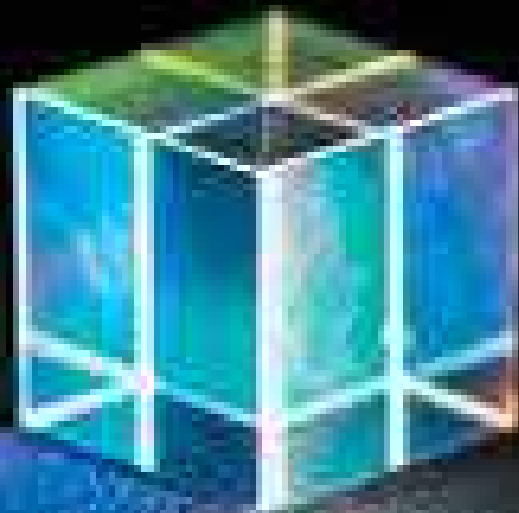


MULTI-DIMENSIONAL



**PEOPLE'S
LEASING**

செலுத்தும் இடம் / பண்புள்ளவர் லீசிங்
THE TRUSTED LEADER

**PEOPLE'S LEASING & FINANCE PLC
ANNUAL REPORT 2022/23**



MULTI-DIMENSIONAL

At People's Leasing, amidst adverse circumstances, we have navigated ourselves successfully, emerging dynamically and conquering pinnacles of multidimensional heights. Our company is embedded with appreciable traits of versatility and adaptability to embrace challenges fearlessly and are responsive in implementing ground breaking and innovational solutions for the benefit of our stakeholders.

Our inspirational people and communities are our greatest treasure and we are committed to ensuring their well-being and security. We remain committed to prioritizing sustainability and reducing our carbon foot print in the financial sector, developing environmentally-friendly solutions for a greener and brighter tomorrow.



**PEOPLE'S
LEASING**

பிபிள்ஸ் லீசிங்
THE TRUSTED LEADER

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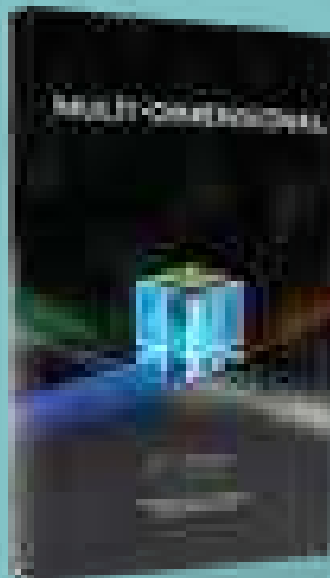
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STEWARDSHIP

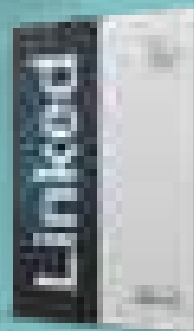
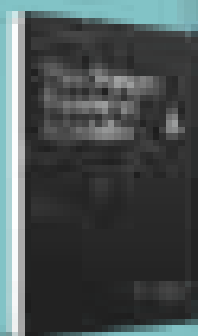
ABOUT THE REPORT

CELEBRATING A DECADE OF REPORTING EXCELLENCE

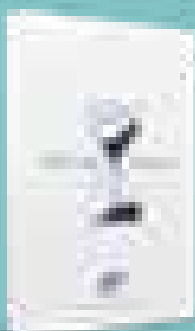
Since starting its integrated reporting journey in 2014, People's Leasing & Finance PLC has published its annual report using the integrated reporting format. The current report - the 10th integrated report published by the Company demonstrates the commitment to consistently improve the information published to ensure the report reaches a wider target audience.



Winner,
Leasing and
Finance
Sector -CMA

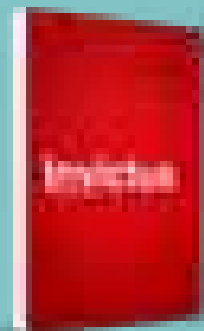
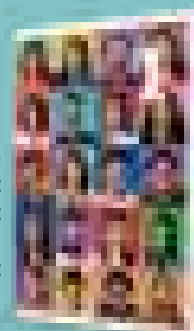


Winner –State Owned
Enterprises –
Leasing Sector

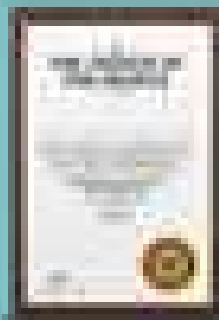


Grand Award for
the Best Annual
Report of Sri
Lanka at the 31st
International
ARC Awards

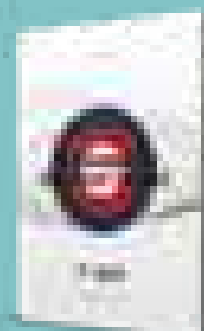
Became the
joint winner at
the SAFA Best
Presented
Annual Report
Awards



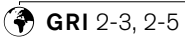
A Gold Award in the Finance
Companies and Leasing
Companies Sector



Silver - Overall Excellence in Financial
Reporting - CA Sri Lanka



Overall Second Runner Up -
CMA



SCOPE AND BOUNDARY

The FY 2022/23 integrated report covers the period 01 April 2022 to 31 March 2023 and includes both financial and non-financial performance data resulting from the Company's core business activities and licensed financial services.

The report also makes mention of the activities of the wider People's Leasing Group, including five subsidiaries in Sri Lanka and one in overseas.

Content Quality Improvements in FY 2022/23 Report

- Socio Economic Impact Indicators - (pages 7 to 14)
- Horizontal / Vertical Financial Analysis - Financial Capital (pages 68 to 71)
- Governance System Transparency - Corporate Governance Report (pages 129 to 141)
- Additional Risk Disclosures - Risk Management Review (pages 195 to 213)

REPORTING FRAMEWORKS

Integrated Reporting

- International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework

Financial Reporting

- 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 Sri Lanka

Risk and Governance Reporting

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- Finance Business Act Direction No. 05 of 2021 on Corporate Governance

Sustainability Reporting

- Global Reporting Initiative (GRI) Standards - "In Accordance"
- United Nation's Sustainable Development Goals (SDG's)

NAVIGATING OUR REPORT

THE CAPITALS

Financial Capital



FC

Manufactured Capital



MC

Intellectual Capital



IC

Human Capital



HC

Social and Relationship Capital



SC

Natural Capital



NC

STAKEHOLDERS

Customers



C

Employees



E

Investors



I

Business Partners



BP

Government and Regulators



G/R

Local Communities



LC

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 determination process is viewed as a critical business tool that facilitates integrated thinking. Premised on this, the principle of Materiality has been applied when assessing what information is to be included in this integrated report. Accordingly, this report focuses particularly on those matters, opportunities and challenges that have a material impact on People's Leasing & Finance PLC and its ability to be a sustainable business that consistently delivers value to its key stakeholders over the short, medium and long term.

PRECAUTIONARY APPROACH

The report highlights the Company's efforts to adopt the precautionary approach for the management of sustainability issues and to strengthen decision-making especially under conditions of uncertainty. The approach is supported by a standardised enterprise-wide risk management system to systematically record and assess social and environmental risks at regular intervals in order to mitigate any possible impact resulting from People's Leasing's products, services or operations.

SOURCES OF INFORMATION

All information used for the preparation of this report has been obtained through interviews with senior management from respective business units and from the management information system. Where appropriate references have been made to external research reports and other third party sources. All external sources have been quoted as relevant.

ASSURANCE

Assurance of this report is provided by a combination of internal and external sources. The content included in this Integrated Report has been approved by the respective business heads and reviewed by the Board Audit Committee prior to submission to the Board of Directors for approval.

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 221 to 223 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 218. Assurance on compliance with GRI requirements is provided by Ernst & Young and their report is set out on pages 360 to 361.



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

Certain statements in this integrated report may be construed as "forward-looking". While such information is believed to be pertinent at the date of publishing, it is likely that actual results and performance in the future, may differ from what is implied by such statements due to various reasons. Readers are therefore cautioned not to place undue reliance on such forward looking statements. Moreover the Board of Directors of People's Leasing & Finance PLC expresses no obligation to update any revisions to these statements publicly after the date of this report.

BOARD RESPONSIBILITY

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 2022/23 has been prepared in compliance with all applicable regulatory requirements and in adherence to reporting best practices.

Annual Report of the Board of Directors on the Affairs of the Company on pages 171 to 176 includes an acknowledgement of the Directors' responsibilities with regard to the Annual Report.

FEEDBACK

In its endeavour to continuously improve its reporting processes, the Company welcomes feedback on the effectiveness of this report.

Any feedback and queries should be directed to:

The Assistant 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

ABOUT US

PEOPLE'S LEASING & FINANCE PLC (PEOPLE'S LEASING/THE COMPANY) IS A LEADING NON-BANK FINANCIAL INSTITUTION IN SRI LANKA AND A SUBSIDIARY OF PEOPLE'S BANK, ONE OF THE LARGEST STATE-OWNED BANKS IN THE COUNTRY. COMMENCING OPERATIONS IN 1996 AS A SPECIALISED LEASING COMPANY, PEOPLE'S LEASING WAS LISTED ON THE COLOMBO STOCK EXCHANGE IN 2011. PEOPLE'S LEASING HAS GROWN TO BECOME A DIVERSIFIED NON-BANKING FINANCIAL POWERHOUSE WITH SIX SUBSIDIARIES IN ALLIED AREAS OF SPECIALISATION INCLUDING AN OVERSEAS VENTURE IN BANGLADESH.

VISION

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

MISSION

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

VALUES

- Economic Viability
- Social Accountability
- Environmental Responsibility

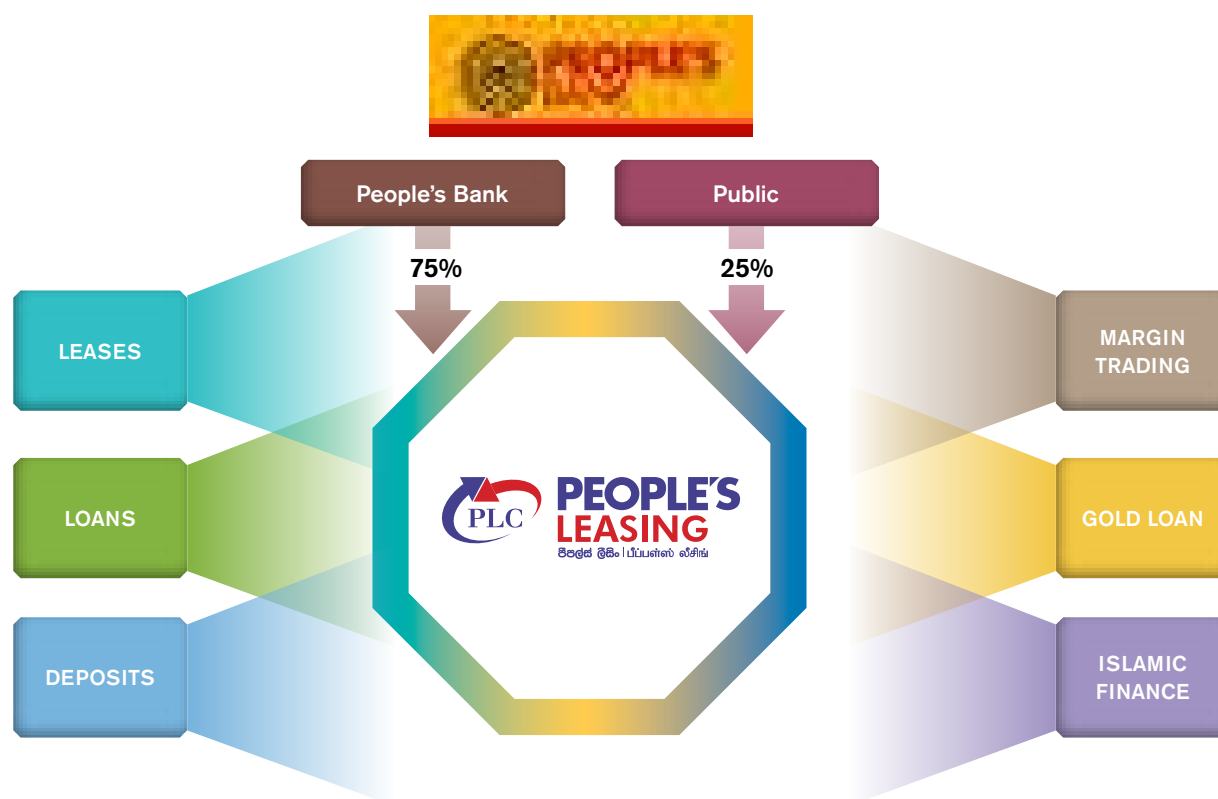


A People's Business	383,715 Depositors	114,246 Borrowers	2,114 Employees
Market Share	10.46% Total Assets	11.11% Deposits	9.85% Loans and Advances
Key Valuations	Rs. 16.13 Bn Market Capitalisation	Rs. 6.51 Bn Brand Valuation	Rs. 39.79 Bn Net Assets



AN INCLUSIVE FINANCIAL SERVICES GROUP

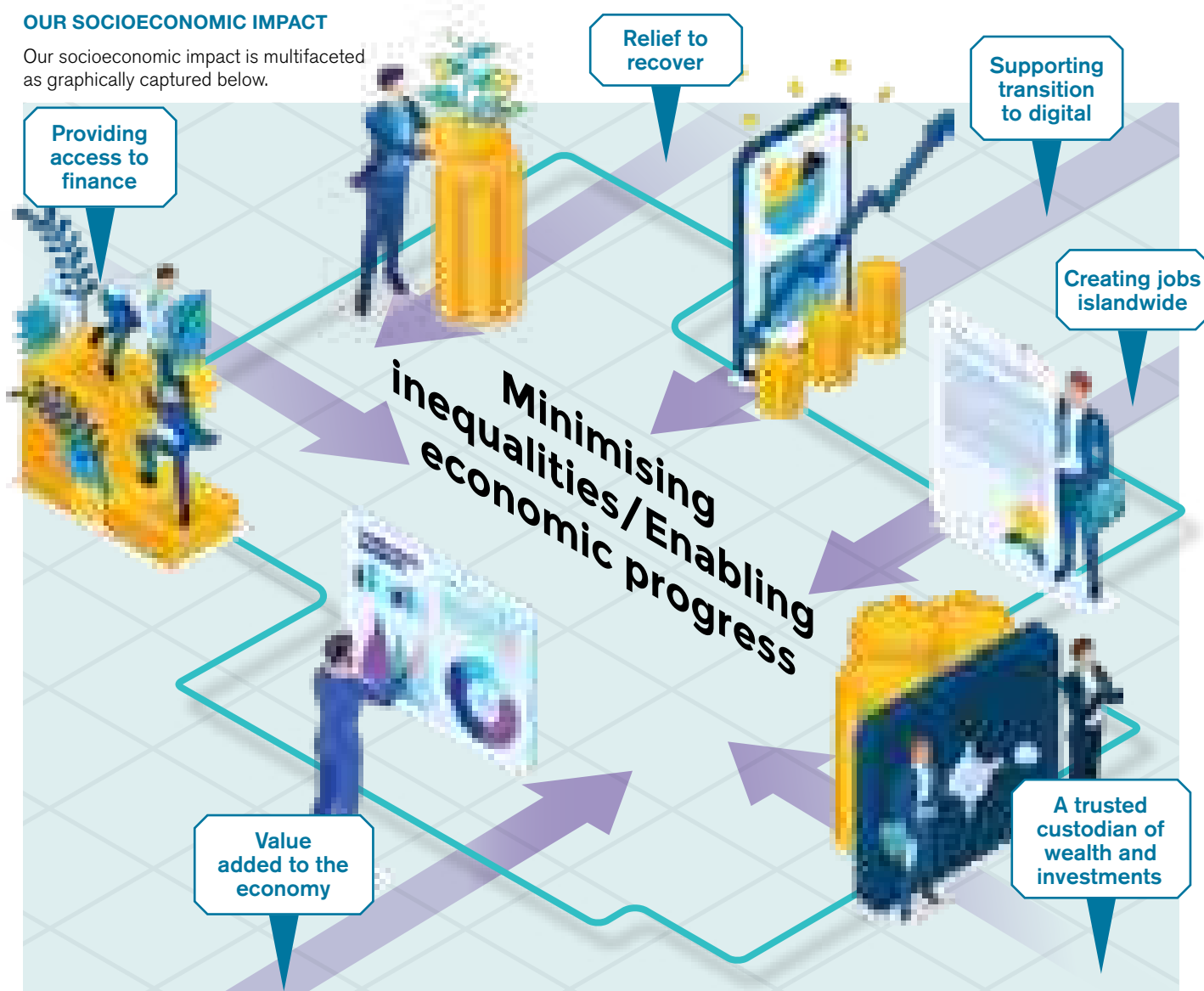
Founded on inclusive principles, People's Leasing is synonymous with access to finance in the country for start-ups, microentrepreneurs and SMEs which are the backbone of the country's economy. As a subsidiary of People's Bank, the Company also benefits from the strong domestic franchise of the parent that supported its growth through the initial years. Over 25 years of operations, People's Leasing has grown to become a financial powerhouse with subsidiaries offering specialised products that complement the core business.



