash and cash equivalents	32,300	17,860	35,316	19,300
Balances with banks & financial institutions	47,441	91,184	58,314	104,583
Financial assets - Fair value through profit or loss	4,449	623	4,820	1,055
Loans and receivables - Amortised Cost	344,148	349,206	388,204	383,126
Insurance and reinsurance receivables	-	-	5,268	4,578
Financial assets - Fair Value other comprehensive income	3,847	2,887	5,712	4,195
Debt Instrument at amortised cost	61,000	33,319	79,111	48,463
Investments in subsidiaries	11,472	10,058	-	-
Other assets	13,221	3,148	13,833	3,915
Investment property	981	871	4,335	3,668
Property, plant and equipment	4,520	4,526	12,550	12,135
Right to use assets	4,518	4,938	4,273	4,194
Deferred tax assets	2,719	4,081	2,754	4,339
Goodwill and intangible assets	136	59	615	420
Total assets	530,752	522,760	615,105	593,971
Liabilities				
Due to banks	7,515	23,605	23,844	33,823
Due to customers	323,520	308,434	344,787	329,962
Debt securities issued	36,630	51,050	36,630	50,619
Other financial liabilities	10,587	4,453	13,036	5,224
Insurance liabilities and reinsurance payable	-	-	18,290	15,910
Lease Liabilities	5,434	5,359	5,160	4,516
Current tax liabilities	981	3,098	1,781	4,298
Other liabilities	4,626	3,107	5,421	3,674
Retirement Benefit Obligation	2,585	2,059	2,979	2,311
Total liabilities	391,878	401,165	451,928	450,337
Equity				
Stated Capital	63,850	55,051	63,850	55,051
Statutory reserve fund	9,854	8,528	10,318	8,879
Retained earnings	66,023	59,761	79,607	71,042
Other reserves	(853)	(1,745)	1,433	1,068
Total shareholders' equity	138,874	121,595	155,208	136,040
Non -controlling interest	-	-	7,969	7,594
Total equity	138,874	121,595	163,177	143,634
Total liabilities and equity	530,752	522,760	615,105	593,971
Contingent liabilities and commitments	47,282	17,194	47,822	17,572

Exchange rate of US\$ was Rs 301.18 as at 31st March 2024 (Rs 327.25 as at 31st March 2023).

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)
	2024	2024	2023	2022	2021	2020
Assets						
Cash and cash equivalents	9,728,132	35.79	(18.42)	(34.83)	(62.27)	7,164,139
Balances with banks & financial institutions	14,288,282	345.47	830.33	59.56	68.33	3,207,440
Financial assets -Fair value through profit or loss	1,339,867	29.87	(80.23)	(97.56)	(89.36)	1,031,719
Loans and receivables - Amortised cost	103,650,453	(29.85)	(22.65)	2.39	(4.30)	147,747,511
Financial assets - Fair value through other comprehensive income	1,158,669	257.19	191.22	311.02	(4.71)	324,381
Debt instrument - Amortised cost	18,372,055	347.34	165.49	139.28	70.30	4,106,963
Investments in subsidiaries	3,455,229	7.51	2.42	0.00	0.00	3,213,788
Investment property	295,465	100.00	-	-	-	-
Other assets	3,981,818	247.15	(10.19)	(34.69)	(49.85)	1,147,001
Property, plant and equipment	1,361,384	19.01	29.47	23.59	(8.28)	1,143,929
Right of use assets	1,360,775	(29.84)	(16.68)	1.70	15.62	1,939,450
Deferred tax assets	818,949	117.64	254.90	204.74	10.51	376,291
Goodwill and intangible assets	41,010	(84.08)	(92.55)	(91.47)	(43.15)	257,581
Total assets	159,852,089	(6.88)	(0.34)	5.30	(4.14)	171,660,193
Liabilities						
Due to banks	2,263,494	(71.49)	(2.69)	48.01	(18.88)	7,938,185
Due to customers	97,437,726	(8.68)	(5.40)	(3.12)	(4.87)	106,701,027
Debt securities issued	11,032,248	(40.30)	(9.60)	(6.68)	(25.18)	18,479,260
Other financial liabilities	3,188,693	5.79	(51.65)	20.65	37.08	3,014,117
Operating lease liabilities	1,636,537	(14.28)	(8.14)	7.85	19.76	1,909,098
Current tax liabilities	295,474	(83.61)	(43.79)	2.68	(79.90)	1,803,309
Other liabilities	1,393,241	42.79	4.21	40.32	9.58	975,694
Retirement Benefit Obligation	778,537	31.32	13.63	12.74	(0.95)	592,871
Total Liabilities	118,025,950	(16.54)	(7.17)	0.38	(7.93)	141,413,561
Equity						
Stated Capital	19,230,479	38.20	29.46	22.68	7.02	13,915,414
Statutory reserve fund	2,967,853	34.58	26.55	19.71	9.14	2,205,344
Retained earnings	19,884,827	39.76	37.45	36.92	20.61	14,227,988
Other reserves	(257,021)	151.70	459.32	267.44	14.95	(102,114)
Total equity attributable to equity holders of the Company	41,826,138	38.28	31.56	28.34	13.54	30,246,632
Total equity	41,826,138	38.28	31.56	28.34	13.54	30,246,632
Total liabilities and equity	159,852,089	(6.88)	(0.34)	5.30	(4.14)	171,660,193

Statement of Profit or Loss for the year ended 31 March	Current Year (Rs. 000)		Percentage Change (%)			Base Year (Rs. 000)
	2024	2024	2023	2022	2021	2020
Gross income	31,036,624	(7.63)	(4.71)	(20.41)	(19.33)	33,599,314
Interest Income	28,853,306	(8.28)	(4.01)	(24.09)	(20.58)	31,459,108
Interest Expenses	(17,200,885)	8.96	15.33	(31.38)	(17.24)	(15,786,586)
Net Interest Income	11,652,421	(25.65)	(23.50)	(16.74)	(23.95)	15,672,522
Other Operating Income	2,183,318	2.01	(14.88)	33.63	(0.93)	2,140,206
Total Operating Income	13,835,739	(22.33)	(22.46)	(10.69)	(21.18)	17,812,728
Impairment Charges	(1,155,776)	(75.68)	(88.04)	(83.65)	(75.94)	(4,751,793)
Total Operating Expenses	7,694,659	(218.26)	11.73	5.08	(10.84)	(6,506,650)
Operating profit before taxes on financial services	7,296,856	11.33	(8.87)	26.56	8.25	6,554,285
Tax on financial services	1,920,924	(195.93)	(18.53)	(17.85)	(38.94)	(2,002,460)
Profit before income tax expense	5,375,932	18.10	(4.62)	46.10	29.02	4,551,825
Income Tax Expense	(1,835,435)	14.05	(17.72)	23.72	14.31	(1,609,317)
Profit for the Year	3,540,497	20.32	2.55	58.33	37.06	2,942,508

