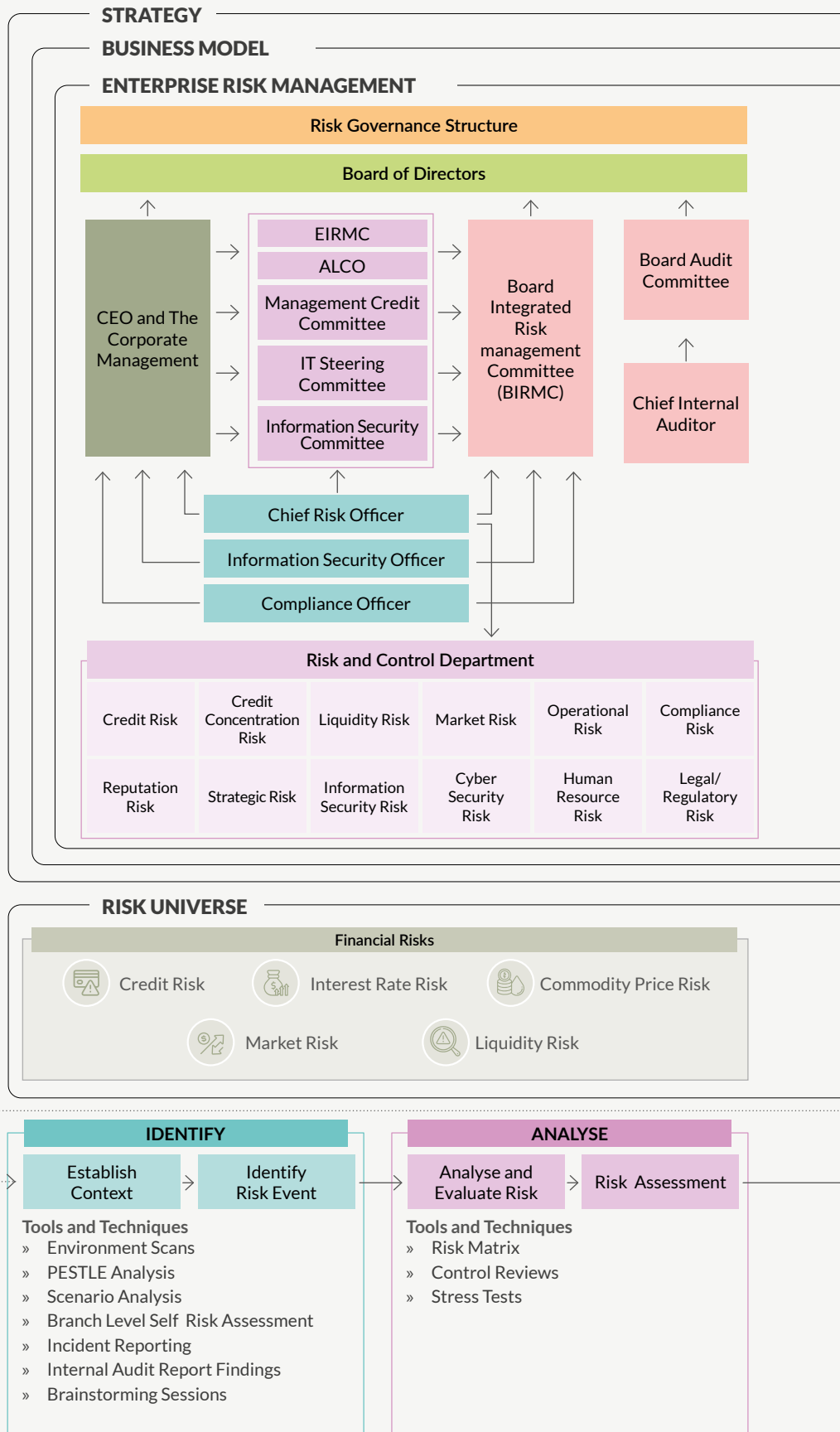


RISK MANAGEMENT REVIEW

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

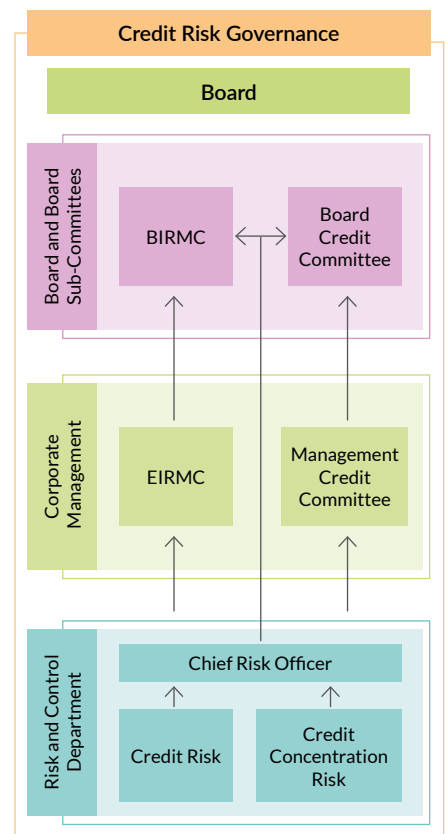
- » Credit concentration risk - HHI scale up stress testing

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

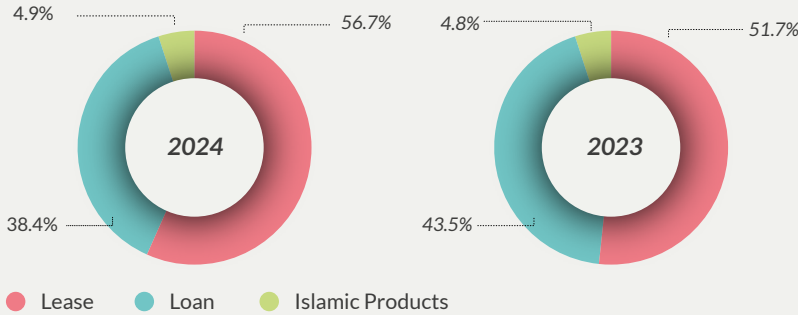
The Company will seek to further fine tune its lending strategies in an effort to strike the optimal risk / return balance. This will mean proactively revisiting the lending mix to capture market dynamics, while maintaining strict control over product positioning to ensure consistent credit quality metrics.

Credit Risk Scorecard

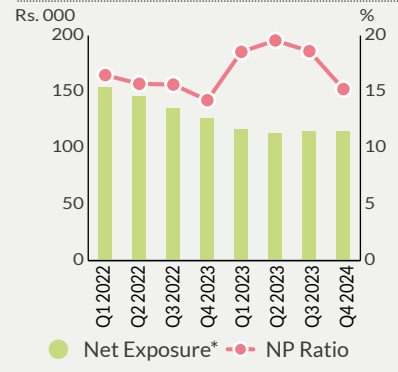
	Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023
Credit Risk	Non-Performing Ratio (Gross) - 6 months	%	Internal	<10	9.81	10.15
	CBSL NP Ratio - 3 months	%		<15	15.24	14.25
	P&L Charge Ratio (On Profit)	%		<20	-48.46	15.85
	NPL/Impairment Coverage Ratio	%		<75	86.43	84.03
Credit Concentration 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