Subsidiary	People's Insurance PLC	People's Micro-Commerce Ltd.	People's Leasing Fleet Management Ltd.	People's Leasing Property Development Ltd.	People's Leasing Havelock Properties Ltd.	Lankan Alliance Finance Ltd.
Ownership	75%	100%	100%	100%	100%	51%
Principal Activities	Carrying out general insurance business	Providing nonbank financial services to individuals who lack access to conventional banking and micro enterprises	Vehicle valuation and insurance assessment	Carrying out mixed development projects and property development activities	Operates an office complex	Providing leasing of movable and immovable properties and providing loans
Country of Incorporation and Operations	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Sri Lanka	Bangladesh
No of Employees	601	145	82	7	2	44
Profit after tax (Rs. million)	804.60	48.54	45.17	49.85	(132.48)	200.23
Assets (Rs. million)	11,728.25	2,621.39	444.29	1,463.16	1,839.26	13,444.27

OUR SOCIOECONOMIC IMPACT

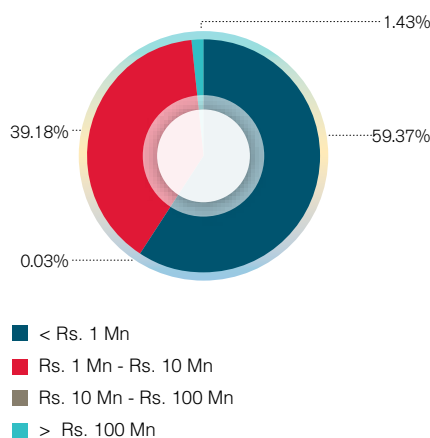
Our socioeconomic impact is multifaceted as graphically captured below.



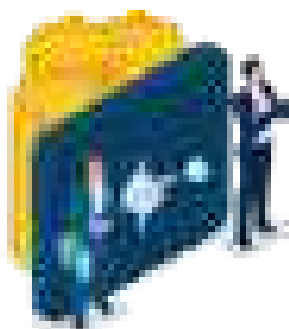
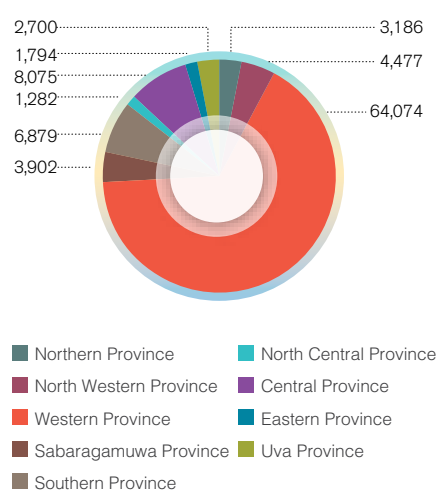
A TRUSTED CUSTODIAN OF WEALTH AND INVESTMENTS

As a leading NBFI with an islandwide presence, we reach the people who are underbanked with structured products for investment and wealth creation that are readily understood by the vast majority of population.

Number of Fixed Deposits Based on Value



Province wise Fixed Deposits Base



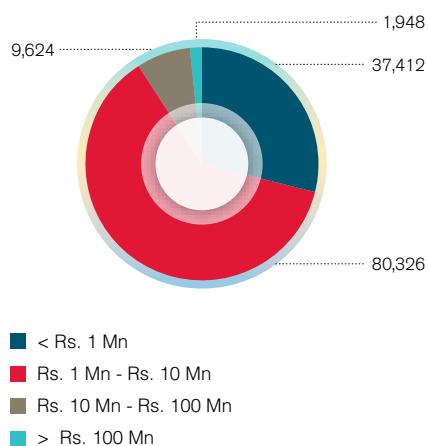


PROVIDING ACCESS TO FINANCE

Typically, our loan sizes are smaller and reach a larger number of people who become the thriving businesses of tomorrow. Our inclusive approach ensures that our products are aligned with customers' requirements including their amounts, tenures while our Islamic products cater to the specific requirements of Shariah law.

Number of Loans, Leases and Other Advances Based on value

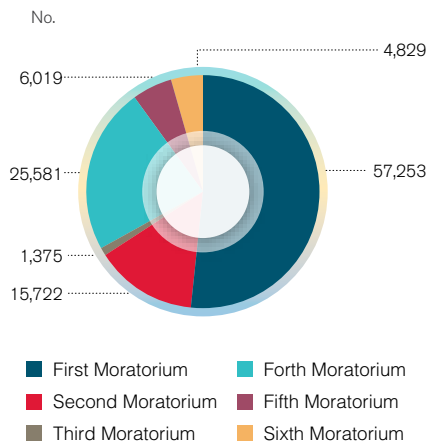
Rs.Mn.



RELIEF TO RECOVER

People's Leasing continued to support the customers through the seismic shocks of the past three years that have accelerated the economic deterioration of the country and continue to do so to the present date.

Number of Facilities under Moratorium



SUPPORTING TRANSITION TO DIGITAL

We are committed to inclusive digitalisation, ensuring that we take our customers along the journey taking into consideration the affordability and access to various technologies for people.



14,006

Downloads



PLC ONLINE

99,262 transactions

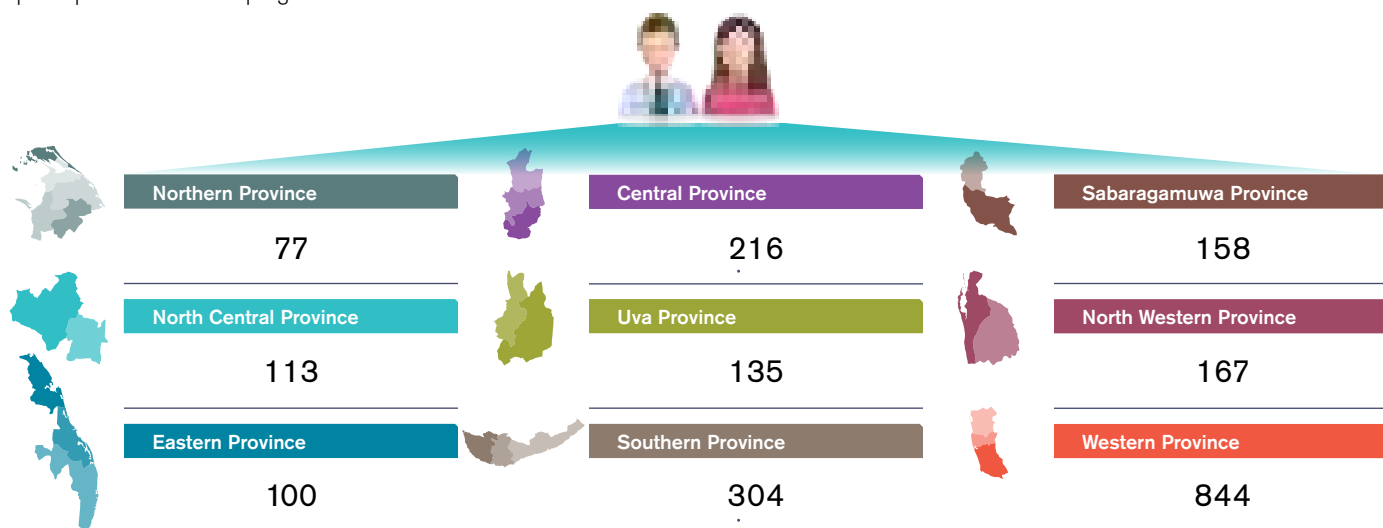
worth of **RS. 4.66 BN**

processed via PLC Online transfer



CREATING JOBS ISLANDWIDE

An islandwide presence has created jobs for 2,114 employees throughout the country, across all provinces ensuring that all provinces participate in economic progress.





VALUE ADDED TO THE ECONOMY

The value added to the economy is set out in the value added statements below.

Economic Value Added (EVA)

Given to the challenging economic context as well as significantly tight monetary policy the Company experienced a notable hike in economic cost reflecting a deterioration in economic value for the year 2022/23 compared to Rs. 845.48 million addition in last year. This economic value was computed considering an economic charge equivalent to the Average 365 Days Treasury Bill rate plus a 2% risk premium.



Economic Value Added		
For the Year	2022/23 Rs. million	2021/22 Rs. million
Profit Attributable to		
Shareholders	3,017.64	4,659.01
Add : Market building expenses for the year	100.34	189.63
Add : Impairment charge for the year	521.69	619.63
Add : Deferred tax charge/(reversal) for the year	(147.28)	(673.45)
	3,492.39	4,794.82
 Economic cost % (Average Treasury Bill Rate + 2 % risk premium)	29.12%	8.61%
Economic cost	14,149.30	3,949.34
Economic Value Addition	(10,656.91)	845.48

Market Value Added (MVA)

Due to lacklustre performance of the capital market throughout the year, the share price of the Company declined causing a decrease in market value added as at 31 March 2023.

Market Value Added		
For the Year	2022/23 Rs. million	2021/22 Rs. million
Market Capitalization/Market Value of Equity	16,130.88	15,286.28
Less : Shareholders' funds	39,792.07	38,818.31
Market value added/(declined)	(23,661.19)	(23,532.03)

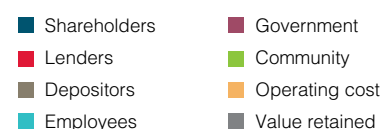
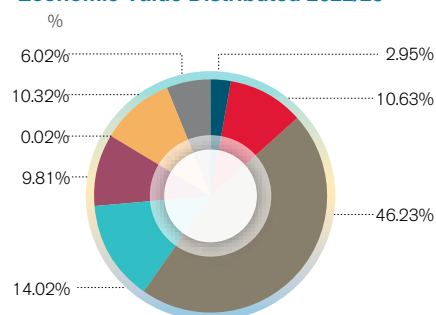


DISTRIBUTION OF VALUE ADDED

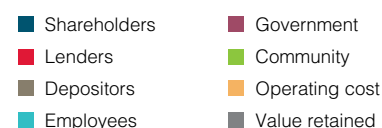
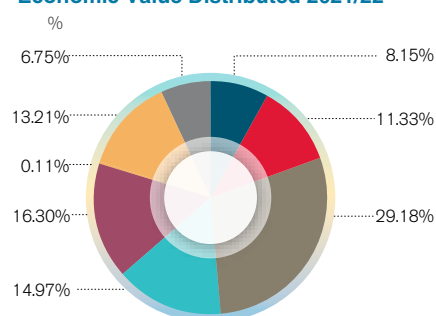
Economic value generated reflects an increase of 19.73% compared to the last year mainly due to the increase in interest income whilst economic value distributed also reflects a notable improvement of 20.68%. Interest paid to deposit holders indicates a significant improvement given to the re-pricing of deposits at higher rates under increased interest rates. Despite of the challenging operating context economic value distributed to employees also evidenced an improvement of 12.15%. However, economic value distributed to government, community and shareholders indicate a decline compared to the previous year.

	2022/23 Rs. million	2021/22 Rs. million
Direct economic value generated		
Interest Income	30,196.59	23,881.53
Fees and commission income	1,265.29	1,876.52
Other operating income	556.43	983.33
Economic value generated	32,018.31	26,741.38
Economic value distributed		
To providers of capital		
Dividend to equity holders	943.60	2,179.93
Interest to borrowings	3,403.47	3,029.26
Interest to deposit holders	14,803.48	7,802.92
	19,150.54	13,012.11
To Employees		
Salaries and other benefits	4,488.55	4,002.41
	4,488.55	4,002.41
To Government		
Income tax expenses	1,471.39	2,664.54
Tax on financial services	1,631.47	1,645.11
Other taxes paid	39.64	48.51
	3,142.50	4,358.16
To Community		
On corporate social responsibility CSR and donation	6.58	29.40
	6.58	29.4
Operating Cost		
Depreciation and amortisation	698.57	700.04
Impairment charges for loans and receivables and other losses	568.49	777.04
Other operating expenses	2,036.32	2,056.59
	3,303.38	3,533.67
Economic value distributed	30,091.54	24,935.75
Economic value retained	1,926.76	1,805.63

Economic Value Distributed 2022/23



Economic Value Distributed 2021/22

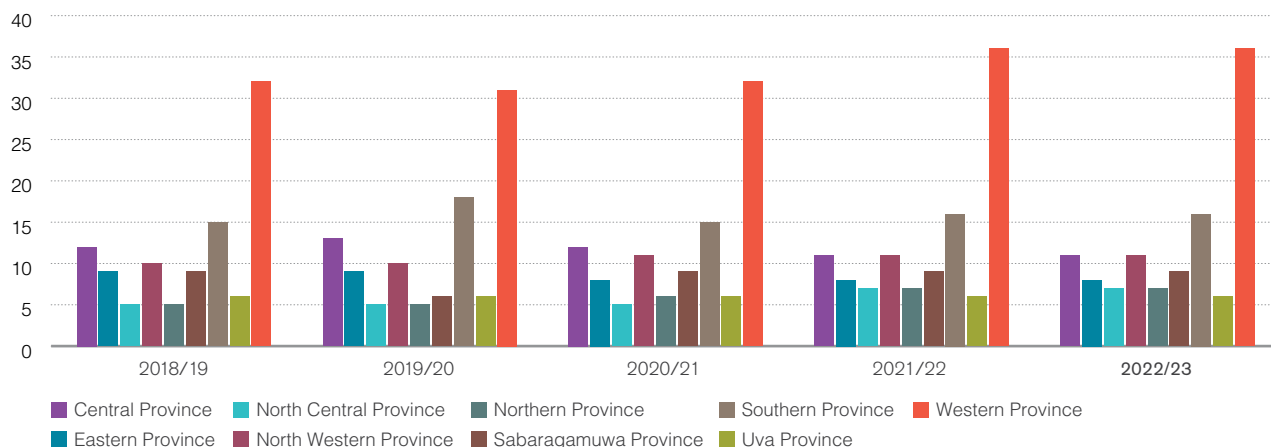


SOCIO ECONOMIC IMPACT

DRIVING ECONOMIC ACTIVITY

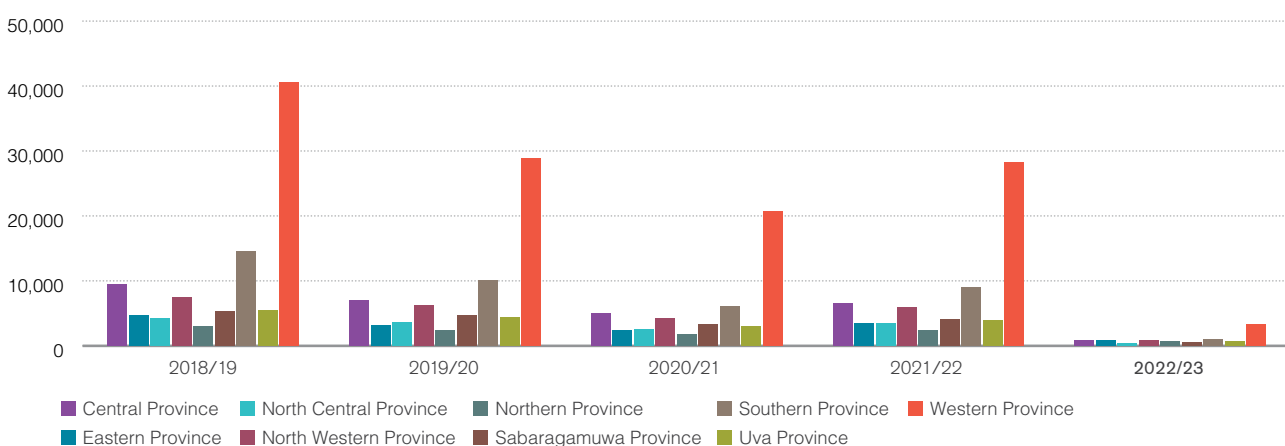
CUSTOMER OUTREACH (REGION-WISE) - 5 YEAR TREND