VERTICAL ANALYSIS

Statement of Financial Position as at 31 March	Percentage Change (%)				
	2024	2023	2022	2021	2020
Assets					
Cash and cash equivalents	6.09	3.42	2.58	1.64	4.17
Balances with banks & financial institutions	8.94	17.44	2.83	3.28	1.87
Financial assets -Fair value through profit or loss	0.84	0.12	0.01	0.07	0.60
Loans and receivables - Amortised cost	64.85	66.80	83.69	85.93	86.07
Financial assets - Fair value through other comprehensive income	0.72	0.55	0.74	0.19	0.19
Debt instrument - Amortised cost	11.49	6.37	5.44	4.25	2.39
Investments in subsidiaries	2.16	1.92	1.78	1.95	1.87
Investment property	0.18	0.17	-	-	-
Other assets	2.49	0.60	0.41	0.35	0.67
Property, plant and equipment	0.85	0.87	0.78	0.64	0.67
Right of use assets	0.85	0.94	1.09	1.36	1.13
Deferred tax assets	0.51	0.78	0.63	0.25	0.22
Goodwill and intangible assets	0.03	0.01	0.01	0.09	0.15
Total assets	100.00	100.00	100.00	100.00	100.00
Liabilities					
Due to banks	1.42	4.52	6.50	3.91	4.62
Due to customers	60.96	59.00	57.18	61.69	62.16
Debt securities issued	6.90	9.77	9.54	8.40	10.77
Other financial liabilities	1.99	0.85	2.01	2.51	1.76
Operating lease liabilities	1.02	1.03	1.14	1.39	1.11
Current tax liabilities	0.18	0.59	1.02	0.22	1.05
Other liabilities	0.87	0.59	0.76	0.65	1.11
Retirement Benefit Obligation	0.49	0.39	0.37	0.45	-
Total Liabilities	73.84	76.74	78.53	79.13	82.38
Equity					
Stated Capital	12.03	10.53	9.44	9.05	8.11
Statutory reserve fund	1.86	1.63	1.46	1.46	1.28
Retained earnings	12.44	11.43	10.78	10.43	8.29
Other reserves	(0.16)	(0.33)	(0.21)	(0.07)	(0.06)
Total equity attributable to equity holders of the Company	26.17	23.26	21.47	20.87	17.62
Total equity	26.17	23.26	21.47	20.87	17.62
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 (%)				
	2024	2023	2022	2021	2020
Gross income	100.00	100.00	100.00	100.00	100.00
Interest Income	92.97	94.31	89.31	92.18	93.63
Interest Expenses	55.42	56.86	40.51	48.20	46.98
Net Interest Income	37.54	37.45	48.80	43.98	46.65
Other Operating Income	7.03	5.69	10.69	7.82	6.37
Total Operating Income	44.58	43.14	59.49	51.80	53.02
Impairment Charges	3.72	1.78	2.91	4.22	14.14
Total Operating Expenses	24.79	22.70	25.57	21.40	19.37
Operating profit before taxes on financial services	23.51	18.66	31.02	26.18	19.51
Tax on financial services	6.19	5.10	6.15	4.51	5.96
Profit before income tax expense	17.32	13.56	24.87	21.67	13.55
Income Tax Expense	5.91	4.14	7.45	6.79	4.79
Profit for the Year	11.41	9.42	17.42	14.88	8.76

INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORTING



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 FY2023/24

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 People's Leasing & Finance PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2024 (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 01 June 2024. 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 International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, 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 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

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, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. K R M Fernando FCA ACMA, Ms. P V K N Sajeewani FCA, A A J R Perera ACA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) · MIS Msc · IT, V Shakhiveli B.Com (Sp)

A member firm of Ernst & Young Global Limited



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 2024, in order for it to be in accordance with the Criteria.

02 June 2024

Colombo

IR ASSURANCE REPORT



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 2023/24

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 2024 (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 01 June 2024. 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 International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, 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 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

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, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. K R M Fernando FCA ACMA, Ms. P V K N Sajeewani FCA, A A J R Perera ACA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) · MIS Msc · IT, V Shaktivel B.Com (Sp)

A member firm of Ernst & Young Global Limited



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 2024, in order for it to be in accordance with the Criteria.

02 June 2024

Colombo

GRI CONTENT INDEX

Statement of use	People's Leasing & Finance PLC has reported in accordance with the GRI Standards for the period from 01 April 2023 to 31 March 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards(s)	No applicable GRI Sector Standards

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION

General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	446	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organisation's sustainability reporting	15			
	2-3 Reporting period, frequency and contact point	11			
	2-4 Restatements of information	13			
	2-5 External assurance	11			
	2-6 Activities, value chain and other business relationships	142			
	2-7 Employees	129-130			
	2-8 Workers who are not employees	146			
	2-9 Governance structure and composition	178			
	2-10 Nomination and selection of the highest governance body	245-246			
	2-11 Chair of the highest governance body	164			
	2-12 Role of the highest governance body in overseeing the management of impacts	202			
	2-13 Delegation of responsibility for managing impacts	177			
	2-14 Role of the highest governance body in sustainability reporting	62			
	2-15 Conflicts of interest	100			
	2-16 Communication of critical concerns	144			
	2-17 Collective knowledge of the highest governance body	62			
	2-18 Evaluation of the performance of the highest governance body	245-246			
	2-19 Remuneration policies	131, 240-242			
	2-20 Process to determine remuneration	131, 240-242			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	
	2-22 Statement on sustainable development strategy	30, 62			
	2-23 Policy commitments	128			
	2-24 Embedding policy commitments	128, 145			
	2-25 Processes to remediate negative impacts	121			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-26 Mechanisms for seeking advice and raising concerns	134			
	2-27 Compliance with laws and regulations	183			
	2-28 Membership associations	123			
	2-29 Approach to stakeholder engagement	48-53			
	2-30 Collective bargaining agreements	134			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	54-55			
	3-2 List of material topics	58-61			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	25			
	201-2 Financial implications and other risks and opportunities due to climate change		201-2	Information unavailable/incomplete	There were Financial implications and other risks and opportunities due to climate change within our business environment. But the data cannot quantify. Therefore information is unavailable.
	201-3 Defined benefit plan obligations and other retirement plans	291, 367			
	201-4 Financial assistance received from government		201-4	Not Applicable	The Company has not received any financial assistance from the government.
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	121			
	205-2 Communication and training about anti-corruption policies and procedures	121, 184			
	205-3 Confirmed incidents of corruption and actions taken	121			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 207: Tax 2019	207-1 Approach to tax	229, 291, 295, 369	Specific details on tax strategy	Confidentiality constraints	Detailed information on the tax strategy is currently unavailable due to confidentiality constraints. We are working on establishing internal protocols to capture this data in future reports.
	207-2 Tax governance, control, and risk management	229, 291, 295, 369	Specific governance details	Information unavailable/incomplete	We currently do not track specific details on tax governance. We are implementing systems to capture this data.
	207-3 Stakeholder engagement and management of concerns related to tax	229, 291, 295, 369	Engagement details	Confidentiality constraints	Detailed stakeholder engagement data on tax concerns is unavailable due to confidentiality constraints. Future reports will include this data.
	207-4 Country-by-country reporting	229, 291, 295, 369	Country-specific tax data	Legal prohibitions	Country-specific tax data is currently unavailable due to legal restrictions. We are working to comply with these requirements
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	155, 156			
	302-2 Energy consumption outside of the organisation	155, 156			
	302-3 Energy intensity	156			
	302-4 Reduction of energy consumption	156	Efforts to reduce energy consumption	Information unavailable/incomplete	Efforts to reduce energy consumption are not tracked. Future reports will include this data.
	302-5 Reductions in energy requirements of products and services		Data on reductions in energy requirements	Information unavailable/incomplete	Reductions in energy requirements of products/services are not tracked. Systems to be implemented for future reporting

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	156			
	305-2 Energy indirect (Scope 2) GHG emissions	156			
	305-3 Other indirect (Scope 3) GHG emissions	156			
	305-4 GHG emissions intensity	156			
	305-5 Reduction of GHG emissions	156			
	305-6 Emissions of ozone-depleting substances (ODS)		305-6	Information Unavailable	This data is not calculated in our carbon footprint assignment.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7	Information Unavailable	This data is not calculated in our carbon footprint assignment.
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	156			
	306-2 Management of significant waste-related impacts	156			
	306-3 Waste generated	156			
	306-4 Waste diverted from disposal	156			
	306-5 Waste directed to disposal	156			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	146			
	308-2 Negative environmental impacts in the supply chain and actions taken	146			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	132			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	132			
	401-3 Parental leave	132			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	135			
	403-2 Hazard identification, risk assessment, and incident investigation	135			
	403-3 Occupational health services	135			
	403-4 Worker participation, consultation, and communication on occupational health and safety	135			
	403-5 Worker training on occupational health and safety	135			
	403-6 Promotion of worker health	135			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	135			
	403-8 Workers covered by an occupational health and safety management system	135			
	403-9 Work-related injuries	51, 135			
	403-10 Work-related ill health	51			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	133			
	404-2 Programs for upgrading employee skills and transition assistance programs	133			
	404-3 Percentage of employees receiving regular performance and career development reviews	133			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	130			
	405-2 Ratio of basic salary and remuneration of women to men	133			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	129			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
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	129, 134			
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	129			
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	129			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	146			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	147-149			
	413-2 Operations with significant actual and potential negative impacts on local communities	147			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	146			
	414-2 Negative social impacts in the supply chain and actions taken	146			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	140			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	140			

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Marketing and labelling					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	143, 145			
	417-2 Incidents of non-compliance concerning product and service information and labelling	143			
	417-3 Incidents of non-compliance concerning marketing communications	143			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	58 -61			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	145			

TCFD INDEX (TASK FORCE OF CLIMATE RELATED FINANCIAL DISCLOSURES)

GOVERNANCE

Describe the Board's oversight of climate related risks and opportunities

Progress	The People's Leasing Board is the main authoritative body in charge of developing the Company's Sustainability Strategy encapsulating the relevant Material Topics covering environment, social and governance (ESG) aspects.
	Under the guidance of the Board, the Company was enrolled with the European Organisation for Sustainable Development's (EOSD) Sustainability Standard & Certification Initiative (SSCI).
	The People's Leasing CEO & Chairman participated in the Global Sustainable Finance Conference (GSFC) in Karlsruhe, Germany in July 2023 where the Certificate of Acceptance was received from EOSD which formally acknowledges that People's Leasing has been on boarded member of SSCI.