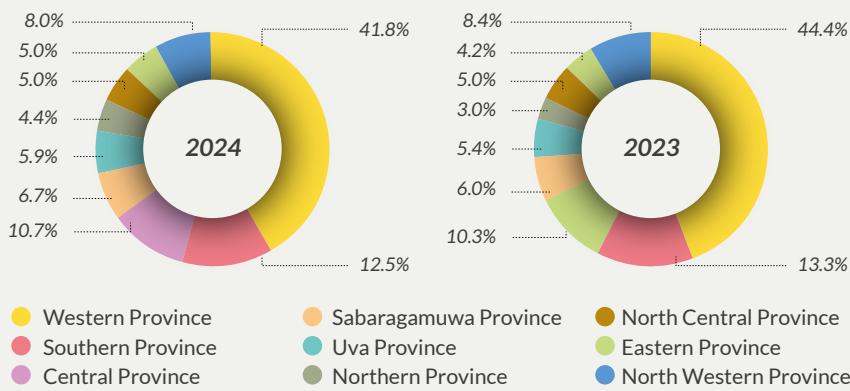
Product Concentration



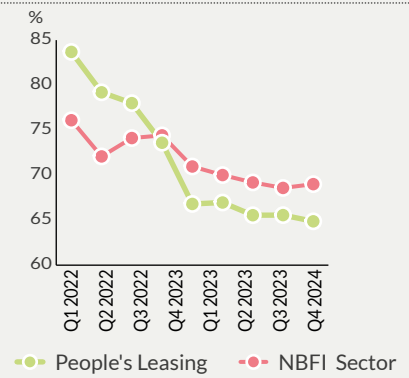
NP Ratio and Net Exposure- CBSL NP



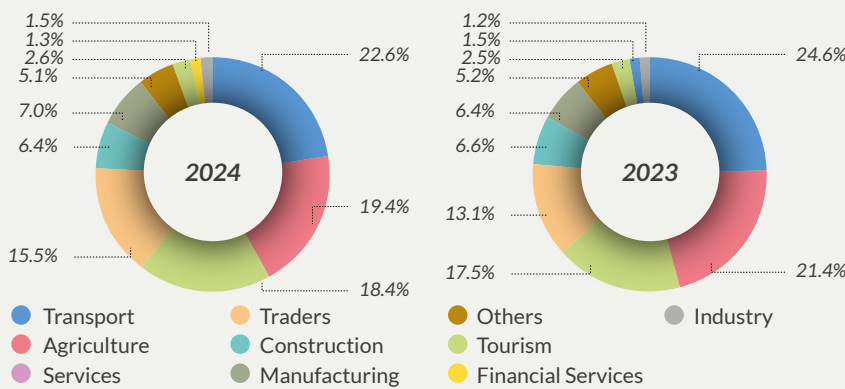
Geographic Concentration



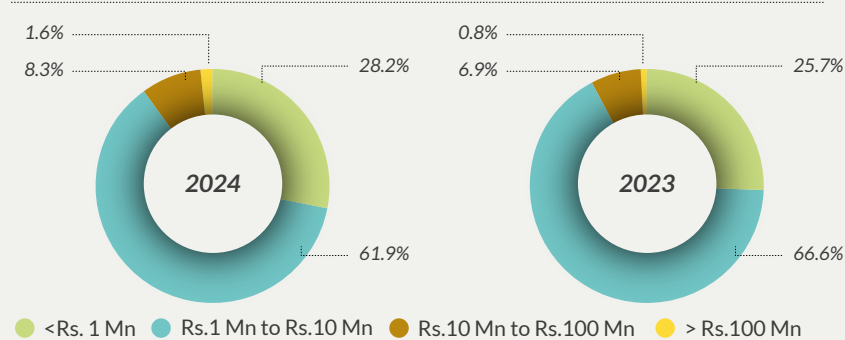
Total Net Advances to Total Assets



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.