No. of Branches



CREDIT GRANTED (REGION-WISE) - 5 YEAR TREND

Rs.Mn



KEY ECONOMIC SECTORS SUPPORTED (SECTOR DISTRIBUTION) - 5 YEAR TREND

Sector (Rs.Mn)	2018/19	2019/20	2020/21	2021/22	2022/23
Agriculture, Forestry & Fishing	23,499.01	30,535.23	30,661.01	32,571.68	27,151.04
Arts, Entertainment & Recreation	580.39	1,198.41	1,406.14	1,314.46	954.55
Construction & Infrastructure Development	12,008.98	11,861.23	10,972.65	9,797.91	8,528.73
Consumption	9,085.09	8,982.85	7,819.77	8,618.67	8,013.86
Education	1,671.12	1,790.15	1,888.25	2,090.85	1,707.70
Financial Services	4,360.89	4,881.76	7,268.79	10,787.17	8,776.85
Health Care, Social Services & Support Services	33,836.25	18,588.70	12,134.88	9,010.96	7,354.25
Information Technology and Communication	1,193.54	1,419.85	1,536.11	1,726.88	1,304.97
Manufacturing	8,172.22	9,267.97	9,094.44	9,441.73	7,247.72
Professional, Scientific & Technical Activities	3,926.51	8,042.77	10,814.47	13,558.69	10,064.88
Tourism	3,727.50	4,337.27	3,666.97	3,314.79	2,690.00
Transportation & Storage	31,528.81	35,230.79	33,506.08	35,116.00	24,861.24
Wholesale & Retail Trade	18,754.63	18,168.98	18,498.32	20,787.61	14,994.17
Other	4,307.30	2,191.79	1,387.98	3,024.62	1,037.25
Gross Total	156,652.24	156,497.75	150,655.85	161,162.02	124,687.20

DIVIDEND PAID TO SHAREHOLDERS - 5 YEAR TREND

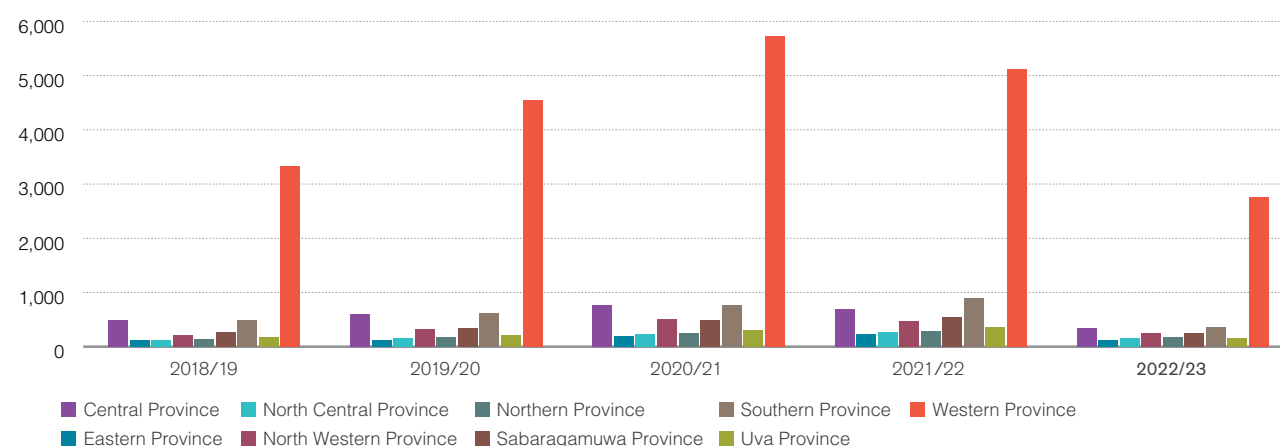
Dividend Paid (Rs.Mn)

2018/19	2019/20	2020/21	2021/22	2022/23
1,975	1,929	977	2,180	944

INCREASING AGGREGATE NATIONAL SAVINGS

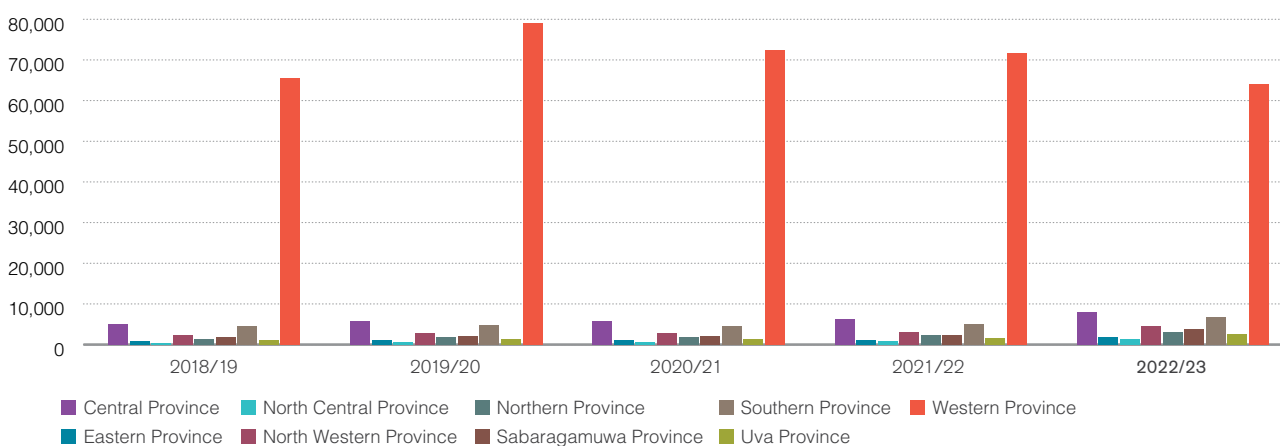
SAVINGS BASE (region-wise) - 5 year trend

Rs.Mn



FIXED DEPOSITS BASE (REGION-WISE) - 5 YEAR TREND

Rs.Mn



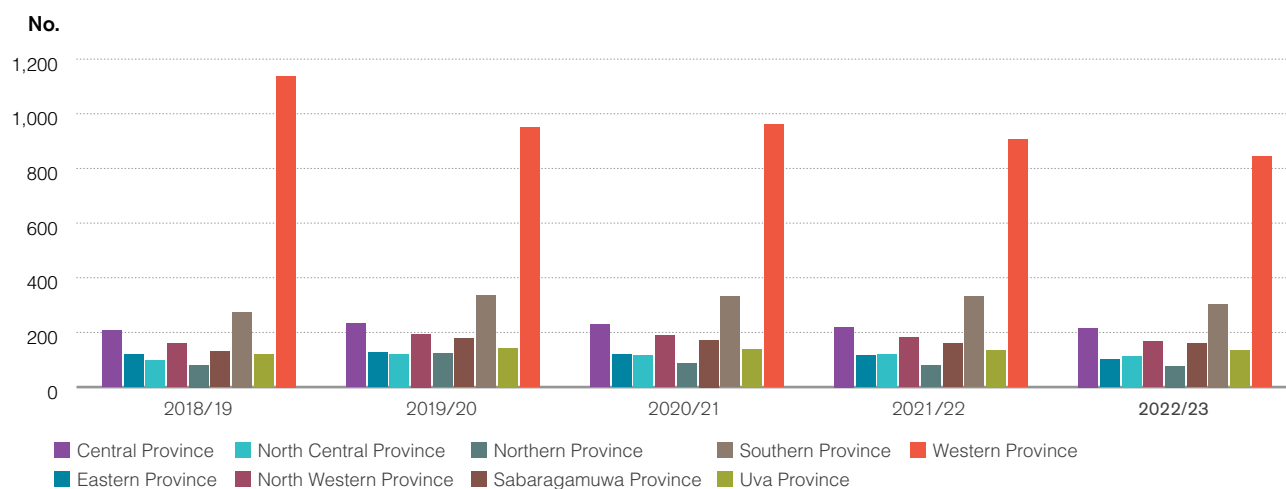
STRENGTHENING CUSTOMER RESILIENCE

MORATORIUM GRANTED

	Number of Moratoriums
First Moratorium	57,253
Second Moratorium	15,722
Third Moratorium	1,375
Fourth Moratorium	25,581
Fifth Moratorium	6,019
Sixth Moratorium	4,829

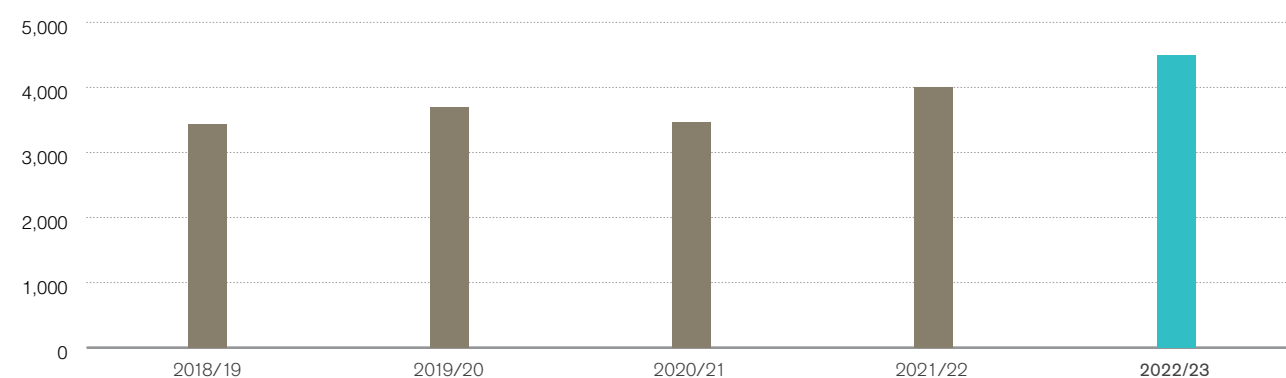
EMPLOYMENT OPPORTUNITIES

TOTAL EMPLOYEES (REGION-WISE) - 5 YEAR TREND



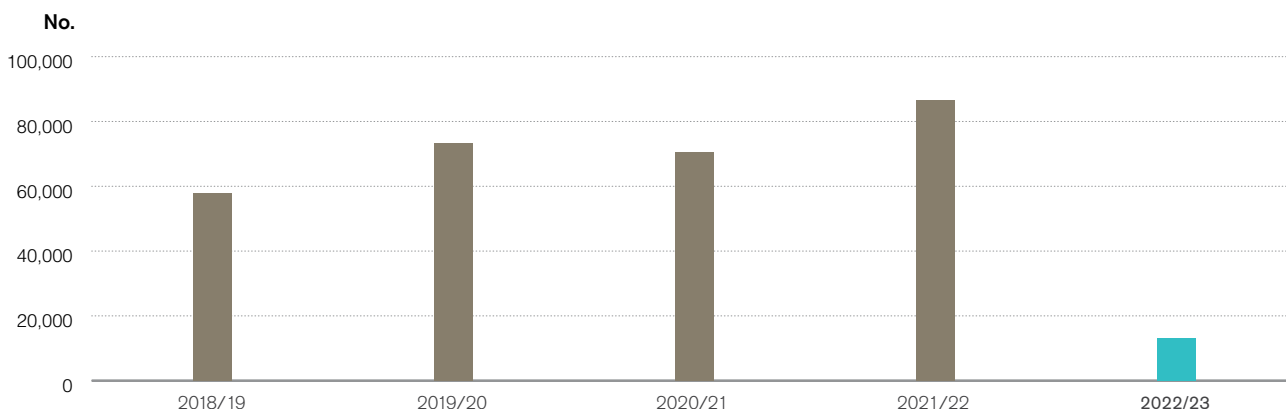
TOTAL PAYMENTS TO EMPLOYEES - 5 YEAR TREND

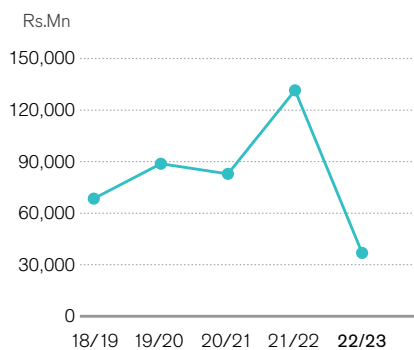
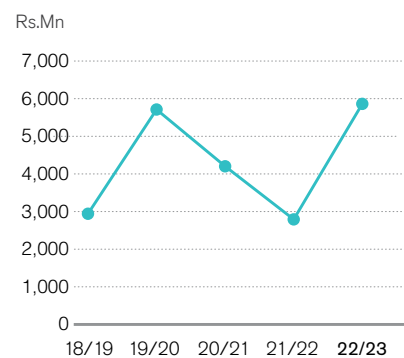
Rs.Mn



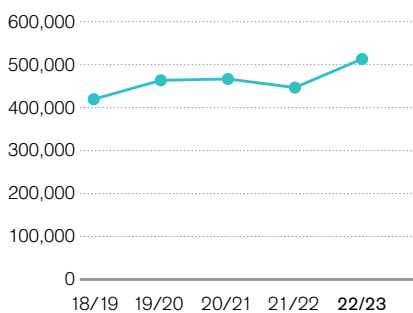
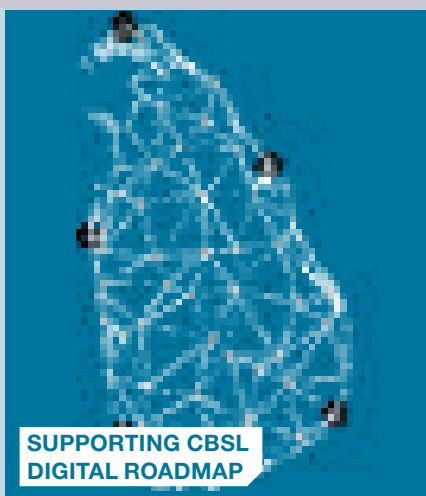
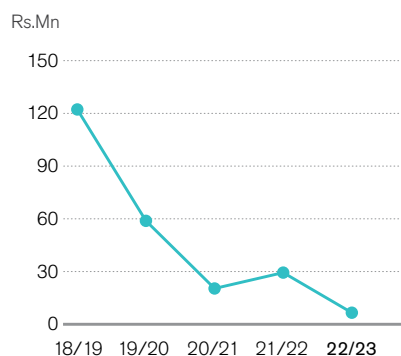
LIVELIHOOD DEVELOPMENT

NUMBER OF SUPPLIERS - 5 YEAR TREND



PAYMENTS TO SUPPLIERS - 5 YEAR TREND**CONTRIBUTION TO GOVERNMENT REVENUE (TAXES PAID - 5 YEAR TREND)****Digital transaction volumes - 5 year trend**

Volume of Digital Transactions

**SUPPORTING CBSL DIGITAL ROADMAP****COMMUNITY WELL-BEING****AMOUNT SPENT ON CSR (REGION-WISE) - 5 YEAR TREND****PROJECT FOCUS****Upliftment of education/Enterprise development and financial literacy building****Rs. 5.22 Mn****Empowerment of local community****Rs. 0.35 Mn****Environmental conservation****Rs. 1.01 Mn**

Focus Area	2019/20	2020/21	2021/22	2022/23
Empowerment of local community	38,159,216.97	7,061,462.00	27,483,181.00	350,000.00
Environmental conservation	3,316,545.10	2,773,749.05	1,870,913.00	1,005,002.00
Upliftment of education/ Enterprise development and financial literacy building	17,374,669.61	10,540,405.00	50,000.00	5,222,030.45
Total	58,850,431.68	20,375,616.05	29,494,094.00	6,577,032.45

PERFORMANCE HIGHLIGHTS - COMPANY

Financial Capital



For the Year	2022/23	2021/22	2020/21
Net interest income (Rs. billion)	11.99	13.05	11.92
Profit after tax (Rs. billion)	3.02	4.66	4.03
Impairment charges and other losses (Rs. billion)	0.57	0.78	1.14
Total assets (Rs. billion)	171.07	180.76	164.55
Shareholders' funds (Rs. billion)	39.79	38.82	34.34
Deposits (Rs. billion)	100.94	103.37	101.50
Loans and receivables portfolio (Rs. billion)	114.28	151.27	141.39
Market capitalisation (Rs. billion)	16.13	15.29	20.11
Net assets per share (Rs.)	19.49	20.57	20.15
Closing market price per share (Rs.)	7.90	8.10	11.80
Dividend payout ratio (%)	31.28	46.79	24.22

Manufactured Capital



For the Year	2022/23	2021/22	2020/21
Branches (Nos.)	111	111	104
Gold loan operating branches (Nos.)	89	46	41

Intellectual Capital



For the Year	2022/23	2021/22	2020/21
Brand value (Rs. billion)	6.51	6.51	8.13
Intangible assets (Rs. million)	19.19	21.97	146.45
Cumulative service of employees (years)	Over 18,000	Over 18,000	Over 17,000

Human Capital



For the Year	2022/23	2021/22	2020/21
Total number of employees (Nos)	2,114	2,245	2,343
Retention ratio (%)	89.22	90.16	93.80
New recruits (Nos.)	85	144	81

Social and Relationship Capital



For the Year	2022/23	2021/22	2020/21
Lending customers (Nos.)	114,246	125,789	117,773
Deposit customers (Nos.)	383,715	309,977	291,319
Number of vehicle suppliers (Nos.)	10,242	40,118	31,665
Total active business partners	36,876	46,560	38,890
Investment in local communities (Rs. million)	5.57	27.53	20.38

Natural Capital



For the Year	2022/23	2021/22	2020/21
Carbon footprint (tCO2e)	1,802.27	4,681.72	3,833.50
Investment on natural environment (Rs. million)	1.01	1.87	2.77

SUSTAINABILITY REPORT

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

As a large financial institution, we believe it is our duty to lead the NBFi sector transition towards a more sustainable business model that not only prioritises financial results but allocates equal importance to ESG (Environmental, Social and Governance) aspects.