Describe the Management's role in assessing and managing climate-related risks and opportunities

Progress	Under the guidance of the Board, the Company's Sustainable Finance Steering Committee & Board Sub Committee for Sustainable Finance has undertaken the responsibility for driving ESG integration at all levels of the business through the adoption of the guidelines for Sustainable Finance Activities issued by the Central Bank of Sri Lanka.
	A Dedicated unit responsible for supervising and carrying out the Company's sustainable finance initiatives – Sustainable Finance Unit headed by Head of Sustainable Finance.

STRATEGY

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning
---------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------

Risk Profile		Actual / Potential Impact	Short Term	Medium Term	Long Term	Opportunities
Transition Risks	Regulatory Requirements	Monetary losses and reputational damage due to non-compliance	✓	✓		Increased vigilance to promote early adoption of regulations and lead by example in implementing best practices
	Low Asset Quality	Negative impact on the Company's capital and liquidity position owing to higher default rates on loans due to the lack of customers' business resilience against climate risks		✓	✓	Gain first move advantage through the launch of climate adaptive products such as green finance solutions
Physical Risks	Severe adverse weather events	Damage / failure of the Company's operational systems leading to business disruption	✓	✓	✓	Explore business diversification, including overseas expansion

Use scenario analysis to describe the resilience of the organisation's strategy under different global warming scenarios, including a 2°C or lower scenario

Under a 2°C scenario, People's Leasing examines the potential regulatory changes, shifts in market demand, and physical climate impacts that could affect its lending practices and asset values. This analysis helps the Company identify vulnerabilities and opportunities, enabling strategic adaptation to mitigate risks and capitalise on new market trends. Through this proactive approach, People's Leasing aims to ensure long-term sustainability and robustness, even in the face of stringent climate policies and significant environmental changes

RISK

Describe the processes for identifying and assessing climate-related risks

TCFD INDEX (TASK FORCE OF CLIMATE RELATED FINANCIAL DISCLOSURES)

<p>Progress</p>	<p>The newly launched PLCCORE credit evaluation system creates a structured framework to formally embed ESG (Environment/Social/Governance) considerations as part of the mandatory credit evaluation process, underscoring a disciplined approach to minimise environmental and social risks associated with the Company's lending portfolio</p> <p>Added a supplier ESG due diligence checklist as a mandatory prerequisite for new supplier registration</p>
<p>Describe the processes for managing climate-related risks</p>	
<p>Progress</p>	<p>Established the Company Policy on ESG Sustainability</p> <p>An agenda for Sustainability was put into effect after Identified existing ESG gaps within the organisation</p> <p>Received Sri Lanka's first EDGE-certified green building for Classique by PLC, Premier Centre</p> <p>Launch of the Solar financing scheme for retail and MSME customer segments</p> <p>Formed a new commercial partnership to launch eWheel</p> <p>Allocating a proportion from all Savings products towards ESG education on local community (Added into leaflet)</p> <p>Conducted training sessions for Branch Managers/Marketing officers on ESG and update module to LMS as a mandatory</p>
<p>Describe how processes for identifying, assessing and managing climate-related risks are integrated into overall risk management</p>	
<p>Progress</p>	<p>People's Leasing is actively developing a comprehensive Environment, Social, and Governance (ESG) framework to seamlessly integrate ESG principles into its operations and strategic planning. This initiative aims to responsibly address and manage ESG-related risks throughout the company's decision-making and lending processes. The development of this framework is a collaborative endeavour, leveraging both internal and external expertise to ensure thorough and effective implementation.</p> <p>In July 2023, People's Leasing was granted the SSI (Sustainability Standards & Certification Initiative) Certificate of Acceptance confirming the Company's status as an on-board member eligible to work towards the formal certification process</p>

METRICS AND TARGETS (Please refer the Natural Capital section pages 150 to 159)

SASB INDEX (SUSTAINABILITY ACCOUNTING STANDARDS BOARD)

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PEOPLE'S LEASING'S RESPONSE	
					DATA FOR FY 2023/24	MANAGEMENT FRAMEWORK
Customer Privacy	Number of account holders whose information is used for secondary purposes	Quantitative	Number	FN-CF-220a.1	No. of lending customers - 104,865 No. of deposit customers - 308,051	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 year, a new Board-approved Personal Data Protection policy was implemented, formalising company-wide data storage and retrieval procedures, access controls, and authority limits. Additionally, workshops were held to educate teams on these new procedures. For more details refer - Social and Relationship Capital - page 141.
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Quantitative	Presentation Currency	FN-CF-220a.2	One (01) complaint was received regarding breach of customer privacy by an employee.	However the matter was resolved through discussion and no monetary compensation was paid to the affected customer.
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	Quantitative	Number, Percentage (%)	FN-CF-230a.1	Not reported	
	Card-related fraud losses from (1) card not-present fraud and (2) card-present and other 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.

SASB INDEX (SUSTAINABILITY ACCOUNTING STANDARDS BOARD)

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PEOPLE'S LEASING'S RESPONSE	
					DATA FOR FY 2023/24	MANAGEMENT FRAMEWORK
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	N/A	FN-CF-230a.3	<p>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 year, a new Board-approved Personal Data Protection policy was implemented, formalising company-wide data storage and retrieval procedures, access controls, and authority limits. Additionally, workshops were held to educate teams on these new procedures.</p> <p>For more details refer - Social and Relationship Capital - page 145.</p>	
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	A significant proportion of the total employee expenses for the year was on account of performance-based rewards	The Company has implemented a 2-tier performance review cycle, which includes a mid-year review and an annual performance appraisal, aims to motivate employees to take charge of their performance and pursue excellence. The mid-year review helps employees identify and address performance gaps, while the annual appraisal is crucial for facilitating performance-based rewards. For more details refer - Human Capital - pages 132-133.
	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.

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PEOPLE'S LEASING'S RESPONSE	
					DATA FOR FY 2023/24	MANAGEMENT FRAMEWORK
	(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 All leasing products are structured over a period of 12 months, while Gold Loan products are typically short term 12 months periods of People's Leasing's lending customer base comprised 104,865 customers as at 31st March 2024 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 166 customer complaints were received in FY 2023/24 All complaints were resolved to the full satisfaction of the customer as such no monetary 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		The Financial Intelligence Unit of CBSL imposed a penalty of LKR 500,000.00 on the Company due to an operational lapse. Subsequently, the Company has implemented new controls to reinforce the control environment. The efficacy of these changes were independently verified and confirmed by the external auditors.

TISL INDEX (TRANSPARENCY INTERNATIONAL SRI LANKA)