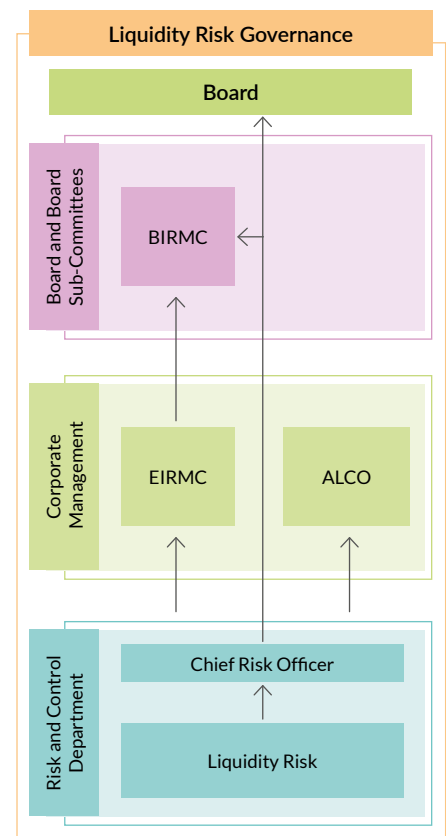
LIQUIDITY RISK UPDATE FOR FY 2023/24

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.

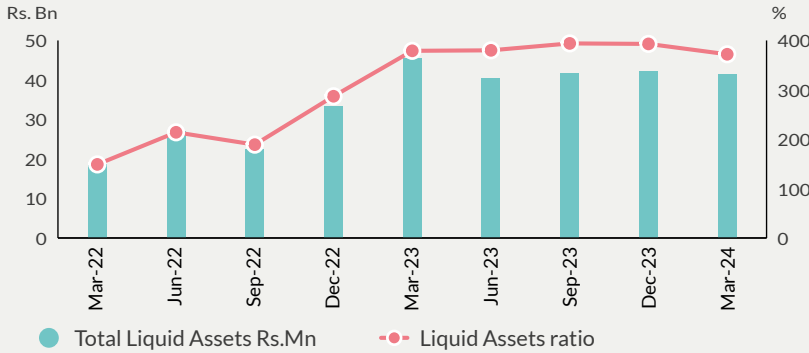


Liquidity Risk Scorecard

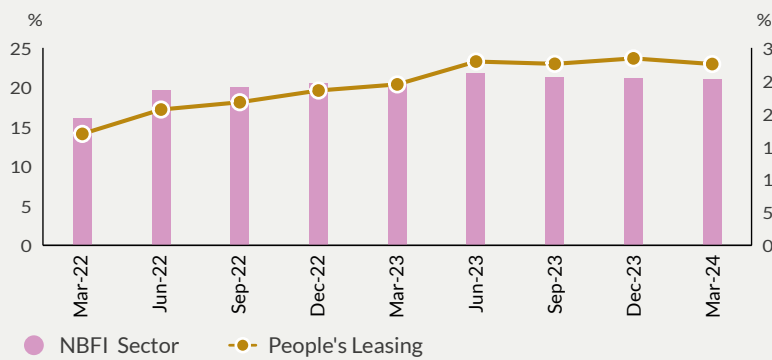
	Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023
Liquidity Risk	Liquid assets ratio	%	Internal	>100	375.27	379.44
	Maturity mismatch ratio (up to one year)	%		>-45	0.97	7.68
	Facilities granted from stable sources	%		<150	93.73	86.50
	Maximum single depositor concentration	%		<5	2.94	1.59
	Exposure to bulk deposits (over Rs. 50 million)	%		<20	11.95	10.13

Liquidity Risk Update - FY 2023/24

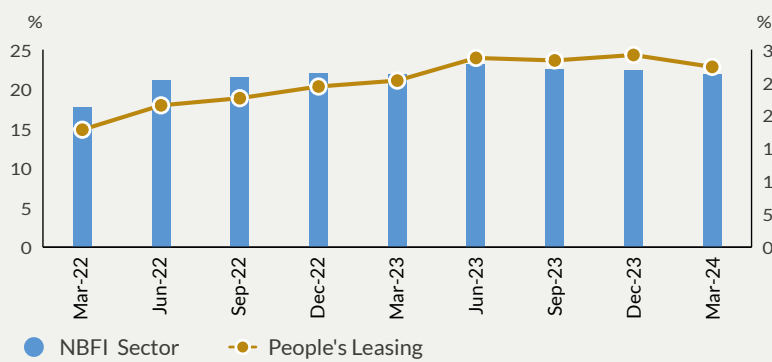
Total Liquid Assets to Liquid Asset Ratio