Taking the first steps to create a formal mechanism to embed ESG considerations into our business model, a Sustainability Steering Committee was established in early 2023 to study and understand the Guidelines for Sustainable Finance Activities issued by the Central Bank of Sri Lanka in November 2022.

The Committee consists of the Chief Executive Officer/GM, Chief Operating Officer (COO), Head of Branch Network, Head of Operations, and Head of Sustainable Finance. As per the Board approved Terms of Reference, the Committee has been mandated to take a transformative 360 approach to ensure a smooth transition to a sustainable business model. In this regard the Committee is tasked with identifying gaps in the current business model, including unsustainable business practices to operate as a responsible financial services provider lending in a responsible and ethical manner. At the same time the Committee will play an advisory role in supporting corporate management to integrate sustainability into organisational strategy across all business functions, so that sustainability is truly embedded throughout the organisation.

The Committee has set out short, medium and long term targets to achieve its stated purpose to enact change both from the inside out as well as from the outside in.

Short Term Targets (1 -2 years)

- Strengthen the governance framework to oversee Sustainable Finance related business activities.
- Develop an internal framework comprising Sustainable Finance guidelines and tools
- Strengthen the ESG monitoring mechanism and integrate the evaluation of the ESG considerations into the internal operational tools
- In - house capacity building on Sustainable Finance and ESG
- Capacity building of our most valuable stakeholders customers, suppliers and community on Sustainable Finance ,ESG and financial inclusivity including the younger generation via external awareness sessions and digital platforms



- Support green and socially inclusive projects



- Transformation of new and existing PLC branches as "Green Branches"



Medium Term Targets (3 -5 years)

- Develop sustainable products complying to the Sri Lanka Green Finance Taxonomy



- Engage with Internationally recognised entities to get assistance for funding, capacity building, research and tools development



Long Term Targets (>5 years)

- Diversify business in line with national identified priorities (to transform as a sustainable nation – with emphasis on quality and accessible education, healthcare, elderly and child care) with like-minded solid partnerships/ mergers/acquisitions



OUR CORPORATE GUIDING PRINCIPLES AS A PURPOSEFUL BUSINESS.

Our purpose is to promote financial inclusivity, and to provide advisory solutions to empower businesses and support livelihoods, including those of small and medium entrepreneurs.

We have an inclusive governance system that safeguards transparency and accountability as we deliver on our purpose.

We are committed to achieving our purpose by providing responsible, ethical and inclusive financial solutions, and by ensuring equitable returns to our stakeholders.

Economic viability, environmental responsibility and social accountability stand as the core values inherent in all our business operations.

We ensure that our core values are embedded into our management processes, contributing towards a culture of good corporate citizenship.

We strive to minimise our impact on the environment through sustainable resource optimization and responsible lending.

We secure our social license to operate by responding to stakeholder concerns identified through year round effective stakeholder engagement.

We build our staff capacity, including digital literacy, to ensure that they deliver a superior service experience.

We support the advancement of national and global frameworks that promote sustainable development.



Shamindra Marcelline

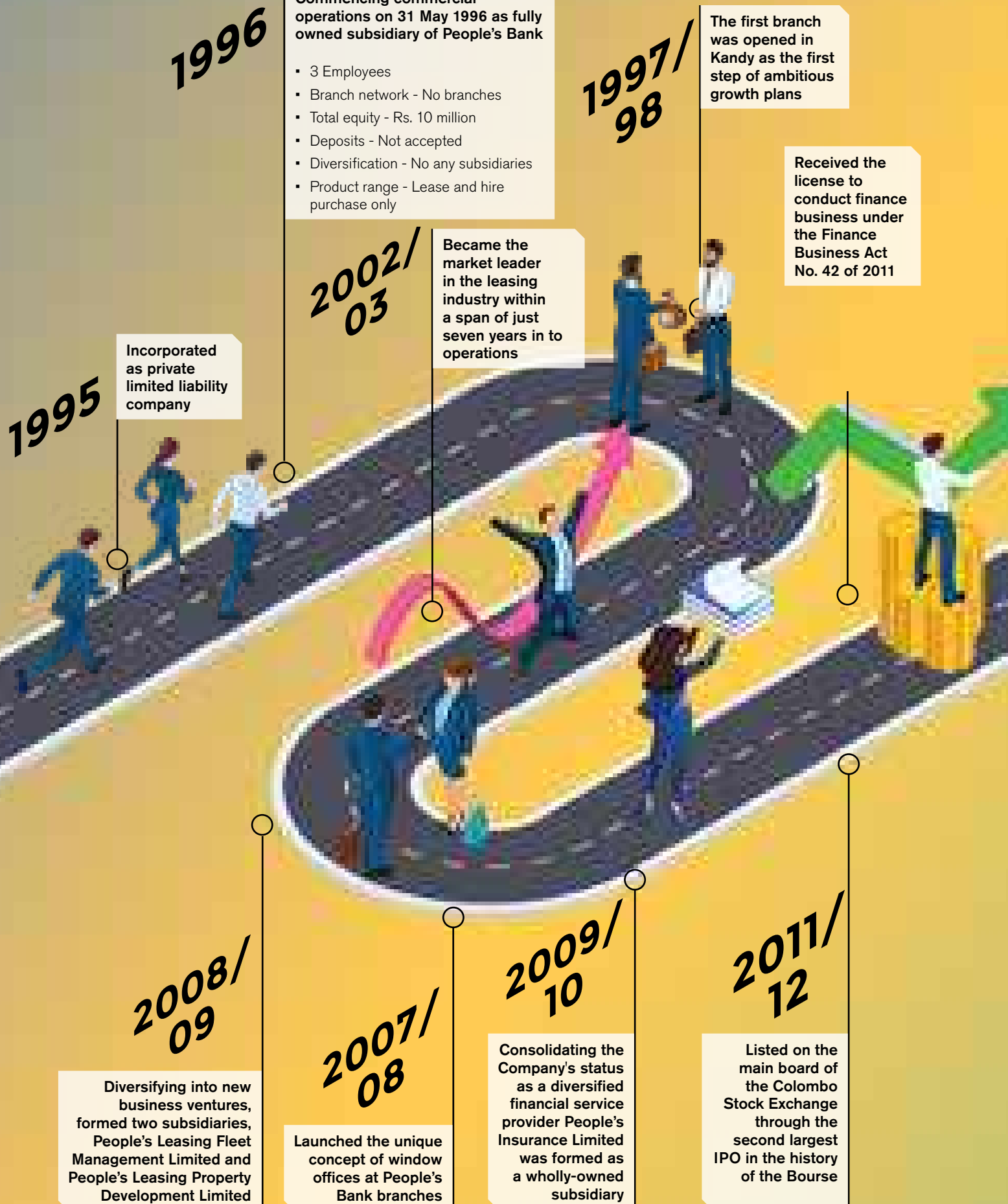
Chief Executive Officer/General Manager

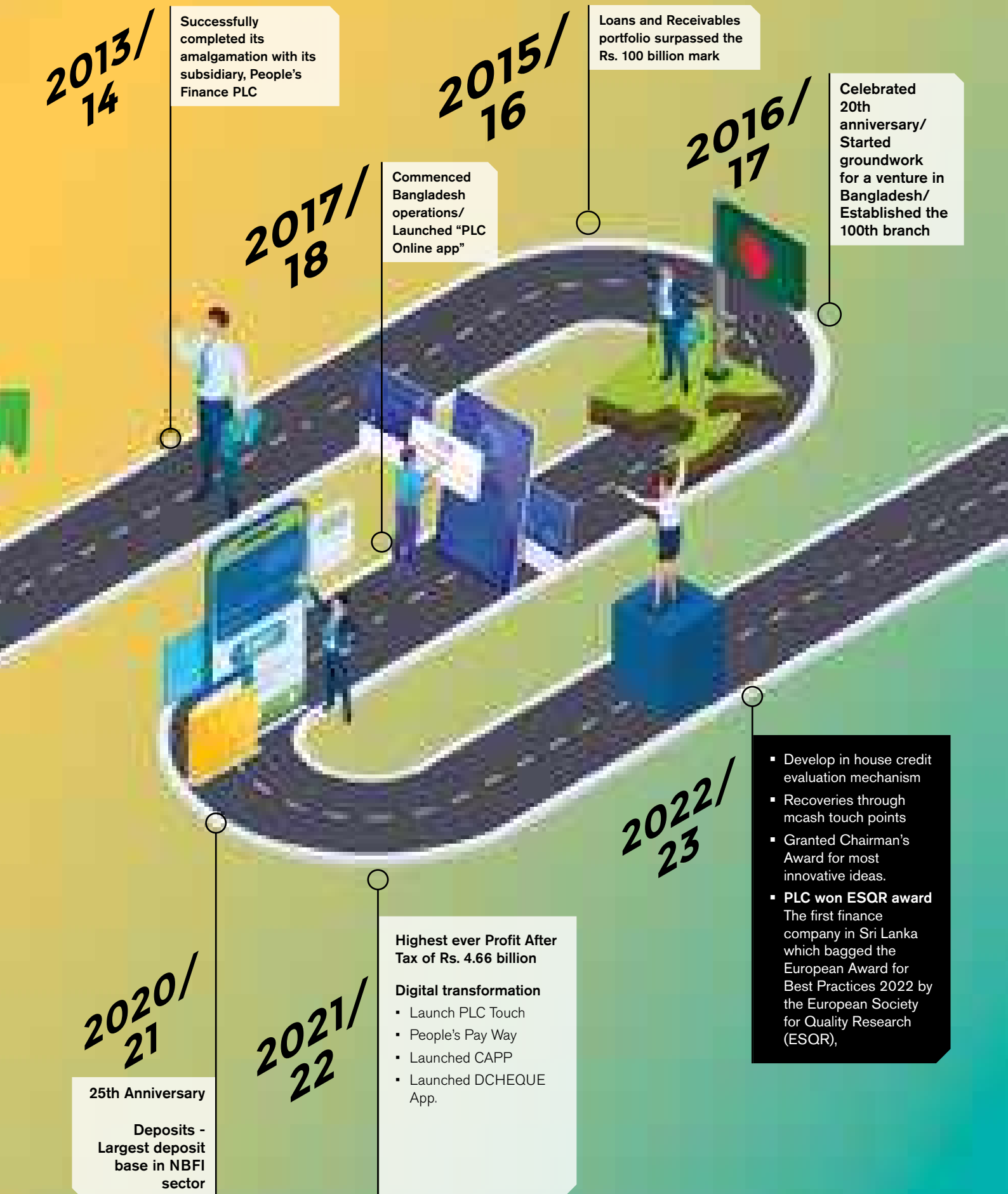


**PEOPLE'S
LEASING**

පිළිගත් ලීසිං | பிப்பளஸ் லீசிங்

OUR JOURNEY





CHAIRMAN'S MESSAGE

A portrait of Pradeep Amirthanayagam, the Chairman, standing and leaning against a dark, curved structure. He is wearing a dark suit, a white shirt, and a patterned tie. The background is dark and out of focus.

Led by our new headline campaign “Empowering customers to reach greater heights,” we actively demonstrated our utmost commitment to customers.

Pradeep Amirthanayagam
Chairman

“When we tackle obstacles, we find hidden reserves of courage and resilience we did not know we had”

A. P. J. Abdul Kalam (*Indian scientist and statesman*)

Having assumed duties as the Chairman of People's Leasing & Finance PLC in September 2022, I must emphasize that the past few months have been among the most interesting and challenging times in my career.

As we all know, FY 2022/23 proved to be a watershed moment for Sri Lanka. The country and its economy saw dramatic changes. In fact, having overused the word “unprecedented” during the pandemic, one would never have imagined that it would once again be the adjective that best describes Sri Lanka's current predicament.

A COUNTRY IN TURMOIL

Precipitated by unsustainable macroeconomic fundamentals, the Sri Lankan economy descended into a full-blown crisis after exhausting its foreign currency reserves by early 2022. The scarcity of foreign exchange had devastating implications for virtually all sectors of the economy. Economic activity came to a near standstill in the April-June 2022 quarter amidst political turmoil and social unrest, severe fuel scarcity and frequent power outages. The agriculture, manufacturing and construction sectors in particular witnessed a never-before-seen contraction amidst supply chain vulnerabilities resulting from the chronic shortage of key raw materials stemming from tight import controls. The tourism industry which in early 2022 appeared to have only just corrected itself to be on course for a turnaround, soon relapsed into obscurity.

Then in May 2022, the government declared its intention to suspend its foreign debt servicing commitments, which triggered a downgrade in the country's sovereign rating by all rating agencies worldwide.

While protectionist measures including the QR-based fuel rationing system, monetary policy tightening and other broad-based fiscal reforms introduced by the government are commendable, industrial activity continued to be stymied by near hyperinflationary conditions. Weighed down by inflationary pressures, domestic consumer spending also weakened as the year progressed.

Amidst this backdrop, provisional estimates suggest that Sri Lanka's GDP contracted by 7.8% in 2022, after achieving a growth of 3.5% in 2021. Meanwhile, as a direct consequence of the “unprecedented” Sri Lankan Rupee depreciation against the US Dollar, the size of the Sri Lankan economy in US Dollar terms shrank to US Dollars 77.1 billion in 2022, compared to US Dollars 88.5 billion in 2021. Moreover, per capita GDP also declined to US Dollars 3,474 in 2022 from US Dollars 3,997 in 2021.

On a positive note, it was indeed very encouraging to see the new government taking definitive steps to seek assistance from the IMF. Following initial talks, a staff level agreement was reached in September 2022 with the IMF Executive Board in late March 2023 approving a 48-month EFF (Extended Fund Facility) arrangement of approximately US Dollars 3 billion to support the implementation of economic policy reforms vis-a-vis 5 priority pillars: fiscal consolidation, debt restructuring, price stability, financial sector stability and finally structural reforms to address corruption vulnerabilities and drive growth.

RISING TO THE CHALLENGE

As soon as the gravity of the situation became apparent, we took urgent and immediate action to insulate our business against the possible disruption and uncertainty that was to come by strengthening our operational architecture across three priority areas: credit risk management, liquidity buffers and cost containment.

To anchor these efforts more firmly, we proceeded to revamp our governance structures at various levels. In order to enable more focused Board oversight over the credit and liquidity management areas, two new Board Committees – the Board Credit Committee and the Board Investment Committee – were established during the year, while a new management level investment committee was appointed specifically to improve supervisory oversight of corporate finance activities. As part of ongoing improvements to the risk governance framework, the Head of Risk was given a permanent seat and voting rights on the Board Integrated Risk Management Committee.

To prepare People's Leasing & Finance for the next phase of its journey as a dynamic, growing organization, we also created a COO position. A notable first in the Company's history, the COO assists the CEO/GM in strengthening top-down oversight across all operational aspects.

At the same time, envisaging the long-term impacts on the NBFI sector as a whole, we took a very pragmatic, yet bold approach to reengineer ourselves for the future. Our main focus in this regard was to refine our digital capabilities across both front end and back end interfaces in order to gain a clear competitive edge. Simultaneously, we continued to invest in our people to safeguard their well-being and career prospects as well as to galvanize them into action to drive the Company forward. To this end, we launched the “Bright Ideas” campaign to harness the innovative spirit of our team. I am very pleased to state that number of responses were received on a wide range of topics, from cost management, operational efficiency and branding to digital systems and 58 ideas on new product innovation. Many of the suggestions for cost and efficiency improvement have already been implemented and are showing excellent results, while the top three product concepts were fully developed and have reached the testing stage with the expected launch deadline set for mid-2023.

Led by our new headline campaign “Empowering customers to reach greater heights,” we actively demonstrated our utmost commitment to customers. As part of this campaign, we continued to fortify our SME customers involved in the transport and construction sectors by rolling out the latest moratorium extension declared by the government.

Beyond this, we also started working on reshaping our brand image to project People's Leasing & Finance as the most preferred NBFI by Sri Lankans. Towards this end, we launched a new thematic brand campaign titled “Eka karaley wee” to emphasize the fundamental principle that as Sri Lankans, we are all unified in spirit by the rice grain that remains at the core of all communities. It is very gratifying to see the tremendous interest the campaign has generated among our diverse stakeholders.



FINANCIAL RESULTS

Our resilient financial results prove that we have been on point with our efforts to manage the current crisis. Net interest income from core business activities for FY 2022/23 was Rs. 11.99 Bn. Although 8.12% less than the figure recorded in the previous financial year, it is nevertheless a significant achievement in these challenging times.

The Company registered PBT of Rs. 4.34 billion in the year under review, another notable achievement that reflects the agility of our business model in producing above average returns, notwithstanding economic headwinds.