No. Q	Questions	People's Leasing Response
1	Does the company have an explicit, publicly stated commitment to anti-corruption?	<p>At People's Leasing, we are committed to acting ethically and with integrity in everything we do. Our approach aims to build long-term relationships with stakeholders based on trust. The People's Leasing Board of Directors sets the tone from the top, promoting a culture of ethics and transparency across the Group. This is supported by various policies that outline the ethical conduct expected from all employees. We frequently communicate these policies to our employees and continuously emphasise the importance of legal and regulatory compliance.</p> <p>The Board and Senior Management often participate in comprehensive training sessions facilitated by Transparency International Sri Lanka, focusing on anti-bribery and corruption. The training addressed current and potential risks, aiming to enhance the company's anti-bribery and corruption programs.</p>
2	Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?	Internal processes are in place to ensure that People's Leasing complies with all laws, regulations, directions, and internal policies. The Board affirms that the company adheres to all relevant laws, regulations, directions, and internal policies.
3	Does the company leadership (Chairperson/CEO/ Member of the board of directors) demonstrate support for anti-corruption?	People's Leasing has a Board-approved Anti-Bribery and Corruption (ABC) Policy in place. The Compliance Team ensures the policy's implementation and adherence.
4	Does the company's code of conduct / anti-corruption policy explicitly apply to all employees and directors?	People's Leasing has a Board-approved Code of Conduct and ABC Policy in place. These policies have been communicated to all employees and employee acknowledgments have been obtained. Additionally, periodic e-flyers related to the ABC Policy are circulated via email to ensure continuous awareness and compliance among all employees.
5	Does the company's anti-corruption policy explicitly apply to persons who are not employees but are authorised to act on behalf of the company or represent it (for example: agents, advisors, representatives or intermediaries)?	People's Leasing's ABC Policy explicitly applies to all stakeholders, including agents, advisors, representatives, and all other intermediaries.
6	Does the company require external entities that provide goods or services under contract (for example: contractors, subcontractors, suppliers) to abide by the company's anti-corruption programme or supplier code?	People's Leasing's ABC Policy explicitly applies to all external entities providing goods and services under contract, requiring them to comply with the company's policy requirements. Regular Anti-Money Laundering (AML) and ABC due diligence are conducted on all business partners, including these external entities.
7	Does the company have in place an anti-corruption training programme for its employees and directors?	The Board and Senior Management of People's Leasing engaged in an extensive training session facilitated by Transparency International Sri Lanka, centred on anti-bribery and corruption. This training targeted current and potential risks, with the goal of bolstering the company's anti-bribery and corruption initiatives. Additionally, regular awareness sessions are conducted to improve awareness and adherence to compliance standards among employees.
8	Does the company have a policy on gifts, hospitality and expenses?	The People's Leasing Acceptance of Gift & Entertainment Policy Manual 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.
9	Does the policy on gifts, hospitality or expenses include a definition of thresholds (descriptive or quoted as amounts) as well as procedures and reporting requirements?	The Acceptance of Gift & Entertainment Policy Manual at People's Leasing sets clear thresholds to regulate the giving and receiving of gifts and hospitality. These thresholds are designed to ensure transparency, integrity, and compliance with both internal policies and external regulations. Employees are required to adhere to these thresholds, which dictate the maximum value or frequency of gifts and hospitality that can be exchanged with clients, partners, or any other external parties. By establishing these thresholds, People's Leasing aims to mitigate the risk of improper influence, conflicts of interest, or perceptions of favouritism. Additionally, the policy outlines procedures for reporting and approval to guarantee accountability and oversight in gift-giving activities.

No. Q	Questions	People's Leasing Response
10	Is there a policy that explicitly prohibits facilitation payments?	The People's Leasing ABC policy sets out strict guidelines governing the handling of facilitation payments, emphasising a zero-tolerance approach to such practices. Employees are explicitly prohibited from making or accepting facilitation payments, which are payments made to expedite or secure routine government actions or services. This stance reflects the company's unwavering commitment to ethical behaviour and compliance with anti-bribery and corruption laws. By refusing to engage in facilitation payments, People's Leasing upholds its integrity, protects its reputation, and fosters trust among stakeholders. Additionally, the ABC policy mandates reporting any solicitation or attempt to solicit facilitation payments to the appropriate authorities, ensuring transparency and accountability in all business transactions.
11	Does the company provide a mechanism/channel through which employees can report suspected acts of corruption or breaches of anti-corruption policies, and does the mechanism/channel allow for confidential and/or anonymous reporting (whistle-blowing)?	The People's Leasing whistleblower policy serves as a critical mechanism for employees and stakeholders to report concerns or observations of unethical behaviour, fraud, or violations of company policies without fear of retaliation. 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.
12	Does the whistle-blowing mechanism/channel enable employees and others to raise concerns and report suspected acts of corruption or breaches of anti-corruption policies without risk of reprisal?	The Company's whistleblower policy ensures confidentiality and protects whistleblowers from any adverse consequences for coming forward with information. It outlines clear procedures for reporting concerns through designated channels. Additionally, the whistleblower policy prohibits any form of retaliation against individuals who report in good faith, emphasising the Company's commitment to fostering a culture of transparency, accountability, and integrity.
13	Does the mechanism/channel provide for two-way communication with the whistle-blower for any needed follow-up on the concern/s raised?	<p>Upon receiving a report, the company commits to conducting thorough and impartial investigations to address the reported issues promptly. The Audit Committee has the authority to either delegate the investigation to the Chief Internal Auditor or appoint a designated officer or committee composed of qualified corporate management members. The investigation's scope and timeline will be clearly defined in writing to ensure transparency and accountability. The Board's Audit Committee will oversee the investigation's progress and actions taken, receiving regular status updates from the Chief Internal Auditor.</p> <p>The Company's whistleblower policy encourages dialogue and feedback between whistleblowers and the company's investigative or compliance team. Whistleblowers are typically kept informed about the progress of investigations and any actions taken in response to their reports. Moreover, the policy may include mechanisms for whistleblowers to provide additional information or clarification as needed during the investigation process.</p>
14	Does the company carry out regular or continuous monitoring of its anti-corruption programme/policy to review its suitability, adequacy and effectiveness, and implement improvements as appropriate?	People's Leasing adopts a comprehensive approach to regularly monitor and enhance the effectiveness of its anti-corruption program and policies. This involves conducting periodic reviews of policies and procedures to ensure compliance with evolving regulatory standards and business environments. Robust monitoring mechanisms, including internal audits and risk assessments, are employed to evaluate the implementation of anti-corruption measures across the organisation, with assessments conducted at various levels for comprehensive coverage. Additionally, feedback from employees, stakeholders, and external parties is actively sought to identify areas for improvement, facilitating necessary adjustments to enhance the program's efficacy. The company also prioritises ongoing training and awareness initiatives to ensure employees understand their roles in preventing corruption, promoting ethical behaviour, and fostering a culture of integrity within the organisation.
15	Does the company have a policy on political contributions that either prohibits such contributions or if it does not, requires such contributions to be publicly disclosed?	Within People's Leasing's ABC policy, the clause on political contributions prohibits employees from making or accepting political contributions on behalf of the company without prior authorisation. This clause emphasises the importance of maintaining neutrality and avoiding any appearance of impropriety in political matters. It ensures that the company's resources are not used for partisan purposes and that employees do not engage in activities that could compromise the company's integrity or reputation.

TISL INDEX (TRANSPARENCY INTERNATIONAL SRI LANKA)

No. Q	Questions	People's Leasing Response
16	Does the company disclose its ultimate beneficial owner/s?	Yes. People's Leasing & Finance PLC is a fully owned subsidiary of People's Bank. The Company fulfils its own legal and governing obligations.
17	Which of the following information does the company disclose for all of its fully consolidated subsidiaries?	The full list with names
18		percentages owned in each of them
19		countries of incorporation
20		countries of operations
21	Which of the following information does the company disclose for all of its non fully consolidated holdings, such as associates, joint-ventures?	N/A
22		N/A
23		N/A
24		N/A
25	Does the company disclose its revenue/ sales in Sri Lanka?	Yes. Pls refer to pages 283 - Statement of Profit or Loss
26	Does the company disclose its capital expenditure in Sri Lanka	Yes. Pls refer to pages 289-411 - Notes to the Financial Statements
27	Does the company disclose its pre-tax income in Sri Lanka	Yes. Pls refer to page 283 - Statement of Profit or Loss
28	Does the company disclose its income tax in Sri Lanka	Yes. Pls refer to page 283 - Statement of Profit or Loss
29	Does the Company disclose its community contribution in Sri Lanka?	Yes. Pls refer to pages 136-149 - Social and Relationship Capital
30	Does the Company have a publicly stated policy against sexual harassment?	Within People's Leasing's Code of Conduct, the clause on sexual harassment establishes a zero-tolerance policy towards any form of sexual harassment in the workplace. It outlines clear definitions of what constitutes sexual harassment, including unwelcome advances, requests for sexual favours, or other verbal, non-verbal, or physical conduct of a sexual nature. The clause emphasises that such behaviour is strictly prohibited and will result in disciplinary action, up to and including termination of employment. Additionally, the code provides avenues for employees to report instances of sexual harassment confidentially and without fear of retaliation. It underscores the company's commitment to fostering a safe, respectful, and inclusive work environment for all employees. Regular training and awareness programs are also conducted to ensure that employees understand their rights and responsibilities regarding sexual harassment prevention and reporting. Through this clause, People's Leasing demonstrates its dedication to upholding high standards of professionalism, dignity, and respect in the workplace.
31	Does the company have an explicit, publicly stated commitment to non-discrimination based on gender?	Within People's Leasing's code of conduct, the clause on non-discrimination based on gender ensures that all employees are treated fairly and equally, regardless of gender. It explicitly prohibits any form of discrimination, bias, or unequal treatment based on gender identity or expression. This clause emphasises the company's commitment to providing a workplace free from gender-based harassment, stereotypes, and barriers to advancement. It outlines the importance of creating a culture of inclusivity and respect, where every individual has the opportunity to thrive and contribute to their fullest potential, irrespective of their gender. Additionally, the code provides mechanisms for reporting and addressing instances of gender discrimination confidentially and without fear of retaliation. Regular training and awareness initiatives are also conducted to promote understanding and compliance with this policy. Through this clause, People's Leasing reaffirms its dedication to fostering a diverse, equitable, and inclusive work environment for all employees.