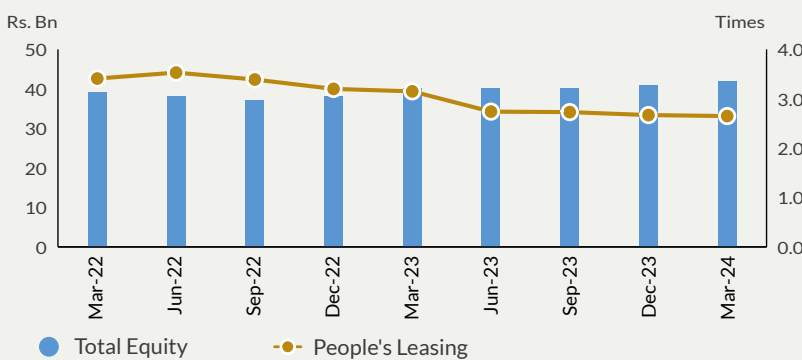
Core Capital to Risk Weighted Assets



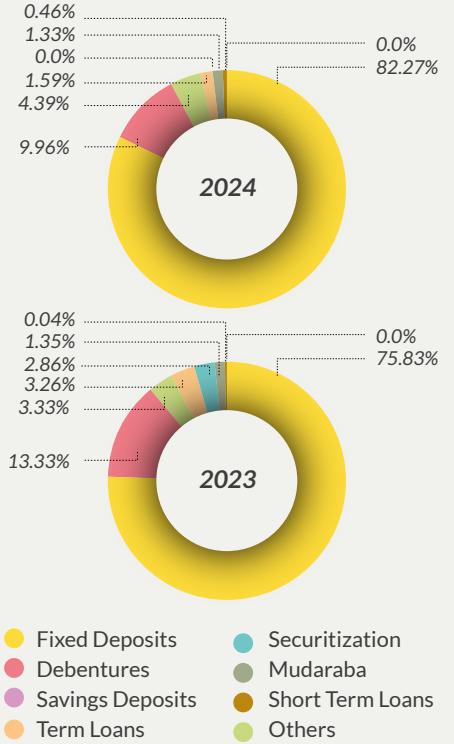
Capital Base to Risk Weighted Assets



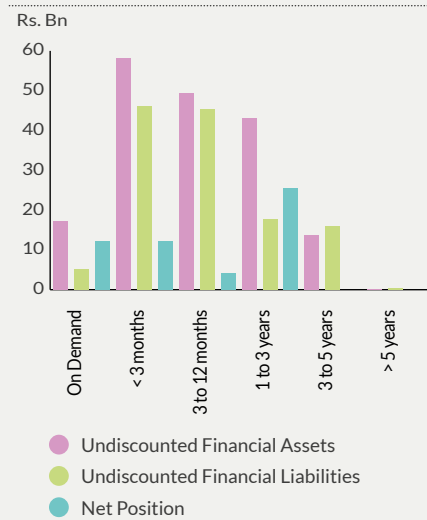
Borrowing to Equity (times)



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.