The success of our liquidity management efforts was also evident in the strong liquidity and capital positions maintained throughout the year. The Company's regulatory liquid asset to total assets ratio, at 26.60% as at 31 March 2023 was almost two times above the industry average. Similarly, our capital adequacy ratios continued to reflect the efficiency of our portfolio management strategies. Our tier 1/core capital ratio and total capital ratios remained consistently above the regulatory requirements of 10.00% and 14.00% throughout the current financial year. At 25.76% and 26.61% respectively as at 31 March 2023, both ratios also showed a marked improvement compared to the 18.76% and 19.67% recorded at the end of the previous financial year.

RECOGNITION FOR REPORTING EXCELLENCE

It is very gratifying to see our commitment to elevate our reporting practices being recognized both locally and overseas. At the highly prestigious European Award for Best Practices 2022 awarded by European Society for Quality Research (ESQR), People's Leasing & Finance became the only Sri Lankan entity to be recognized.

Furthermore, our annual report for FY 2021/22 clinched the gold award for the Best Integrated Report – State Owned Enterprises/Companies: Finance & Leasing at the CMA Excellence in Integrated Reporting Awards - 2022, organized by the Institute of Certified Management Accountants of Sri Lanka. It also received the bronze award in the NBFI (Total Group Assets above LKR 20 Bn) sector at the TAGS Awards 2022 conducted by the Institute of Chartered Accountants Sri Lanka.

GROUP PERFORMANCE

Ongoing economic headwinds affected all subsidiaries in varying degrees of intensity. Subdued economic conditions affected the prospects of the insurance business as a whole, while the vehicle import restrictions remained a major setback for growing the core motor insurance segment.

By virtue of its operating principles, the Islamic financing banking segment was largely unaffected by the rising interest rates. Leveraging this key competitive advantage, the segment expanded its product line in a bid to grow captive market share. Supported by the expanded product suite, the segment performed well in line with expectations set out for the year.

Given the nature of its business model, the microfinance operation was by far the worst affected by the economic challenges. However, the segment exhibited greater resilience to deliver satisfactory results.

Despite mixed fortunes across the subsidiaries, the Group recorded total operating income of Rs.19.89 billion for FY 2022/23. Group PAT for the year was Rs. 3.44 billion, compared to Rs. 4.82 billion PAT recorded in FY 2021/22.

WAY FORWARD

While political stability will be the key to moving past the shackles of this past year, broad-based monetary and fiscal policy reforms to correct inherent macroeconomic weaknesses will be critical to create an environment conducive to growth wherein all sectors have the opportunity to grow sustainably. Recent efforts by the government to finalize the IMF-EFF facility, I believe, mark the very first step in putting the Sri Lankan economy back on track.

In the case of People's Leasing & Finance, I believe the best times are yet to come. I say this not only because we are proud of all that we have achieved amidst extreme adversity, but also because we are eager to seize the future. We look forward to being the architects of change for individuals and business all across Sri Lanka, and in doing so prove that we are built to support Sri Lanka's return to economic normalcy.

ACKNOWLEDGEMENTS

In conclusion, I wish to express my deep and sincere gratitude to the Board of Directors for their enthusiastic participation in all Board matters and for the countless hours spent in the work of the Board Sub-committees. I also wish to take this

opportunity to thank my predecessor, Mr. Sujeewa Rajapakse for his tireless efforts in leading the Company during the first six months of this very tough year and three years before that.

A special word of thanks goes to our dynamic CEO Mr. Shamindra Marcelline and his team for their tireless efforts to ensure that the Company continues to outperform peers and remain the NBFI most preferred by individuals and businesses around the country.

My sincere gratitude to our customers, depositors, shareholders and business partners, who have remained fully invested in our journey. While thanking you for your faith in the People's Leasing & Finance brand, I wish to reiterate that we will continue to work to further strengthen these bonds of trust in the years ahead.

M. P. Amirthanayagam
Chairman

02 June 2023
Colombo

CHIEF EXECUTIVE OFFICER'S MESSAGE

Unwilling to be derailed by the setbacks, People's Leasing took prompt and decisive action to focus on adaptation or realignment as needed, to insulate every aspect of our operations against the challenges that were unfolding all around us.

Shamindra Marcelline

Chief Executive Officer/ General Manager

Dear Stakeholders

In my summation at the end of the previous financial year, I predicted 2022 will be tougher than the one before and that People's Leasing & Finance PLC will enter the year on a strong footing supported by our robust performance and healthy liquidity levels together with all we have learnt since the Easter attacks and through the COVID-19 pandemic.

As the Country descended into a fully blown political and economic crisis, economic activity decelerated and disposable incomes deteriorated amidst a record increase in inflation. While supply chain disruptions, and acute fuel and energy shortages resulting from the foreign exchange crisis brought fresh worries, the situation was further exacerbated due to the loss of key export markets on the back rising geopolitical issues attributed to the Russia/Ukraine war. A confluence of these factors saw the Country's economic situation worsening as the year progressed.

Unwilling to be derailed by these setbacks, People's Leasing took prompt and decisive action to focus on adaptation or realignment as needed, to insulate every aspect of our operations against the challenges that were unfolding all around us.

STRATEGIC RESPONSE

Aiming to challenge every challenge head on, we increased on our vigilance and scrutinised every situation through a 360 degree lens to determine its impact on our current and future prospects. Working with a clear sense of purpose to balance our risk/ return objective, we mobilised action on multiple fronts to strengthen the resilience of our business model.

With limited opportunities for credit expansion given the severity of the economic crisis on top of rising interest rates and surging inflation, a selective lending strategy was adopted to control the risk exposures of all long term asset portfolios. To set the tone for this prudent lending approach, the LTV policy was revised with a more stringent limit framework put in place to prevent the exposure to risky asset categories. Additionally the entire customer credit evaluation process was centralised under the newly established Credit Hub.

The planned approach to credit risk management that had been in place over the past two to three years, was further intensified in the current financial year, with more emphasis on driving the recovery momentum. To that end, we focused on recoveries during FY 2022/23 setting out an ambitious 100% collection target. The recovery governance framework was also

further strengthened with a new Regional Recovery unit set up to improve supervisory oversight of ground level recovery teams.

Meanwhile, encouraged by the strong appetite for short term credit, we seized the opportunity to promote Gold Loans. To complement these efforts, 43 new Gold Loan centres were established across the branch network of People's Leasing.

Witnessing the rapid deterioration in market liquidity in the first half of the year, we responded by strengthening our liquidity risk management framework. Liquidity risk parameters were revisited and made more stringent, and the newly appointed Board Investment Committee undertaking proactive portfolio management measures to minimise maturity mismatches between the asset and liability portfolios. The decision to cut back on long term lending was crucial to our liquidity risk management strategy. Likewise expanding contingency funding lines also remained a major priority.

IMPROVING FUTURE READINESS

With our operating environment seemingly in a constant state of motion for the past four years, we felt it was important to study the relevance of our traditional business model in driving People's Leasing forward. And I must admit, this year of extreme stress conditions provided the perfect backdrop to test our business fundamentals and improve organisational capabilities in order to reposition People's Leasing for the next phase of its growth journey. Building on the groundwork put in during the pandemic period, we continued working systematically to reform every aspect of our business starting with our reporting lines. The entire organisational structure was revamped in the current financial year to bring more focused operational oversight across the branch network.

Seeing how growing uncertainty was changing customer sentiments against traditional brick-and-mortar branches, we put our current branch operating model under the microscope. After much deliberation, it was decided that leaner and fitter branches would be the way forward. Taking the first steps towards right-sizing our branches, we urged Branch leadership to critically review their cadre to ensure a majority of branch teams were assigned towards revenue generation. This was coupled with broad based upskilling to develop employee competency for multi tasking. To further complement these measures, 21 branches from the Western Province were selected for the initial 5S roll out to embed lean management principles and create a platform to drive change from the inside. In

recognition of the tremendous commitment shown by our branch teams towards this endeavour, People's Leasing was awarded the National Productivity Certification, becoming the first Company in the local NBFI sector to be so accredited. Meanwhile to expedite the transition to lean branches, more emphasis was placed on process automation and digital enablement of teams.

Further broadening our outlook, we began assessing our readiness to align with the newly released CBSL guidelines for Sustainable Finance Activities for the NBFI sector. As a first step, a new Sustainability Steering Committee was put in place to examine the adequacy of our governance and risk management frameworks and compile a project paper outlining the systemic changes such a transformation would entail.

CUSTOMER ORIENTATION

In what is now known to be the most turbulent year in Sri Lanka's post independence era, People's Leasing remained sensitive to the special needs of our customers. At a time when many in the industry were reluctant to be tied down by yet another round of the government-led moratorium, we did not hesitate to expedite the process on behalf of our customers based on their eligibility. Consequently, People's Leasing rolled out its 6th moratorium cycle to support customers in the tourism and transport sectors who remained under stress owing to prolonged economic downturn. Reiterating our commitment to customers not eligible for the moratoria, we continued to offer special concessions and other relief measures as well as financial advisory services and often went as far as supporting their insurance needs via the Group insurance arm.

We also made the tough call not to reprice our long term asset book in tandem with the rising interest rates, focusing instead on a variable pricing methodology to give our customers some breathing space in these difficult times. While the decision meant compromising on margins to some extent, the tremendous equity we have gained from our customers and the wider market suggest that it was indeed a right move.

RESILIENT FINANCIAL PERFORMANCE

People's Leasing's financial results for the year ending 31 March 2023, stands testament to the comprehensive all round effort to safeguard the business, while creating the ecosystem to drive sustained results even under high stress conditions.

The Company reported Total Operating Income of Rs. 13,811.37 million bolstered by a strong contribution from Gold Loans and income from investments.

Evincing the success of our recovery approaches, impairment charges declined to Rs. 568.49 million in FY 2022/23 from Rs. 777.04 million in the previous financial year, denoting a sizeable 26.84% reduction year on year. Moreover notwithstanding the new guidelines introduced under the CBSL Direction No. 01 of 2020, wherein the "Classification and Measurement of Credit Facilities" including the method of computing the non-performing loan ratio was changed with effect from 01 April 2022, People's Leasing's non-performing ratio as at 31 March 2023 stood at 14.26%, well below the industry average of 16.01% as at the same date.

Our operating expenses recorded only a 6.33% increase compared to the previous year, which I believe clearly demonstrates that our tight cost control measures have helped to prevent major cost escalation despite near hyper inflationary conditions.

At Rs. 4,341.76 million, PBT was well within our budgeted expectations. However affected by unforeseen tax increases under the new tax regime that came into effect on 1 October 2022, the Company registered PAT of Rs. 3,017.64 million for FY 2022/23, reflecting a decline of 35.23% from the previous year.

The tax structure applicable to People's Leasing changed in the current financial year, with the corporate tax rate increasing from 24% to 30% under the new tax regime implemented by the government with effect from 01 October 2022. Additionally, a Social Security Contribution Levy (SSCL) of 2.5% was also imposed on financial services with effect from the same date, resulting in an additional Rs. 104.90 million in tax expenses for the financial year ended 31 March 2023.

As per the Surcharge Tax Act, No. 14 of 2022 passed in Parliament on 07th of April 2022, a 25% tax liability was imposed on Companies whose taxable income exceeds Rs. 2,000 million for the 2020/21 Year of Assessment. Accordingly, People's Leasing became liable for surcharge tax of Rs. 1,947.17 million, which was paid in two instalments.

Performance of subsidiaries except Lankan Alliance Finance Ltd. (LAFL) were affected by the subdued economic conditions of the country. Even though the motor insurance business was negatively impacted People's Insurance PLC managed to record slight

improvement in segment result given to increased income from its investments. Our, overseas venture LAFL recorded PAT of Rs. 200.23 million in FY 2022/23 as against Rs. 110.42 million PAT recorded in 2021/22. Accordingly, Group profitability also reflected a year-on-year decline of 28.57% to Rs. 3,441.70 million in FY 2022/23 compared to Rs. 4,818.17 million recorded in preceding financial year.

DIGITAL LEADERSHIP

Even while battling external challenges, we continued to showcase our digital prowess. Building on our past efforts several stand alone digital projects were completed during the year, among them the live roll out of the PLC TOUCH App and the QR code enablement.

However, by far the most notable development was the Credit Workflow Management Solution. Developed by in-house IT experts, the new solution is designed to seamlessly integrate with the People's Leasing core system for end-to-end management of the credit process, from the point of customer on-boarding, to due diligence and risk rating in accordance with CBSL guidelines. The new credit workflow solution which is currently at the UAT stage is expected to go live by mid-2023.

In yet another bold move to expand the People's Leasing digital footprint, we tied up with SLT-Mobitel to launch the mCash platform. Supported by a seasoned operating model, the mCash platform with its island-wide network of 12,000+ mCash dealer points as well as mCash wallet app is proving to be a vital tool in enhancing the transactional capability of People's Leasing customers.

EMPLOYEE DEVELOPMENT

We continued to pay close attention to the needs of our employees in these challenging times with all monetary benefits paid on time without delay.

The live roll out of the new Human Resource Information System (HRIS) was completed in time to implement mid-year reviews for the first with effect from the FY 2022/23 performance evaluation cycle. Going by the initial response from our managers, I believe the new HRIS will be a key catalyst in driving employee development, in particular to complement our succession planning programme for the middle management cadre.

As part of our broad based people development strategy, we also began working on developing a structured

succession planning framework to build the next tier of leaders across all our business verticals. Our aim with this endeavour provides is two-fold, in that we want to create opportunities for greater career mobility for our employees, while simultaneously building a strong, reliable talent pipeline to support the Company's future ambitions.

AWARDS AND ACCOLADES

I am proud to see that People's Leasing continues to be recognised for its commitment to excellence to good governance. In 2022, People's Leasing was the only recipient from Sri Lanka to be honoured at the The European Award for Best Practices 2022 was awarded by European Society for Quality Research (ESQR) at their annual recognition programme; for selected companies, public administrations and organisations representing different sectors from Europe, Asia, the Americas, Africa and Australia.

STRIDING AHEAD

Navigating through the headwinds we encountered this past year, while also working to improve our future readiness has by no means been easy. However, having invested considerable time and effort to that end, I believe gives us the impetus to activate the next phase in our growth agenda.

Going forward, we expect to move ahead swiftly with our branch resizing initiative to optimise our branch operations with the expectation that more than 90% of branch teams would be out on the field. I am confident that this target is easily attainable especially after the live roll out of the Credit Workflow Management (core) Solution.

At the same time, we will continue to focus on sharpening our customer orientation by combining our stand out digital product suite with the People's Leasing's legendary commitment to service excellence. As part of our medium term strategy we are also looking to tailor our value propositions based on a clear interpretation of customer needs.

Given the uncertainty surrounding the NBF sector's core leasing business, People's Leasing will work around the situation by consolidating core competencies, while systematically improving revenue diversity both in fund-based as well as fee-based domains to create a platform to systematically accelerate the Company's growth trajectory over the next few years and beyond.

ACKNOWLEDGEMENTS

I would like to thank the Chairman and the Board for their insight and vision, and for leading from the front to enable People's Leasing to deliver stellar results in such trying time.

Let me also take this opportunity to thank the management team and all People's Leasing employees across Sri Lanka for their dedication and commitment. I am immensely proud of the way in which each and every one of you has risen to the challenge to do what is needed in these unprecedented circumstances.

A special word of thanks to the officials of the Central Bank of Sri Lanka and the Non-Bank Financial Institution Supervision Department for their advice and guidance.

I am equally grateful for the ongoing support received from our customers, various business partners and shareholders. This past year has only served to strengthen our ties which I hope you will consider as an invitation to work together in seeing People's Leasing reach new heights in the years to come.