No. Q	Questions	People's Leasing Response
32	Does the Company adopt a gender inclusive/equal opportunity recruitment policy?	People's Leasing's Recruitment & selection policy underscores the company's commitment to providing fair and equitable treatment to all employees and job applicants, regardless of their race, colour, religion, gender, sexual orientation, gender identity or expression, national origin, age, disability, genetic information, marital status, or any other characteristic protected by law. The policy ensures that all employment decisions, including hiring, promotion, compensation, benefits, and termination, are based solely on individual qualifications, performance, and merit. It prohibits discrimination, harassment, and retaliation in all aspects of employment and promotes a work environment that is free from bias, prejudice, and unfair treatment. Additionally, the policy encourages diversity and inclusion initiatives to foster a workforce that reflects the rich variety of backgrounds, perspectives, and talents within the community. People's Leasing is committed to upholding the principles of equal opportunity employment and strives to create an inclusive culture where every employee feels valued, respected, and empowered to succeed.
33	Does the Company adopt a gender inclusive/equal opportunity promotion policy?	People's Leasing's Promotion Policy procedure ensures that all employees have a fair and equitable chance to advance within the company based on their qualifications, performance, and potential. The policy prohibits discrimination or bias in promotion decisions based on factors such as race, colour, religion, gender, sexual orientation, gender identity or expression, national origin, age, disability, genetic information, marital status, or any other protected characteristic. Promotion opportunities are based on merit and are open to all eligible employees who meet the necessary criteria and demonstrate the capability to perform in the higher-level role. The company fosters transparency in the promotion process, providing clear guidelines and criteria for advancement and ensuring that promotion decisions are made objectively and impartially. Additionally, People's Leasing encourages career development and provides resources, training, and support to help employees enhance their skills and competencies, thereby fostering a culture of continuous learning and growth. Through this policy, People's Leasing reaffirms its commitment to providing equal opportunities for career advancement and ensuring a level playing field for all employees.
34	Does the company have a policy for bidding on government contracts/ tenders?	N/A
35	Does the company disclose its current contracts with local and/or foreign governments?	N/A
36	Does the company publish tendering and post award documents for government contracts and awarded tenders?	N/A
37	Does the company disclose audited financial accounts for government contracts and awarded tenders?	N/A

ABBREVIATION

ATL	Above the Line	CRIB	Credit Information Bureau of Sri Lanka
AIF	Al-Safa Islamic Financial Service	RMV	Department of Motor Traffic
AGM	Annual General Meeting/Assistant General Manager	DGM	Deputy General Manager
AR	Annual Report	EPS	Earnings Per Ordinary Share
ALCO	Assets and Liability Management Committee	EVA	Economic Value Added
ACA	Associate Chartered Accountant	EIR	Elective Interest Rate
ACMA	Associate Chartered Management Accountant	EVP	Employee Value Proposition
AIB	Associate of Institute of Bankers	EPF	Employees' Provident Fund
AICM	Associate of Institute of Credit Management	ETF	Employees' Trust Fund
ATM	Automated Teller Machine	ERM	Enterprise Risk Management
AWDR	Average Weighted Deposit Rate	EMS	Environmental Management System
AWPLR	Average Weighted Prime Lending Rate	ESG	Environmental, Social and Governance
BSc	Bachelor of Science	EOSD	European Organisation for Sustainability Development
BTL	Below the Line	ESQR	European Society for Quality Research
BAC	Board Audit Committee	EIRMC	Executive Integrated Risk Management Committee
BCC	Board Credit Committee	ECL	Expected credit loss
BCC	Board Credit Committee	EFF	Extended Fund Facility
BHRRC	Board HR & Remuneration Committee	EGM	Extraordinary General Meeting
BIRMC	Board Integrated Risk Management Committee	FVTPL	Fair Value Through Profit or Loss
BIC	Board Investment Committee	FCA	Fellow Chartered Accountant
BIC	Board Investment Committee	FCMA	Fellow Chartered Management Accountant
BNGC	Board Nomination and Governance Committee	FICM	Fellow of Institute of Credit Management
BMS	Building Management System	FC	Finance Company
BCP	Business Continuity Plan	FHA	Finance House Association
BI	Business Intelligence	FTSE	Financial Times Stock Exchange
CDM	Cash Deposit Machine	FY	Financial year
CBSL	Central Bank of Sri Lanka	FD	Fixed Deposit
CEA	Central Environment Authority	FBA	Functional Behavioural Assessment
CMA	Certified Management Accountant	GM	General Manager
CPM	Certified Professional Managers	GRI	Global Reporting Initiative
CGMA	Chartered Global Management Accountant	GHG	Green House Gases
CIMA	Chartered Institute of Management Accountants	GDP	Gross Domestic Product
CIM	Chartered Institute of Marketing	GWP	Gross Written Premium
CEO	Chief Executive Officer	HHI	Herfindahl-Hirschman Index
CFO	Chief Financial Officer	HRD	Human Resource Department
CIA	Chief Internal Auditor	HRIS	Human Resource Information System
CM	Chief Manager	HR	Human Resources
COO	Chief Operating Officer	ID	Independent Directors
CRO	Chief Risk Officer	ICT	Information and Communications Technology
CCPI	Colombo Consumer Price Index	ISC	Information Security Committee
CSE	Colombo Stock Exchange	IT	Information Technology
CEFT	Common Electronic Fund Transfer Switch	ITSC	Information Technology Steering Committee
CGHU	Complain Grievance Handling Unit	IPO	Initial Public Offering
CPF	Consumer Protection Framework	IBSL	Institute of Bankers of Sri Lanka
CSR	Corporate Social Responsibility	ICASL	Institute of Chartered Accountants of Sri Lanka

IR	Integrated Reporting	PBIT	Profit before interest & tax
IRR	Interest Rate Risk	PBT	Profit Before Tax
ICAPP	Internal Capital Adequacy Assessment Process	PPE	Property plant and equipment
IIRC	International Intergrated Reporting Council	QR	Quick response
IMF	International Monetary Fund	RTGS	Real-time Gross Settlement systems
ISO	International Organisation for Standardisation/ Information Security Officer	RPT	Related Party Transactions
ISIN No.	International Securities Identification Number	RPTRC	Related Party Transactions Review Committee
IUCN	International Union for Conservation of Nature	REMCO	Remuneration Committee
IPFF	Investment Promotion and Financing Facility	ROE	Return on Equity
ITSC	IT Steering Committee	ROI	Return on investment
KMP	Key Management Personnel	ROA	Return on Assets
KPI	Key Performance Indicators	ROCE	Return on Capital Employed
KYC	Know Your Customer	RCD	Risk and Control Department
LAFL	Lankan Alliance Finance Limited	RAS	Risk Appetite Statement
LMS	Learning Management Solution	RMF	Risk Management Framework
LAT	Liability Adequacy Test	RCD	Riskand Control Department
LFC	Licensed Financed Companies	SDGM	Senior Deputy General Manager
LMU	Loan Monitoring Unit	SID	Senior Independent Director
LTV	Loan to Value Ratio	SME	Small and Medium Enterprises
LGD	Loss given Default	SSCL	Social Security Contribution Levy
MCC	Management Credit Committee	SAFA	South Asian Federation of Accountants
MIS	Management Information Systems	SLFRS/ LKAS	Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards
MVA	Market Value Added	SLICM	Sri Lanka Institute of Credit Management
MBA	Master of Business Administration	SLIM	Sri Lanka Institute of Marketing
MSc	Master of Science	SLIBOR	Sri Lanka Inter Bank Offer Rate
MSME	Micro, Small, and Medium Enterprise	SLIPS	Sri Lanka Interbank Payment
NASDAQ	National Association of Securities Dealers Automated Quotation	SLIBFI	Sri Lanka Islamic Banking & Finance Institutions
NIBM	National Institute of Business Management	SLFR	Standing Lending Facility Rate
NII	Net Interest Income	SOE	State Owned Enterprises
NIM	Net Interest Margin	SRR	Statutory Reserve Ratio
NP	Non Performing	SENSEX	Stock Exchange Sensitive Index
NPA	Non Performing Advance	SASB	Sustainability Accounting Standards Board
NBFI	Non-Bank Financial Institution	SSCI	Sustainability Standards and Certification Initiative
NED	Non-Executive Directors	SDGs	Sustainable Development Goals
NPL	Non-Performing Loan	TOR	Terms of Reference
OCI	Other Comprehensive Income	TAGS	Transparency, Accountability, Governance and Sustainability
PI	People's Insurance PLC	TB	Treasury Bill
PLFML	People's Leasing Fleet Management Limited	UN	United Nation
PLHPL	People's Leasing Havelock Properties Limited	UNGC	United Nations Global Compact
PLPDL	People's Leasing Property Development Limited	UAT	User Acceptance Testing
PML	People's Micro-commerce Ltd.	VAT	Value Added Tax
PIM	Postgraduate Institute of Management	VPN	Virtual Private Network
PD	Probability of default	WHT	Withholding tax
PAT	Profit After 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.