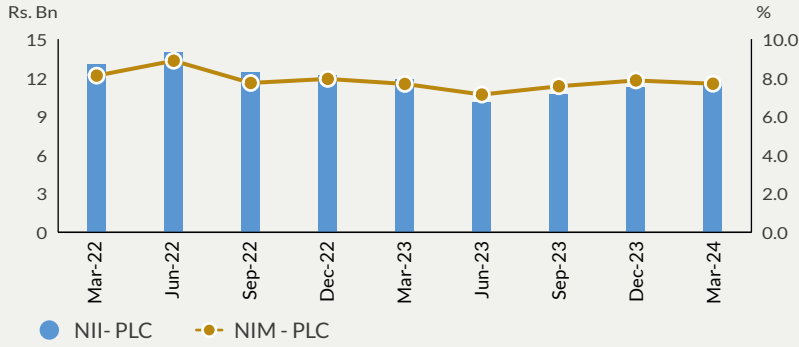
Market Risks applicable to People's Leasing	Management Approach	KRI's	Tolerance Limit
Interest Rate Risk (IRR) - the risk of loss resulting from unfavourable movements in interest rates	The Treasury regularly monitors the interest rate environment and the movement of key interest rate indices. Such as 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

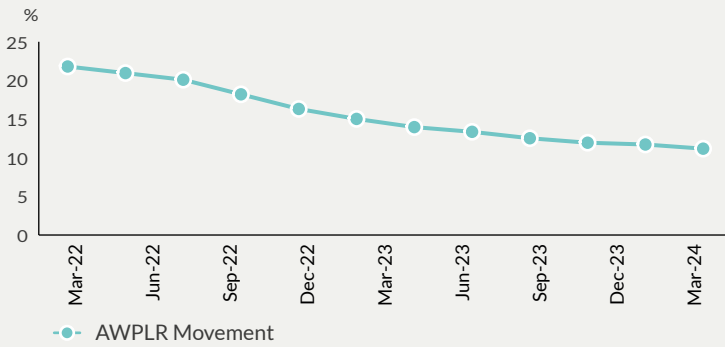
Risk Indicator	Unit	Risk Environment	Appetite	31.03.2024	31.03.2023
Market Risk	Interest rate sensitivity	External	<6	0.92	1.12
	Repricing gap ratio (up to one year)		>-20	13.01	13.76

Market Risk Scorecard - FY 2023/24

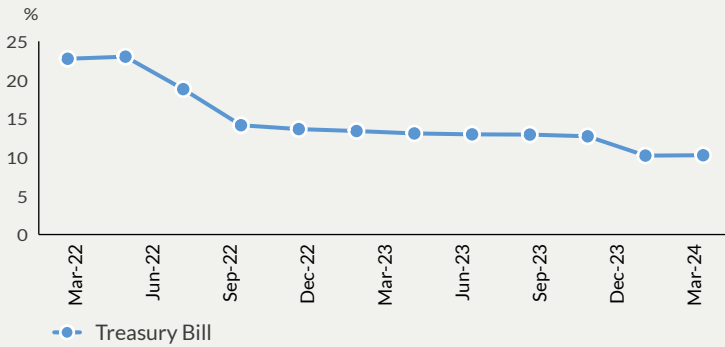
Net Interest Income & Net Interest Margin



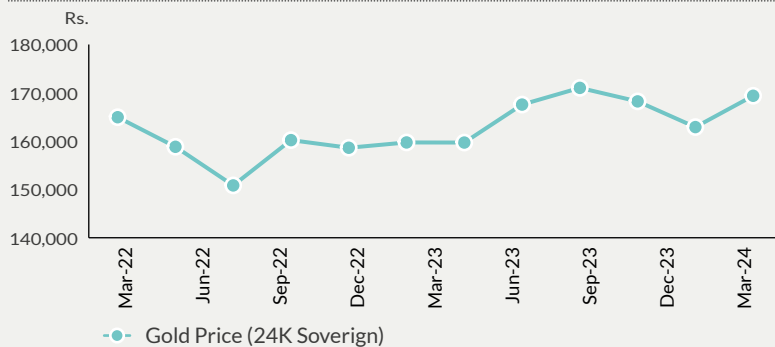
AWPLR Movement



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.