**Shamindra Marcelline**

Chief Executive Officer/ General Manager

02 June 2023

Colombo

MULTILAYERED VISION

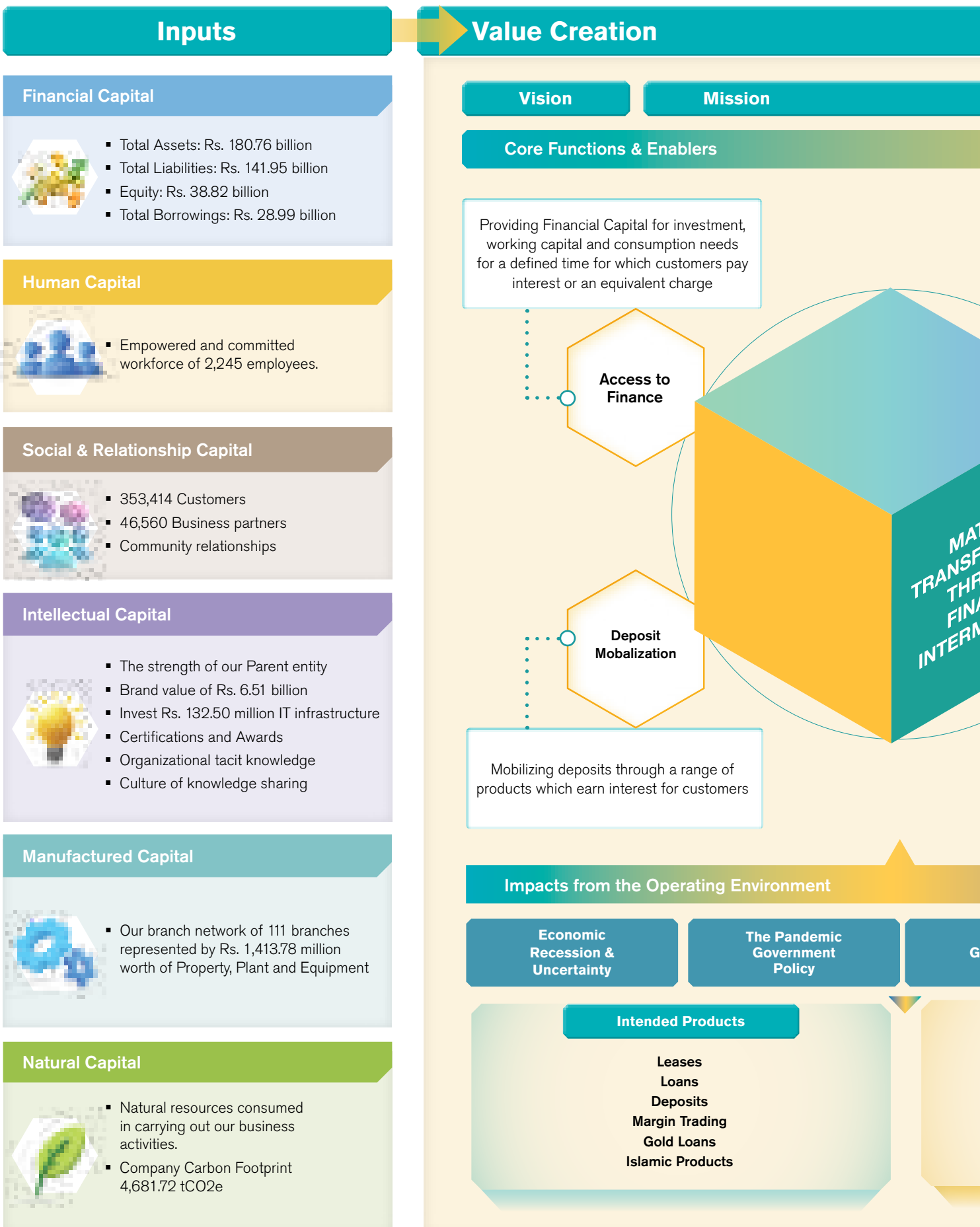
We are focused on granting several distinct layers of vision for a sound and innovational future ahead.

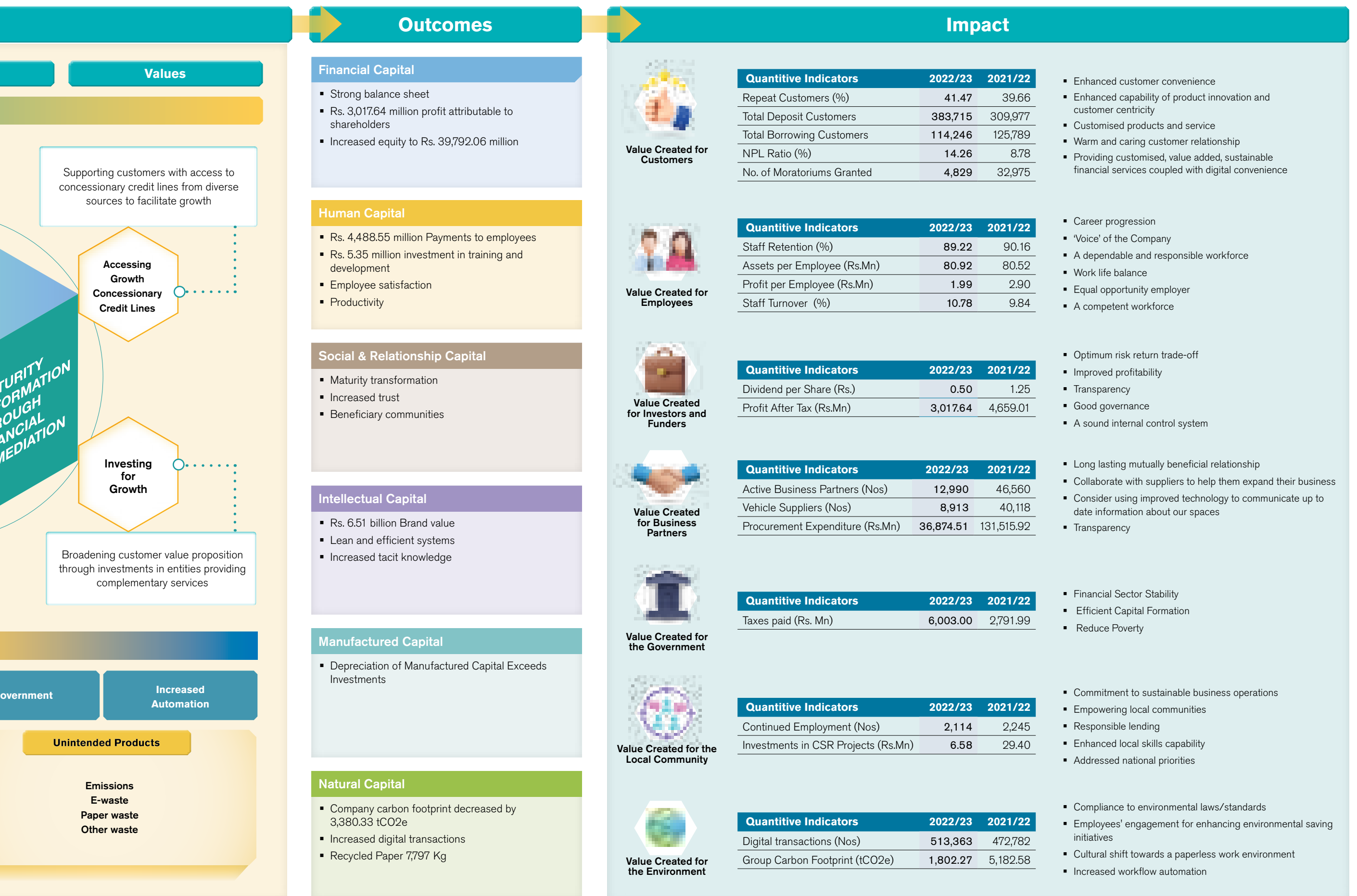


Strategy

Value Creation Model 28 Stakeholder Engagement 30 SWOT Analysis 36
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VALUE CREATION MODEL





STAKEHOLDER ENGAGEMENT

GRI 2 - 29

APPROACH TO STAKEHOLDER ENGAGEMENT

People's Leasing's approach to Stakeholder Engagement is based on building quality relationships with all stakeholders. In doing so we strive to nurture long standing relationships through inclusive stakeholder interaction that we hope would ultimately translate into sustainable value for the Company and its stakeholders.





Shareholders and investor community

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

Quality of the relationship

Positive

Impacted Capitals

FC

SC

SDG



Risks

- Equity risk

Engagement Channels

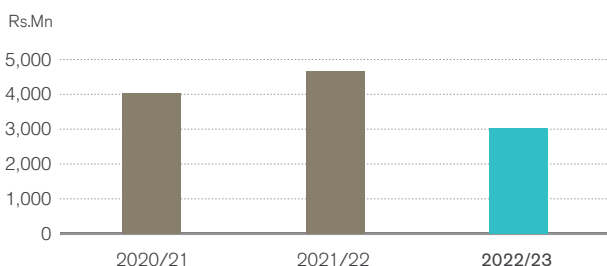
- Annual Reports
- AGM
- Interim Financial Statements
- Disclosure and announcement to the CSE
- Proactively and directly engage investors
- Participation in various investor conferences

Needs and Expectations

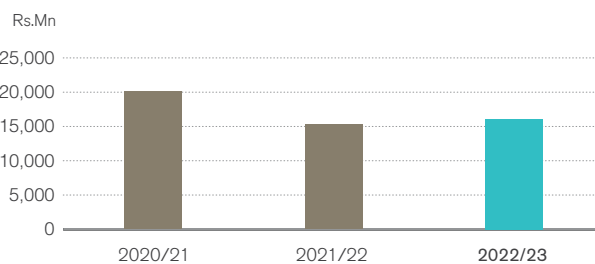
- Responsible and balanced business conduct and sound ESG practices
- Consistent bottom line
- Satisfactory shareholder returns
- Timely disclosure of price sensitive information
- Transparency
- Succession plan with sustained growth strategy
- Robust risk management system
- Board effectiveness

Outcomes

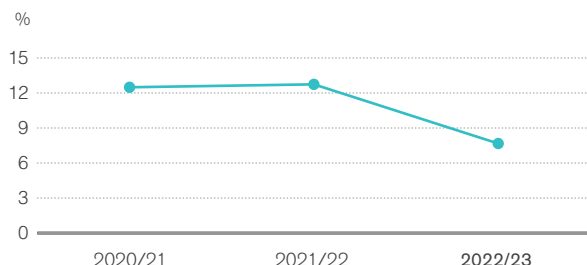
Profit After tax



Market Capitalization



ROE



Dividend per share (Rs.)

2020/21	0.6
2021/22	1.25
2022/23	0.5



Key issues during the year

Response

Consistent Returns during economic uncertainty

Declared and paid a scrip dividend of Rs. 943.60 million as the final dividend for financial year 2021/22

Organisational resilience to safeguard business continuity in turbulent times

- Focus on strengthening liquidity risk management measures to ensure availability of adequate liquidity buffers to meet stakeholder obligations
- Stringent monitoring of reserves and capital position with a view to strengthening the balance sheet

Consistent financial results enabling incremental growth in dividend yield for shareholders

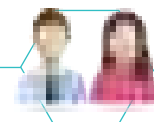
Strategic reorientation of business fundamentals in response to market influences, while pursuing diversification opportunities to relieve margin pressure in tough times

Expectation of greater clarity regarding performance and prospects, especially in times of uncertainty

Adherence to all regulatory disclosure requirements for listed entities and NBFI's, including annual returns, publication of quarterly results, Annual report, shareholder information and Board changes

Employees and Unions

Our team of 2,114 individuals are key to driving our performance



Quality of the relationship

Stable

Impacted Capitals

HC

IC

SC

SDG



Risks

- People's 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

Needs and Expectations

- 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



75%



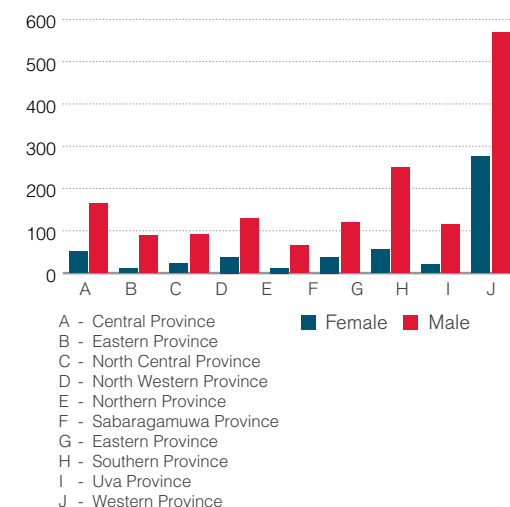
25%

GRI 403-9,403-10

Employee Health and Safety

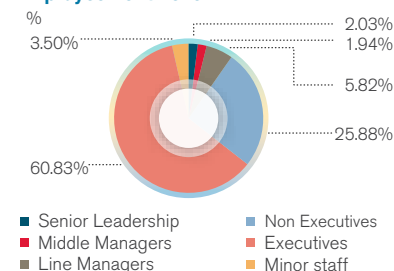
Detail/Year	2022/23
Road accidents during work hours	1
Lost days recorded due to these accidents	14

Total Employee by Province

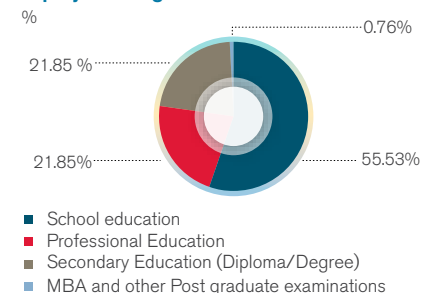


Skill development and retention

Employment Level



Employee Categorization based on Education



Key issues during the year

Response

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

No retrenchments or job cuts were made and all employees were paid their dues on time and without delay. Additional monetary incentives along with other non-monetary benefits were granted to safeguard employees' financial well being during the economic crisis.

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

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.

Quick and effective resolution to grievances

Frequent engagement between the Assistant General Manager - HR and union representatives resulting in zero unresolved issues as at 31 March 2023

The Environment and Community

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



Quality of the relationship

Stable

Impacted Capitals

SC

SDG



Engagement Channels

- Outreach CSR initiatives
- Carbon footprint data tracking exercise

- Dialogue with institutions, community leaders and community
- Based Organizations
- Sponsorships

Needs and Expectations

- Advancement of SDGs
- 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)

2020/21	17.60
2021/22	27.53
2022/23	5.57

Investment on environmental Conservation (Rs.Mn)

2020/21	2.77
2021/22	1.87
2022/23	1.01



Key issues during the year

Response

Community projects that currently ongoing under present socio economic conditions

Invested Rs. 5.57 million in community upliftment initiatives

Long term commitment to climate action

Pursue value adding partnerships to increase the scalability of environmental initiatives

Suppliers and Business Partners

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



Quality of the relationship

Positive

Impacted Capitals

FC

SC

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

Needs and Expectations

- 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

Out Business Partners

Utility Providers

Service Providers

Vehicle Dealers and Suppliers

Local Financial Institutions

Correspondent Banks

Overseas Financial Institutions

Procurement expenditure (Rs. million)

2020/21	82,880.45
2021/22	131,515.92
2022/23	36,874.51

Total Vehicle Suppliers (No.)

2020/21	31,665
2021/22	40,118
2022/23	8,913

Key issues during the year

Response

Opportunities for new suppliers

146 were on-boarded to the Company's supplier registry

Improving suppliers' alignment with social and environmental issues

Supplier audits were conducted based on random sampling to verify ongoing commitment of suppliers towards agreed criteria



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

Quality of the relationship

Positive

Impacted Capitals

FC

SC

SDG



Risks

- Regulatory risk

Engagement Channels

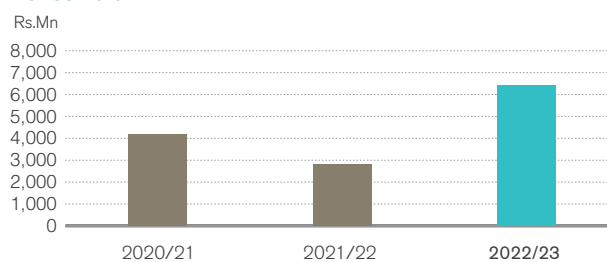
- On site review by the CBSL
- Dialogue with the policymakers and regulators
- Directives and circulars
- Review meetings
- Compliance reports
- Off-site review

Needs and Expectations

- Business continuity
- Compliance with rules and regulations
- Prompt responsiveness towards regulatory amendments
- Collaborate with the regulator to revive the NBFi sector
- Sound contribution and active collaboration with industry peers
- Contribution towards national priorities
- Fair treatment to customers

Outcomes

Taxes Paid



Key issues during the year

Response

Timely payment of all applicable taxes

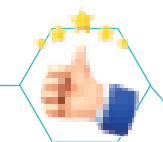
The Company has paid all taxes on time including Rs. 2,246.20 million paid as corporate tax for FY 2022/23 + Rs. 1,947.17 million was paid as surcharge tax in two instalments

Compliance with all applicable regulatory requirements, including new directives

- ZERO tolerance policy for non-compliance of regulations
- Early adoption of regulations, including the Finance Business Act Direction No. 05 of 2021 on Corporate Governance and the Personal Data Protection Act, No 09 of 2022

Voluntary adoption of best practices

Established the Sustainability Steering Committee to oversee the implementation of the Guidelines on Sustainable Finance Activities for NBFi's.