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 participants 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.

GLOSSARY

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.

T

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. Shaalini Silva

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@slnet.lk

CREDIT RATING

The Company has been assigned A-(Ika); 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

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, Kuliypitiya, Kurunegala, Maharagama, Mahiyanganaya, Mannar, Matale, Matara, Mathugama, Mawanella, Medawachchiya, Melsiripura, Merigama, Metropolitan (Vauxhall Street), Minuwangoda, Monaragala, Moratuwa, Mutur, Narammala, Nawalapitiya, Negombo, Negombo City, Nelliady, Neluwa, Nittambuwa, Nugegoda, Nuwara Eliya, Panadura, Pelmadulla, Pettah, Pilimathalawa, Piliyandala, Polonnaruwa, Puttalam, Ratnapura, Tangalle, Thabuttegama, Thissamaharama, Trincomalee, Udugama, Union Place, Urubokka, Vavuniya, Walasmulla, Warakapola, Wariyapola, Wattala, Welimada, Wellawatha, Wellawaya, Wennappuwa

BOARD OF DIRECTORS

Mr. M.P. Amirthanayagam - Chairman

Mr. Y. Kanagasabai
(appointed w.e.f 11th August 2023)

Mr. C.J. Wijetillake

Mr. U.L.A.W. Bandara

Mr. Pravir Dhanoush Samarasinghe
(appointed w.e.f 06th November 2023)

Mr. T.M. Wellalage
(appointed w.e.f 03rd October 2023)

Mr. Isuru Balapatabendi
(appointed w.e.f 09th November 2023)

Mr. A.M.P.M.B. Atapattu (appointed w.e.f 02nd January 2024)

Mr. Udeni K. Samararatne
(appointed w.e.f 02nd January 2024)

Mr. K.C.J.C. Fonseka

Mr. Azzam A. Ahamat

Mr. Rohan Pathirage
(resigned w.e.f 18th October 2023)

Ms. M.C Pietersz -
(resigned w.e.f 5th July 2023)

Ms. G.M.R.P. Wijerathna
(resigned w.e.f 05th September 2023)

BOARD AUDIT COMMITTEE

Mr. Y Kanagasabai - Chairman
(appointed w.e.f 25th August 2023)

Mr. U.L.A.W. Bandara - Member

Mr. Pravir Dhanoush Samarasinghe - Member
(appointed w.e.f 24th November 2023)

Mr. Azzam A. Ahamat - Member (ceased w.e.f 24th November 2023 upon re constitution of the Sub committees)

Mr. C.J. Wijetillake - Member
(appointed w.e.f 23rd June 2023 and ceased to be a member w.e.f 25th August 2023)

Ms. M.C Pietersz - Chairperson
(ceased w.e.f 5th July 2023)

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

Mr. Pravir Dhanoush Samarasinghe - Chairman

(appointed w.e.f 24th November 2023)

Mr. Azzam A. Ahamat - Member

Mr. Y Kanagasabai - Member
(appointed w.e.f 25th August 2023)

Mr. C.J.Wijetillake - Chairman
(ceased w.e.f 24th November 2023 upon re constitution of the Sub committees)

Ms. G.M.R.P Wijerathna - Member
(ceased w.e.f.25th August 2023 upon her resignation)

Mr. K.C.J.C.Fernando - Member
(ceased w.e.f 25th August 2023)

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Mr.Y. Kanagasabai - Chairman (appointed w.e.f 24th November 2023)

Mr. Pravir Dhanoush Samarasinghe - Member
(appointed w.e.f 24th November 2023)

Mr. K.C.J.C. Fonseka - Member (appointed w.e.f 24th November 2023)

Mr. P.Amirthanayagam - Member (appointed w.e.f 25th August 2023) and Mr. U.L.A.W. Bandara - Chairman (have ceased w.e.f. 24th November 2023 upon re constitution of the Sub committees) Mr. C.J. Wijethilake - Member (appointed w.e.f. 13th August 2023 and ceased w.e.f 25th August 2023)
Ms. M.C.Pietersz - Member and Mr. Rohan Pathirage - Member (have ceased w.e.f 5th July 2023 and 18th October 2023 respectively upon their resignations)

NOMINATION COMMITTEE

Mr. C.J.Wijetillake - Chairman
(appointed w.e.f. 13th July 2023)

Mr. Isuru Balapatabendi - Member
(appointed w.e.f 24th November 2023)

Mr. Y. Kanagasabai - Member
(appointed w.e.f 24th November 2023)

Mr. U.L.A.W. Bandara - Chairman (ceased w.e.f. 24th November 2023 upon re constitution of the Sub committees) and Ms. M.C.Pietersz - Member and Mr. Rohan Pathirage - Member (have ceased w.e.f 5th July 2023 and 18th October 2023 respectively upon their resignations)

RELATED PARTY TRANSACTION REVIEW COMMITTEE

Mr. U.L.A.W. Bandara - Chairman

Mr. C.J.Wijetillake - Member

Mr. T. M Wellalage - Member (appointed w.e.f 24th November 2023)

Mr. Rohan Pathirage - Member (has ceased to be a member upon his resignation w.e.f 18th October 2023.)

BOARD INVESTMENT COMMITTEE

Mr. K.C.J.C. Fonseka - Chairman

Mr. C.J.Wijetillake - Member

Mr. Azzam A. Ahamat - Member

BOARD CREDIT COMMITTEE

Mr. Azzam A. Ahamat - Chairman (appointed w.e.f 24th November 2023)

Mr. C.J.Wijetillake - Member

Mr. U.L.A.W. Bandara - Member

Ms. G.M.R.P. Wijerathna - Chairman (has ceased to be a member upon her resignation w.e.f 05th September 2023.)

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.

CIRCULAR TO SHAREHOLDERS

Circular to Shareholders

Dear Shareholder(s),

PEOPLE'S LEASING & FINANCE PLC – ANNUAL REPORT FOR THE YEAR 2023/24

In Compliance with the guidelines of the Colombo Stock Exchange (CSE) in hosting of virtual/hybrid Annual General Meetings and in terms of Article No. 15(b) of the Articles of Association of the Company, the Twenty Eighth (28th) Annual General Meeting (AGM) of the Company will be held as a virtual meeting in the manner prescribed as follows:

GENERAL DETAILS

1. The Twenty Eighth (28th) Annual General Meeting (AGM) of the Company will be conducted via a virtual platform on 28th June 2024 at 10.00 a.m
2. The AGM shall be held in compliance with the Companies Act, No.07 of 2007, Articles of Association of the Company and the Colombo Stock Exchange (CSE) Guidance Note on hosting of virtual/hybrid Annual General Meetings.
3. Only the Board of Directors, Company Secretary, key management officials, representative of the Auditors and Legal Counsel (and Scrutinisers where applicable) and in-house shareholders/proxy holders who are essential for the administration of the formalities of the meeting will be physically present at the venue of the meeting in person and all other shareholders will participate in the meeting through audio and audio visual means.
4. Shareholders/Proxy holders who are to participate in the meeting through audio or audio and visual means, are requested to forward to us their details as per the Online Registration Form together with the Form of Proxy, as relevant not later than 48 hours prior to the meeting.
5. Shareholders could also appoint a member of the Board to act as their proxy if they so choose. The Shareholders who wish to appoint a Director as his/her/its proxy must forward the duly completed Form of Proxy clearly indicating their vote under each matter set out in the Form of Proxy
6. Shareholders who are unable to participate at the virtual meeting via the designated online meeting platform (i.e. Zoom platform) are invited to forward their suggestions, questions and concerns (if any) relating to the items on the AGM agenda appearing on the Annual Report to the email address arrequests@plc.lk at least 5 days before the meeting. The Board will ensure that they are discussed and addressed at the AGM, if relevant.