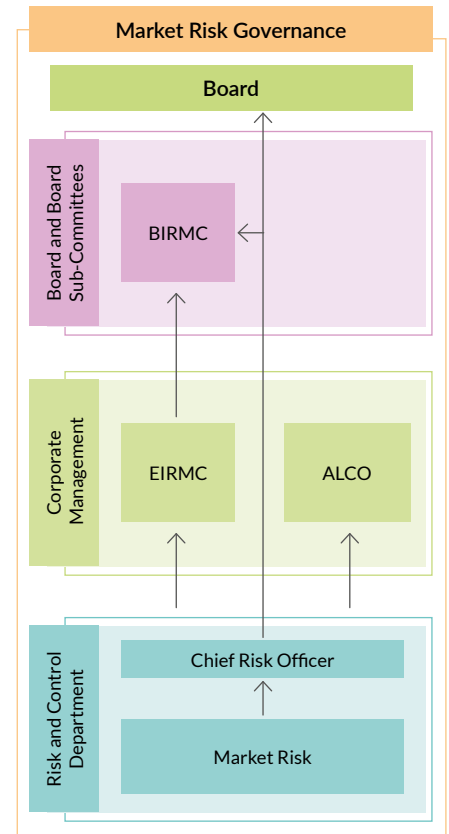
OPERATIONAL RISK UPDATE FOR FY 2023/24

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.

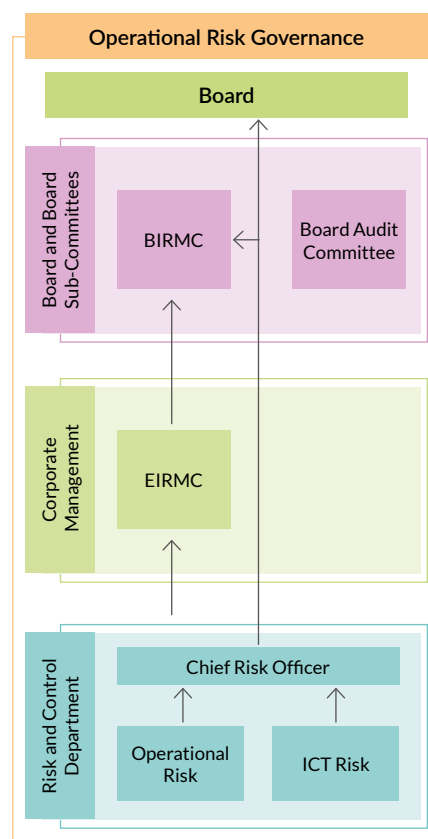
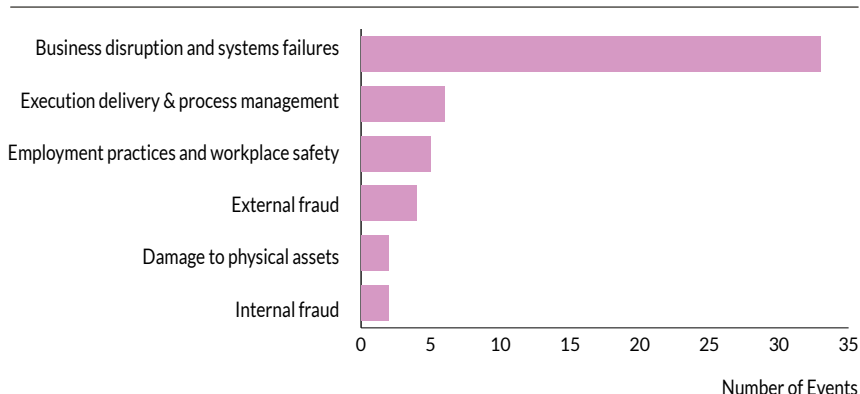
Meanwhile with employee attrition proving to be a key challenge in the current year, the Company took broad based action to retain key personnel. Full details regarding these efforts are captured in the Human Capital Report on pages 124 to 135.



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