Customers

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

Quality of the relationship

Positive

Impacted Capitals

FC

SC

SDG



Risks

- Reputational 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

Needs and Expectations

- 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



Total No. of Depositors

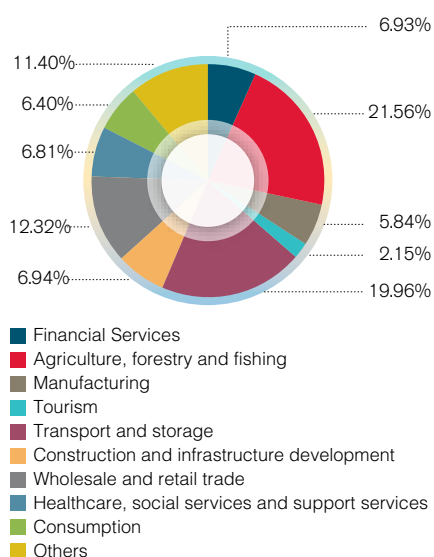
383,715 (2021/22 - 309,977)



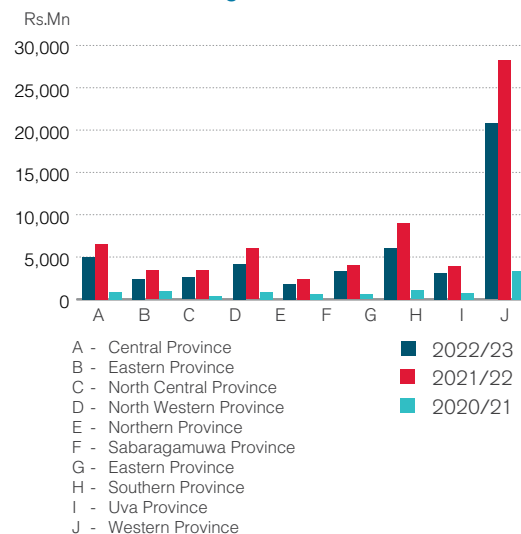
Total No. of Borrowers

114,246 (2021/22 - 125,789)

Sector Contribution



Province wise Granting



Key issues during the year

Response

Demand for timely, relevant and highly market responsive investment solutions amidst rising interest rates

- Launch of the "Senehas" minor fixed deposit proposition for the first time in the NBFI sector
- Promoting the Premier Reward Investment Plan

Growing demand for easily accessible, convenient and affordable access to formal financial channels

Launch of the mCash platform to drive greater financial inclusion among underserved communities

Customer need to proactively engage with the Company

Launch of the online Customer Satisfaction Survey in the trilingual format via the People's Leasing corporate website

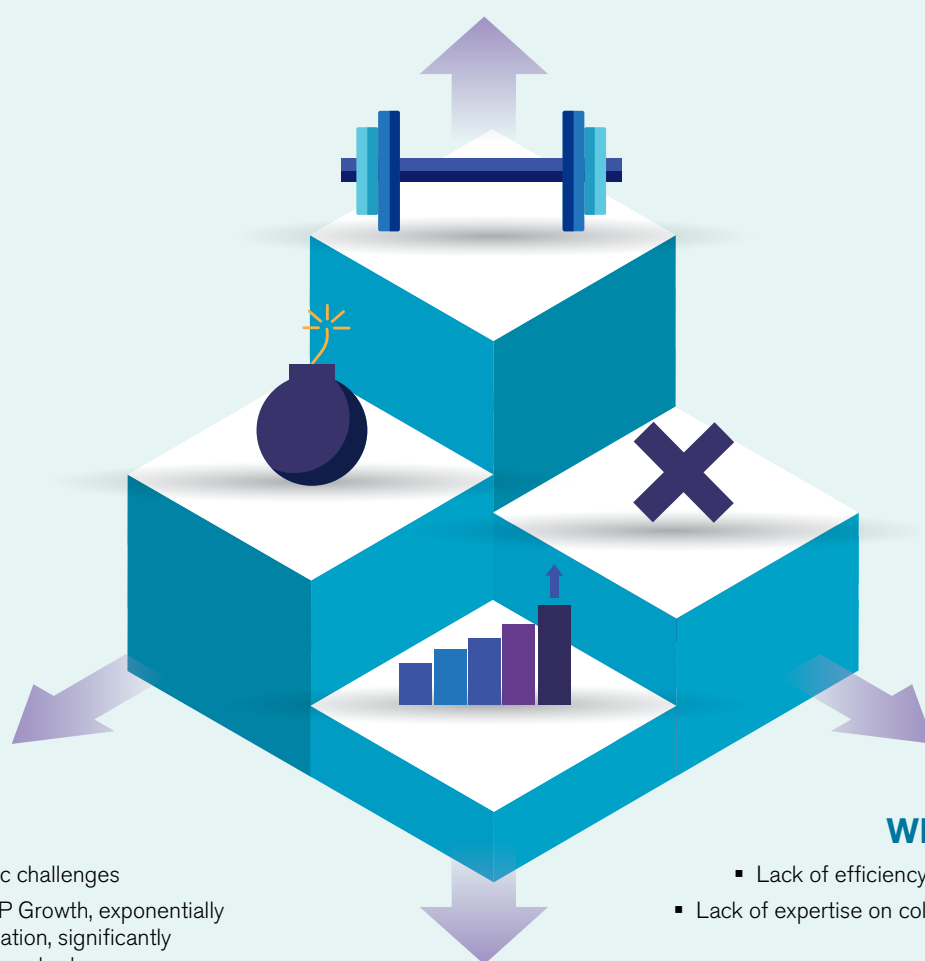
Data privacy concerns arising as a result of increased use of digital channels

Updating the Customer Protection Framework in alignment with the newly released Personal Data Protection Act, No 09 of 2022

SWOT ANALYSIS

STRENGTHS

- Parent support
 - Brand
- Performance driven corporate culture
 - Strong financial stability
 - Skilled and dynamic workforce
- Island-wide People's Leasing branches
 - Group synergy
- Expertise in catering to SME and informal sector
 - Strong Local Credit Ratings
 - Excellence in customer service



THREATS

- Macro-economic challenges
 - Negative GDP Growth, exponentially increased inflation, significantly increased interest rates
- Foreign currency reserves at low level – due to reduced export revenue/lack of foreign investments
- Import ban on vehicles
- Intense competition
- Staff Turnover

WEAKNESSES

- Lack of efficiency in manual processes
- Lack of expertise on collateral evaluation and legal procedures
- Lack of low cost funding and lack of fixed rate long-term funding

OPPORTUNITIES

- Proposed consolidations in the industry; weaker players will exit/merge
 - Untapped gold loan market

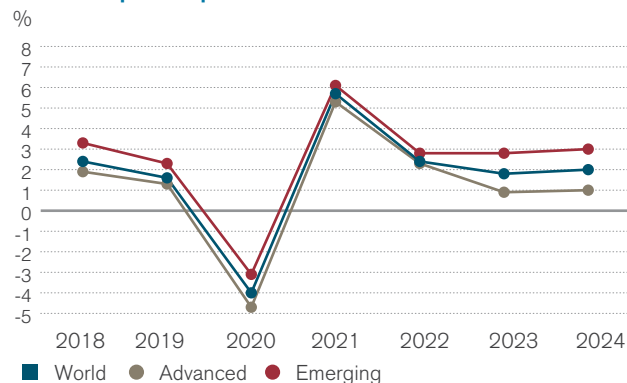
OPERATING ENVIRONMENT

GLOBAL CONTEXT

At first glance, it seems like the world economy is set to make a slow comeback after being heavily impacted by both the pandemic and Russia's unexpected attack on Ukraine. China is bouncing back nicely after restarting its economy. The issues with supply chain disruptions are being resolved, and the problems with energy and food markets caused by the conflict are subsiding. Parallel to this, the widespread and coordinated tightening of monetary policy by most central banks should begin to show results, with inflation returning to its predetermined levels.

As per the latest forecast of IMF World Economic Outlook, global growth will bottom out at 2.8 percent this year before rising modestly to 3.0 percent in 2024. Global inflation will decrease, although more slowly than initially anticipated, from 8.7 percent in 2022 to 7.0 percent this year and 4.9 percent in 2024.

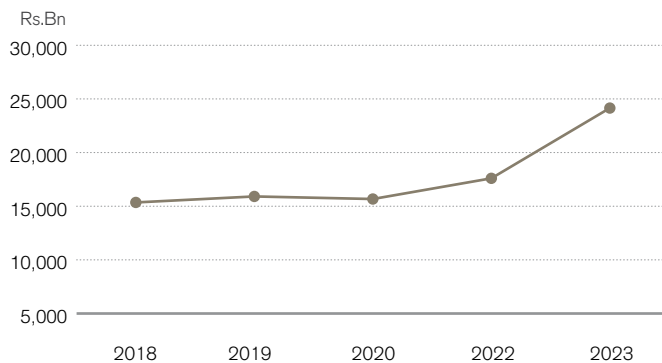
World Per Capita Output



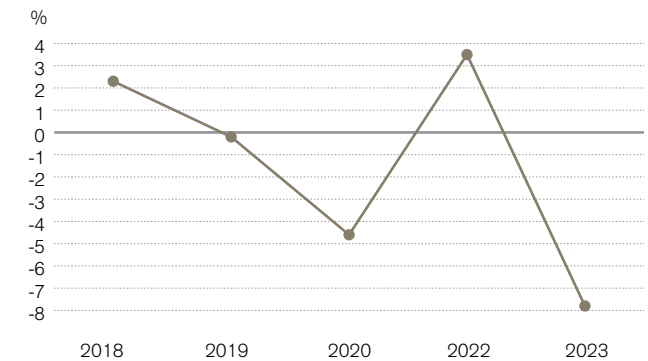
LOCAL CONTEXT

POLITICAL Influence	Impact to People's Leasing	Our Response
Sri Lanka experienced unprecedented political turmoil with a new government installed in May 2022	Heightened uncertainty regarding the policy stance of the new government	Cautious approach to business
The new government declared its intention to suspend foreign debt servicing commitments, which led to the downgrade of the Country's sovereign rating by global rating agencies	Inability to access USD funding sources	Focus on improving Rupee liquidity
ECONOMIC Uncertainty	Impact to People's Leasing	Our Response
GDP contracted by 7.8% driven by severe deceleration across all sectors	Lack of lending opportunity and stress on recoveries	Relief measures and advisory services to assist customers to build cash flow resilience
Inflation, as measured by the Colombo Consumer Price Index (CCPI, 2013=100), which was recorded at 12.1% at the end of 2021, shot up to 69.8% in September 2022	Margin pressure resulting from high operating costs	Enterprise-wide cost containment programme
The Central Bank increased its policy interest rates by a cumulative of 950 basis points in four occasions during 2022	Reduced lending opportunities owing to low credit demand from the market. High cost of mobilising funds through public deposits	Selective repricing of short term asset categories to reflect rising interest rates Optimising the deposit mix
Sri Lanka secured IMF Executive board approval for the EFF arrangement of SDR 2,286 million (approximately US dollars 3,000 million) in March 2023, with the first tranche of SDR 254 million (approximately US dollars 333 million) being disbursed under the programme in late March 2023	Benefit of greater economic stability resulting improved credit appetite from the market	Strategically grow the lending book

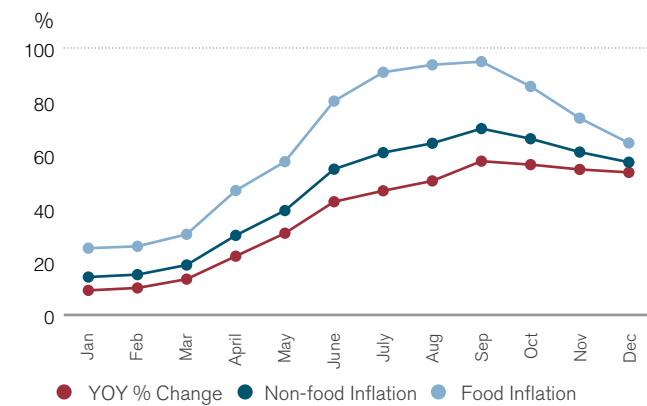
GDP at current market price



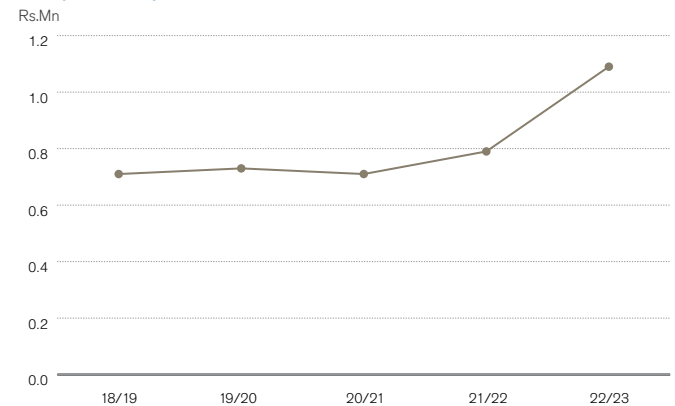
GDP growth rate



Inflation



Per capita market price

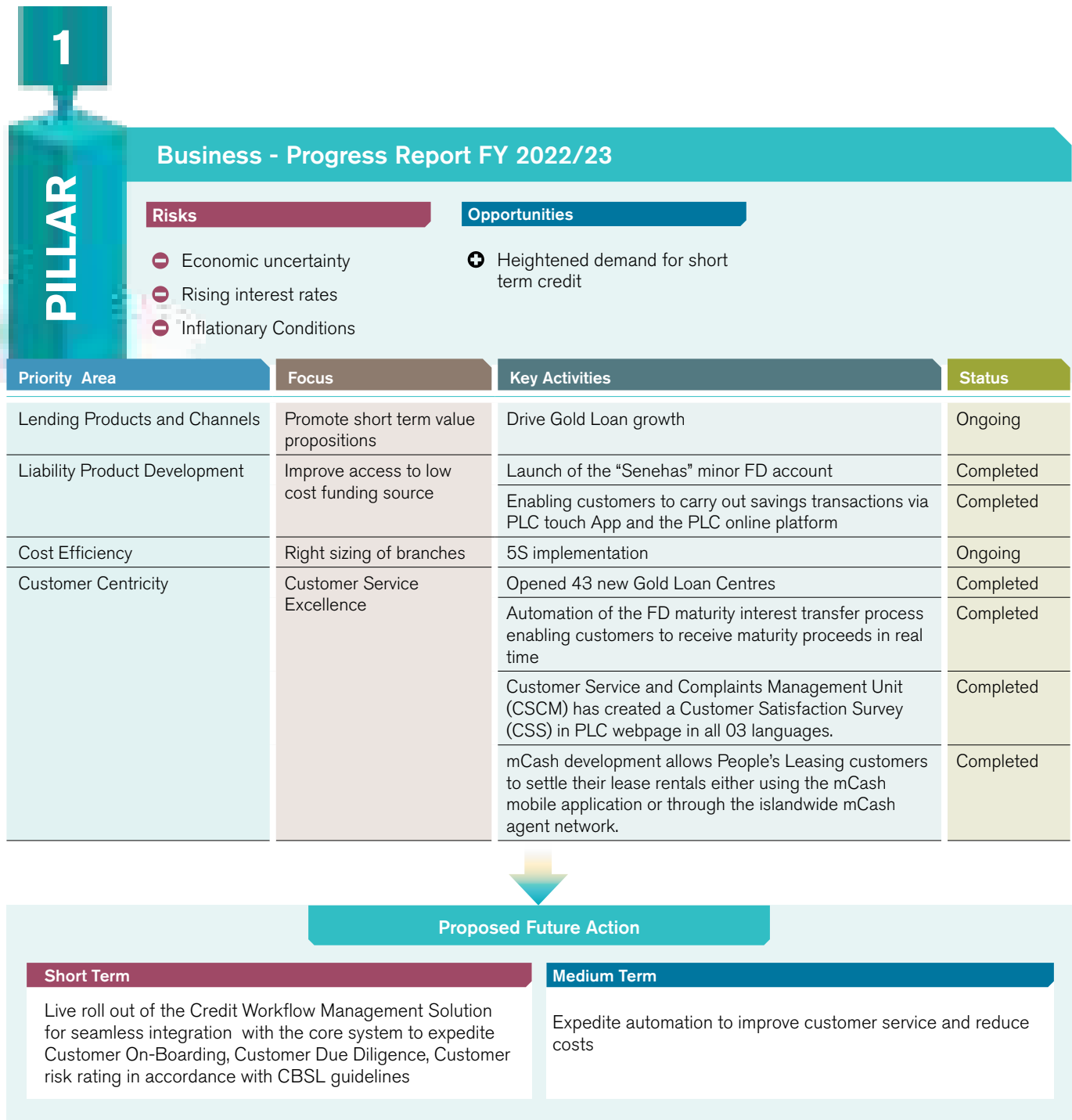


SOCIAL Unrest	Impact to People's Leasing	Our Response
Acute fuel shortages and frequent power outages resulted in widespread social unrest that lasted for several months in mid 2022	Disruption to the normal course of business due to the inability of staff to travel to and from work	Provide transport facilities for staff Allowed remote working with the support of digital aspects
TECHNOLOGY Trends	Impact to People's Leasing	Our Response
Growing influence of digital technology in financial services	Ability to leverage on the latest digital trends as a key differentiator	Provide simple, convenient and affordable financial solutions to enhance the customer experience
LEGAL / REGULATORY Developments	Impact to People's Leasing	Our Response
New tax regime resulting in the upward revision in the tax structure applicable for financial services institutions	Higher corporate taxes + 2.5% on value addition to financial services Disposable income of customers were declined causing an indirect impact on the Company	Full and on-time payment of all tax obligations Provided easy payment terms for customers
ENVIRONMENTAL Stewardship	Impact to People's Leasing	Our Response
New guidelines for Sustainable Finance Activities for financial services	Creates a platform to safeguard long term business sustainability	Lead by example through the early adoption of the guidelines

STRATEGY AND RESOURCE ALLOCATION

People's Leasing & Finance PLC's reputation as a financial institution and our standing in the local NBFi sector depends on a robust strategy that echoes the Company's vision, mission and values. Equally important is our strategy execution process, which reflects our ability to mobilise adequate and appropriate resources through various forms of capital, that will in turn pave the way for the Company to achieve its performance expectations in the short term and drive medium term objectives within the context of stakeholder expectations.