The Annual Report 2023/24 could be accessed via the following;

Corporate Website

<https://plc.lk/pdf/ar/plc-annual-report-2023-24-English.pdf>

The Colombo Stock Exchange

<https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=PLC.N0000>

By scanning the following QR code



In terms of CSE Listing Rule 7.5, if a shareholder makes a written request for a printed copy of the Annual Report, upon receipt of such written request, a printed copy of the Annual Report will be sent within eight (8) Market Days of such receipt, to any requesting shareholder. If you should require a printed copy of the said Annual Report, please provide us with a written request thereof on or before 28th June 2024. You may for this purpose complete and forward to us the attached Request Letter.

For any inquiries on the Annual Report, you may contact Ms. Nadeeka on telephone No.+94 11 2-631105 between 10.00 am and 4.00 pm on any working day or via email to nadeekag@plc.lk.

Enclosed herewith is the notice of meeting and the proxy form of the AGM. The notice and the proxy form, will also be made available on the above mentioned CSE website and the Company's official website.

The duly completed Form of Proxy 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 11-2631190 not less than forty eight (48) hours before the time appointed for the holding of the meeting.

By order of the Board of People's Leasing & Finance PLC

Shaalini Silva
Company Secretary

Colombo
31st May 2024

Notes:

1. The login information is authorised only for the use of shareholders (in the case of individuals), proxy holders and by the authorised representatives (in the case of corporates). THE COMPANY SHALL THEREFORE WILL NOT BE LIABLE FOR MISUSE AND/OR UNAUTHORISED USE OF THE LOG IN INFORMATION;
2. In case of proxy holders, please note that the login information will only be shared with those in whose favour a valid proxy has been submitted by the shareholder;
3. Voting in respect of the items of business of the agenda will be by using an online platform. The relevant voting procedure will be explained to the shareholders at the meeting

GUIDELINES AND REGISTRATION PROCESS FOR THE ANNUAL GENERAL MEETING (AGM) VIA ONLINE MEETING PLATFORM

Shareholders / Proxy holders who wish to participate in the Annual General Meeting of People's Leasing & Finance PLC to be held via an Online Meeting Platform (Virtual AGM), could do so by using a smart phone or a desktop computer.

If a Shareholder/Proxy holder intends to join the Virtual AGM via a smart phone, it is necessary for him/her to download the "Zoom Mobile App" onto his/her smart phone.

Similarly if a Shareholder/Proxy holder wishes to attend the Virtual AGM via a desktop computer, the link can be opened by downloading the "Zoom Desktop App" to the respective desktop computer (compatible web browser: Google Chrome).

1. Shareholder who wish to participate in the Virtual AGM of People's Leasing & Finance PLC either by themselves or through their Proxies are requested to forward their details to the Company Secretaries as per the attached REGISTRATION FORM.
2. The duly completed and signed REGISTRATION FORM should be delivered to the Company Secretaries, Address/ Email / Tel to be received by the Secretaries by 10.00 a.m. on 26th June 2024. If participation in the meeting through a Proxy, the duly completed and signed FORM OF PROXY should accompany the REGISTRATION FORM.

Note:

If a Proxy is appointed, the information set out in the REGISTRATION FORM pertaining to the Proxy holder should tally with the information indicated in the duly completed FORM OF PROXY submitted by the Shareholder.

3. The Company will verify all registration requests and identification details received as aforesaid, against the details of Shareholders set out in the Shareholders' Register and accept the registrations for the Virtual AGM if it is satisfied with the request and supporting documents (if any).

Shareholders whose registration requests are accepted will receive an email confirmation from the Company acknowledging the acceptance of their request.

4. The Shareholders whose registration requests have been accepted will receive a further email from the Company 24 hours prior to the commencement of the AGM. This email will provide a web link for online registration referred to as "Virtual AGM Registration". If the Shareholder has appointed a valid Proxy this email will be forwarded to the relevant Proxy holder.
5. (i) The Shareholders / Proxy holders are requested to use the web link, which will be forwarded by the Company as referred to in 4 above and click on "Virtual AGM Registration" in order to complete online registration for the Virtual AGM.
- (ii) On clicking the link "Virtual AGM Registration", Shareholders/ Proxy holders will be redirected to an interface where they will be requested to enter their first name, last name, email address, reenter email address and National Identity Card Number. (In entering these details the participants are required to ensure that correct details as included in the REGISTRATION FORM referred to in 2 above are entered in the said online registration process, since any mismatch will be considered as an unsuccessful log in)
- (iii) After successful completion of entering of the details as referred to in 5 (ii) above, the participants are requested to click on "REGISTER" which will be prompted on their screens enabling them to receive the meeting link.

6. The Shareholders who successfully complete their online registration as set out in 5 above, will receive the log in link for participation in the meeting referred to as "Join the Virtual Meeting" and credentials.
7. In order to join the Virtual AGM, participants are required to click on "Join the Virtual Meeting". In some instances the system call for the credentials and if that is required, please enter the credentials to gain access to the Virtual AGM.
8. On completion of this process, you will be directed to the Virtual AGM Zoom Platform, where you can participate in the Virtual AGM.

It is recommended that the Shareholders / Proxy holders complete the process outlined in 5, 6, 7 and 8 above and join the AGM at least ten (10) minutes before the start of the AGM. The Online Meeting Platform will be active thirty (30) minutes before the time appointed for the commencement of the meeting.

9. Shareholders/Proxy holders may use the Q & A tab or the Hand Raise (🙋) icon appearing on the screen respectively, to submit their questions or concerns in typed format or verbally. The system will allow a popup message to unmute the microphones and to allow video options.
10. After completion of the process outlined in 7 above in respect of all eligible Shareholders and Proxy holders, the Company will forward a separate email to the Shareholders / Proxy holders or representatives (as applicable) who are entitled to vote, providing a separate link to vote on all resolutions included in the Notice of Annual General Meeting dated 31st May 2024.
11. Shareholders / Proxy holders who intend participating in the meeting are requested to open the said link and be prepared to cast their vote when each resolution is taken up for voting by the Chairman. Participants are advised to "refresh" the voting page and cast the vote as per their discretion in the given space and click "SUBMIT" enabling the Company to receive the responses.
12. When declaring the voting on a resolution, Chairman will take in to account the voting of the Shareholders/Proxy holders participating virtually.
13. 60 seconds will be allocated for Shareholders/ Proxy holders to cast their vote in respect of each resolution.
14. The results will be processed and announced by the Chairman 15 seconds after the end of the time slot allocated for voting.
15. In a situation where a Poll is demanded and Shareholders are required to vote on the Poll, a mechanism similar to that referred to for voting, will be applicable. This will be moderated by the Chairman of the meeting.

It is advised to check the online AGM access at least 3 hours prior and also ensure that your devices have an audible sound system so that you could be participate in the AGM comfortably.

REGISTRATION OF SHAREHOLDER DETAILS FOR ONLINE VIRTUAL MEETING

PEOPLE’S LEASING & FINANCE PLC ANNUAL GENERAL MEETING 2024

To:
 The Company Secretary,
 People’s Leasing & Finance PLC,
 No. 1161, Maradana Road,
 Colombo 08.

1. Full Name of the Shareholder :

2. Shareholder’s Address :

3. Shareholder’s NIC No. / Passport No. / Co. Reg No. :

4. Shareholder’s Contact No. : (Residence) (Mobile).....

5. Name of the Proxy Holder :

6. Proxy holder’s NIC No. / Passport No. / Co. Reg. No. :

7. Proxy holder’s Contact No. : (Residence) (Mobile).....

8. Shareholder’s/ Proxy holder’s E-mail :

9. Participation at the AGM Via an online platform : YES /NO

10. Name of Joint holder/s (If any) : (i)
 (ii)

11. National Identity card number/s of Joint holder/s : (i)..... (ii).....

.....
 Shareholder’s signature/Date 1st Joint holder’s signature/Date 2nd Joint holder’s signature/Date

Note:

- 1) Shareholders are requested to provide their email address in the space provided in order to forward the Virtual AGM Zoom link & necessary instruction, if they wish to attend the AGM through the online platform.
- 2) In the case of a Company/Corporation, the Shareholder details form must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
- 3) In the case of a Power of Attorney, the Shareholder Details Form signed by the Power of Attorney must be deposited at the Registered Office of the Company for registration.

REQUEST LETTER

To:
Company Secretary
People’s Leasing & Finance PLC,
1161, Maradana Road,
Colombo 8

Dear Sir,

PEOPLE’S LEASING & FINANCE PLC

REQUEST FOR A PRINTED COPY OF THE ANNUAL REPORT- 2023/24

With reference to the Circular to Shareholders dated 31st May 2024, I/we hereby request you to please forward to me/ us a printed copy of the Annual Report of People’s Leasing and Finance PLC for the year 2023/24.

SHAREHOLDERS DETAILS

Full Name of Shareholder :

Shareholder’s NIC/Passport/Company Registration No. :

Shareholder’s Address :
.....

Shareholder’s Folio No. (Please refer to address label) :

Contact Telephone number :

.....
Signature

.....
Date

Notes:

1. Please complete the Request Letter by filling in legibly the required information, signing in the space provided and filling in the date of signature
2. Please email or deliver the completed Request Letter to the Company Secretary at the address given above or forward via facsimile to +94 11-2631190.
3. In the event the shareholder is a company, the Request Letter should be signed under its Common Seal or by duly authorised officer of the Company.
4. In the case of Joint Holders, the Request Letter may be executed by the Registered Principal holder.
5. If you have any query regarding this Request Letter, please contact Ms. Nadeeka on telephone No. +94 11 263 1105 (extension 1105) between 10.00 a.m. and 4.00 p.m. on any working day or via email to arrequests@plc.lk.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Eighth (28th) Annual General Meeting (AGM) of People's Leasing & Finance PLC (the Company) will be held on Friday 28th June 2024 at 10.00 a.m as a virtual/hybrid meeting using "audio" or "audio-visual" tools as per the Guidelines issued by the Colombo Stock Exchange (CSE) and in terms of article 15 (b) of the Articles of Association of the Company

The said Annual General Meeting will be held for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31st March 2024 and the Report of the Auditors thereon.
2. To re-elect Mr. Y Kanagasabai who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company.
3. To re-elect Mr. T.M.Wellalage who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company.
4. To re-elect Mr. H.I. Balapatabendi who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company.
5. To re-elect Mr. P.D.Samarasinghe who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company.
6. To re-elect Mr.A.M.P.M.B. Atapattu who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company.
7. To re-elect Mr. U.K. Samararatne who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company
8. To authorise the Board of Directors to determine contributions to charities and other donations for the financial year ending 31st March 2025
9. To consider any other business of which due notice has been given.

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 authorised by the Auditor General shall carry out the audit of the Company.

By Order of the Board,



Shaalini Silva
Company Secretary

People's Leasing & Finance PLC
31st May 2024
Colombo

- » Notice of Meeting, Circular to Shareholders, Proxy form, Guidelines and Registration process for the Annual General Meeting (AGM) via online meeting platform, are available on the Corporate website of the Company <https://plc.lk/pdf/ar/plc-annual-report-2023-24-English.pdf> 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 <https://plc.lk/pdf/ar/plc-annual-report-2023-24-English.pdf> and the website of CSE - <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=PLC.N0000>
- » Members may also access the Annual Report and Financial Statements on their mobile phones by scanning the following QR code.



- » A Member unable to attend the AGM is entitled to appoint a proxy to attend and vote in his/her 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 People's Leasing & Finance PLC, No.1161, Maradana Road, Colombo 08, Sri Lanka or be emailed to the email address - arrequests@plc.lk or facsimile to +94 11-2631190 not less than forty eight (48) hours before the time appointed for the holding of the meeting.
- » Members 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.
- » Instructions as to attending the Virtual / Hybrid AGM may be found in the "Guidelines and Registration process for the Annual General Meeting (AGM) via online meeting platform" hosted in the above websites.

FORM OF PROXY

I/we..... of
 being a member/s of People's Leasing & Finance

PLC hereby appoint Mr/Mrs/Miss.....

(holder of N.I.C. No.) of whom failing:

- | | |
|-------------------------------------------------------|--------------|
| 1. Mr M.P.Amirthanayagam | whom failing |
| 2. Mr Y. Kanagasabai | whom failing |
| 3. Mr Chanura Jayanta Wijetillake | whom failing |
| 4. Mr Upul Lakshman Asoka Wickramasinghe Bandara | whom failing |
| 5. Mr. Pravir D. Samarasinghe | whom failing |
| 6. Mr. T. M. Wellalage | whom failing |
| 7. Mr. Himashe I. Balapatabendi | whom failing |
| 8. Mr. A.M.P.M.B. Attapattu | whom failing |
| 9. Mr. U. K. Samararatne | whom failing |
| 10. Mr Kurukulasuriya Canicious Joachim Clive Fonseka | whom failing |
| 11. Mr Mohamed Azzam Ali Ahamat | |

as my/our proxy to represent me/us and vote on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on Friday,28th June 2024 at 10.00 a.m. as a virtual / hybrid meeting, and at any adjournment thereof and at every poll which may be taken in consequence thereof to vote.

To participate via Zoom:

Email address/ Mobile No. :

Please indicate your preference by placing a 'X' against the Resolution No. -

	FOR	AGAINST	ABSTAIN
1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31 March 2024 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Y Kanagasabai who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. T.M.Wellalage who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. H. I. Balapatabendi who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. P. D. Samarasinghe who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr. A. M. P. M. B. Atapattu who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Mr. U. K. Samararatne who was appointed to the Board during the year, in terms of Article 27(2) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Board of Directors to determine contributions to charities and other donations for the financial year ending 31 March 2025.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 this day of 2024.

.....
 Signature

.....
 Shareholder's N.I.C./ P. P./ Co. Reg. No.

Notes:

1. Proxy need not be a member of the Company.
2. Instructions as to completion of this Form of Proxy are given overleaf.

FORM OF PROXY

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, Virtual / Hybrid Meeting Online Registration Form 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 11-2631190 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 discretion as to how he/she votes or, whether or not he/she abstains from voting.

FEEDBACK FORM

We welcome your valuable feedback on this Integrated Annual Report 2023/24.

1. Your interest in People's Leasing performance is as a (n)

Employee	<input type="checkbox"/>
Customer	<input type="checkbox"/>
Supplier	<input type="checkbox"/>
Shareholder	<input type="checkbox"/>
Investor	<input type="checkbox"/>
Finance analyst	<input type="checkbox"/>
Journalist	<input type="checkbox"/>
Local resident	<input type="checkbox"/>
Educator/Student	<input type="checkbox"/>
Special interest group	<input type="checkbox"/>
Regulatory body	<input type="checkbox"/>
Other	<input type="checkbox"/>

2. Please rate your answer on the scale from excellent to poor for 2.1 to 2.5

2.1 Meeting your information

Excellent	<input type="checkbox"/>
Very good	<input type="checkbox"/>
Good	<input type="checkbox"/>
Average	<input type="checkbox"/>
Poor	<input type="checkbox"/>

2.2 Openness and transparency

Excellent	<input type="checkbox"/>
Very good	<input type="checkbox"/>
Good	<input type="checkbox"/>
Average	<input type="checkbox"/>
Poor	<input type="checkbox"/>

2.3 Clarity and ease of understanding

Excellent	<input type="checkbox"/>
Very good	<input type="checkbox"/>
Good	<input type="checkbox"/>
Average	<input type="checkbox"/>
Poor	<input type="checkbox"/>

2.4 Appearance and layout

Excellent	<input type="checkbox"/>
Very good	<input type="checkbox"/>
Good	<input type="checkbox"/>
Average	<input type="checkbox"/>
Poor	<input type="checkbox"/>

2.5 Overall impression of the report

Excellent	<input type="checkbox"/>
Very good	<input type="checkbox"/>
Good	<input type="checkbox"/>
Average	<input type="checkbox"/>
Poor	<input type="checkbox"/>

3. Which sections did you find least useful?

Organisational overview	<input type="checkbox"/>
Value creation model	<input type="checkbox"/>
Management discussion and analysis	<input type="checkbox"/>
Stewardship	<input type="checkbox"/>
Financial reports	<input type="checkbox"/>
Other	<input type="checkbox"/>

4. Which section did you find most useful?

Organisational overview	<input type="checkbox"/>
Value creation model	<input type="checkbox"/>
Management discussion and analysis	<input type="checkbox"/>
Stewardship	<input type="checkbox"/>
Financial reports	<input type="checkbox"/>
Other	<input type="checkbox"/>

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 2023/24

Your Name:

.....

.....

Your email:

.....

.....

.....

Deputy General 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



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