Our current strategy which was formulated in 2020 at the height of the pandemic, was deemed relevant amidst continuing macroeconomic uncertainty. Accordingly our resource allocation process remains focused across three strategic pillars - Business, Compliance & Risk, and People. However, given the magnitude of the ongoing economic headwinds, we have taken measured steps to refine our strategy in order to prioritise our responses in relation to current risks and opportunities.



2

PILLAR

Compliance & Risk - Progress Report FY 2022/23

Risks

- ➔ Frequent regulatory policy changes
- ➔ Severe economic contraction across all sectors
- ➔ Low market liquidity

Opportunities

- ⊕ Conclusion of the government-led debt moratorium

Priority Area	Focus	Key Activities	Status
Credit	Curtailing the long term lending exposure	Changes to the Credit Policy and the Post Disbursement Review Policy to support selective lending based on loan quality	Ongoing
	Effective recovery action following the conclusion of the moratorium	Close coordination between the The Regional Recovery unit, the Special Recoveries unit, the Loan Monitoring Unit (LMU) and the Central Recoveries function	Ongoing
Governance	Improving oversight over day to day operations	Appointment of a new Chief Operating Officer (COO)	Completed
	Strengthening supervisory oversight on credit and liquidity management	Established the Board Credit Committee and the Management Credit Committee	Completed
		Established the Board Credit Committee	Completed
Financial Stability	Proactive monitoring of capital adequacy limits	Implementation of the ICAAP	Completed
	Exit from non-value adding businesses	Discontinuation of the Factoring operation	Completed
Compliance	Early adoption of regulations	Finance Business Act Direction No. 05 of 2021 on Corporate Governance and the Personal Data Protection Act, No 09 of 2022	Completed

Proposed Future Action

Short Term

Strengthen enterprise-wide risk awareness culture.

Medium Term

Expand the scope of the ICAAP to implement advanced assessment tools both for Pillar-I and Pillar-II

3

PILLAR

Business - People - Progress Report FY 2022/23

Risks

- High attrition rate among skilled front line employees
- Loss of employee morale due to economic uncertainty and inflationary pressure

Opportunities

- ⊕ Improve employee goal congruence in line with the Company's strategic objectives

Priority Area	Focus	Key Activities	Status
Reward and Recognition	Performance driven culture	Implemented the fully automated performance management mechanism	Completed
Career Development	Continuous learning environment	Investment in a Learning Management Solution	Completed
		Roll out of the Talent Pool Development initiative for middle management	Ongoing
HR Systems	Strengthening HR Policy Framework	Appointment of a Special HR Review Committee to review and update the Company's HR Policy Manual	Completed
	HR process automation	Roll out of a new fully fledged Human Resource Information System (HRIS)	Completed
Speak up Culture	Promote employee interaction	Introduction of Quarterly Town hall meetings	Ongoing

Proposed Future Action

Short Term

Implement a Staff Secondment Policy and Procedure to support employee career mobility

Medium Term

Implement a structured leadership development programme to support succession planning

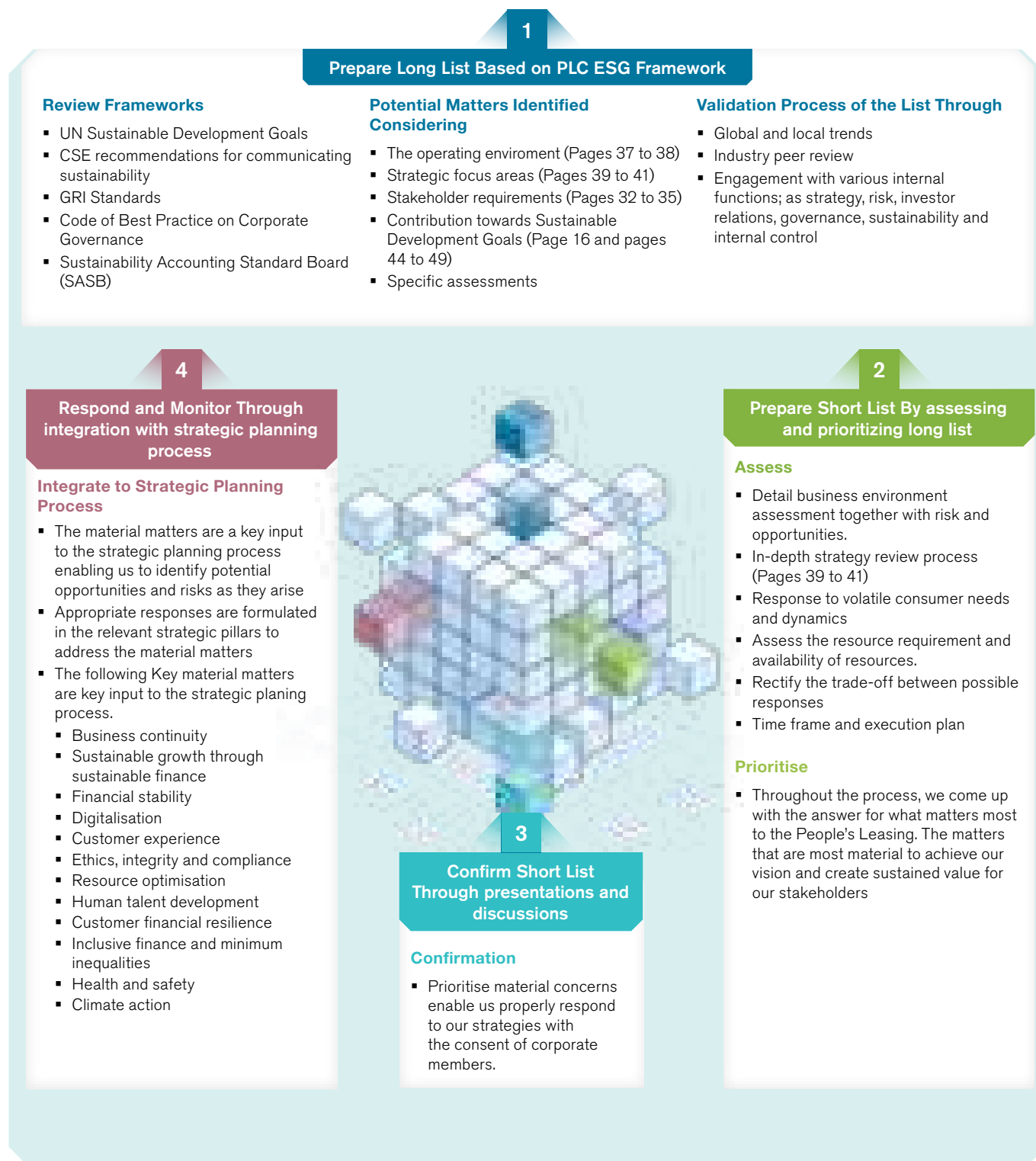
MATERIALITY

 GRI 3-1, 3-2, 207-3

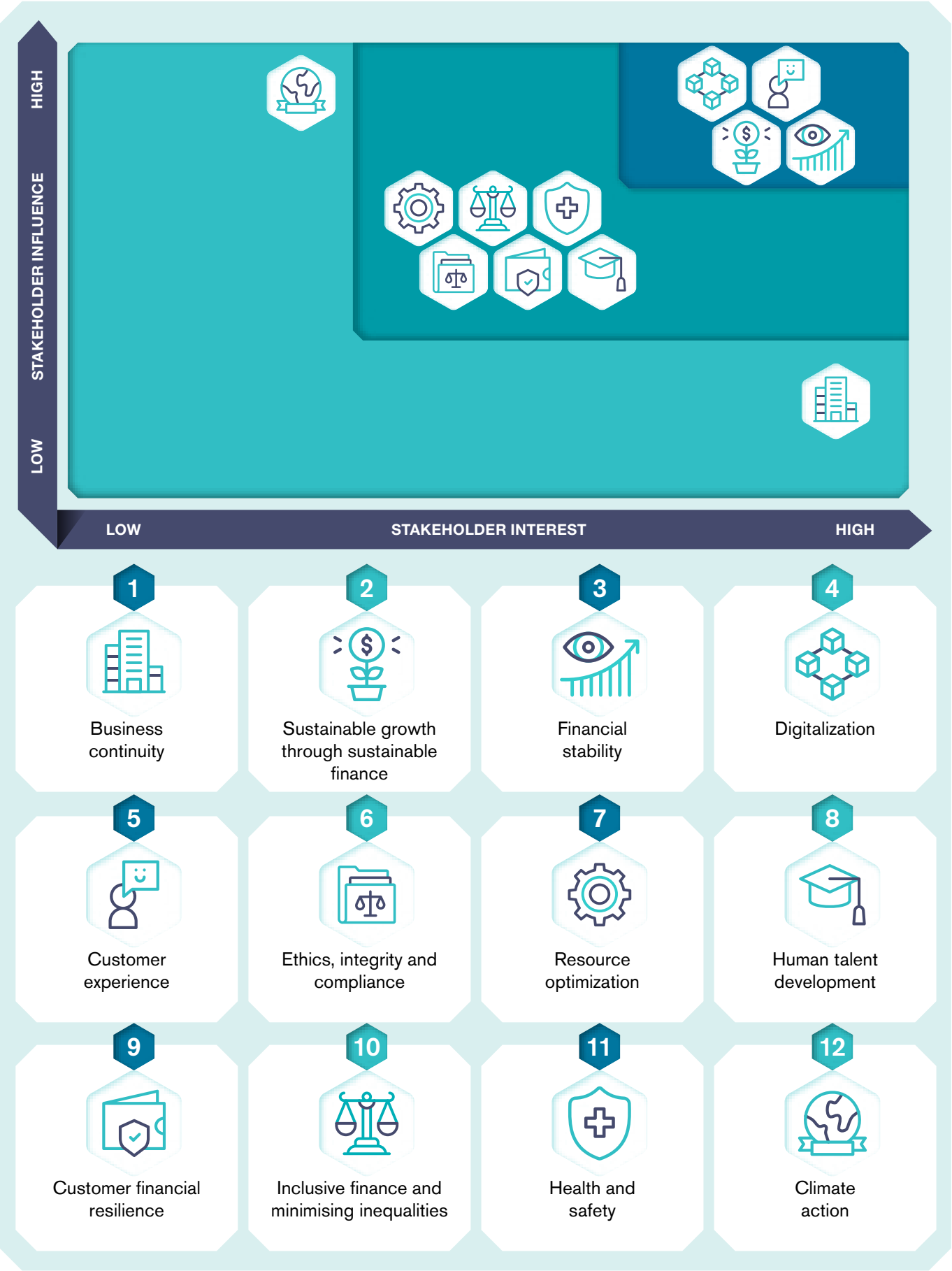
Materiality refers to the key issues that affect our stakeholders as well as our own business. We believe that understanding these material issues in a timely manner allows us to realign our strategy accordingly in order to safeguard the Company's ability to consistently create stakeholder value over the long term.

THE PROCESS OF DETERMINING MATERIALITY

At People's Leasing, the process of determining Materiality is an ongoing exercise that involves identifying and evaluating environmental, social and governance issues that may affect the business and the interests of stakeholders. Our materiality process typically considers both current and prospective scenarios, an approach that enables People's Leasing to intervene immediately if needed, while also planning suitable future action. This process conveys the commitment to integrated thinking as it allows new findings to be dynamically embedded in the Company's strategy, to realign objectives and support early adoption of reporting best practices.



The prioritised short list is reviewed periodically to assess the changes. The prioritised shortlist at the close of the year is presented below.





Rank	Material Matters	Impact on Value Creation	Capitals Impacted	The Most Affected Stakeholders
1	Business continuity 	Strategic diversification to build alternative revenue streams such as Gold Loans and Islamic finance	   	     
2	Sustainable growth through sustainable finance 	The advocacy of sustainable finance enhances customer awareness on social and environmental criteria, in turn leading a more socially and environmentally conscious society.	   	   
3	Financial stability 	Ensuring that People's Leasing remains financially stable during economic turbulence enhances the Company's resilience and safeguards the interests of all stakeholders	   	    
4	Digitalisation 	Digitalisation supports increased efficiency by improving employee productivity, while also benefiting from improved turnaround times for products and services provided. It also empowers customers to carry out a growing number of transactions without the need to visit a branch.	    	  
5	Customer experience 	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.	   	 



Action Taken to Address Opportunities and Risks	Impact		GRI Material Indicator Number and Topic Name	SDG's
	Organisation Concerns	Stakeholder Concerns		
- People's Leasing revisited its business continuity plans and revised them to reflect the current challenges. - People's Leasing determines its top priorities by analysing its strengths and prospects, as opposed to simply adhering to industry trends. Manage the liquidity positions and improve internal controls.				
- People's Leasing continues to promote green lending and has a number of products facilitating access to finance for MSMEs and microentrepreneurs in line with sustainable financing principles. Further, the moratoria and relief provided to customers during the past three years affirms its commitment to supporting sustainable finance. - The Sustainable Finance Unit (SFU) was established during the mid of FY 2022/23 to drive the Sustainable Finance related business activities.			GRI 201 – Economic Performance	
- Increased Fee and Commission based income - Stringent liquidity management to manage funding lines - Diversifying product portfolio beyond leasing of new vehicles - Managing risks associated with new products				
- Internal efficiency improvements to increase the utilization of existing platforms CAPP and DCHEQUE - Aggressive promotion of the PLC Touch app, PLC online, Lanka QR, People's Payway to support greater customer convenience - Launch of SLT Mobitel mCash payment platform				
Introducing a new state of the art web based credit disbursement (Core System) for superior customer experience			GRI 417 – Marketing and Labelling	

Rank	Material Matters	Impact on Value Creation	Capitals Impacted	The Most Affected Stakeholders
6	Ethics, integrity and compliance 	Operating in a highly regulated sector such as financial services, ethics, integrity and compliance impacts nearly every aspect of our operations .		
7	Resource optimisation 	Resource optimisation is key to driving efficiencies, profit margins and maximizing value delivered to stakeholders and is the core of integrated thinking.		
8	Human talent development 	Continuous investment in training and development to build a strong talent pool equipped with the skills and competencies, including high level of digital proficiency to deliver optimal performance		
9	Customer financial resilience 	The Company always focuses on the ability of a customer to withstand financial shocks within the prevailing turbulent economic crisis. Being a SOE, the Company has granted significant concessions to customers under stress due to the weak economic conditions in the past few years. People's Leasing extended its 6th round of moratorium concessions in FY 2022/23.		

Action Taken to Address Opportunities and Risks	Impact		GRI Material Indicator Number and Topic Name	SDG's
	Organisation Concerns	Stakeholder Concerns		
- Sound corporate governance, risk management, and a code of ethics reinforce a compliance culture at People's Leasing 37th place among 100 Public Limited Companies in Sri Lanka in Transparency in Corporate Reporting 2022			GRI 205 – Anti Corruption GRI 207 – Tax GRI 308 – Supplier Environmental Assessment GRI 413 – Local Communities GRI 414 – Supplier Social Assessment	     
- Paperless office initiatives through increased digitalisation - Cost rationalisation programmes - Group-wide productivity improvement initiatives - Structural changes including new reporting lines and updates to policies and procedures			GRI 302 – Energy GRI 305 – Emissions GRI 306 – Waste	         
- Launch of the new fully automated web based performance appraisal mechanism, which has greatly simplified it for both users and administrators. Automation has facilitated a mid-year review to enable manager to take unnecessary action to help poor performers to calibrate themselves in order to achieve year end performance targets . - Introduced 12 + new courses to the staff on both technical and soft skill training.			GRI 401 – Employment GRI 404 – Training and Education GRI 405 – Diversity and Equal Opportunity GRI 406 – Non-Discrimination GRI 407 – Freedom of Association and Collective Bargaining GRI 408 – Child Labor GRI 409 – Forced or Compulsory Labor	   
- As a responsible financial institution, People's Leasing decided against repricing its finance leasing portfolio in the current financial year and instead reverted to offering its unique variable interest rates scheme in order to give customers a measure of relief from rising interest rates. - The Company extended its 6th moratorium cycle in FY 2022/23 to enable eligible customers in the tourism and passenger transport sectors to benefit from the latest extension of the government-led debt moratorium scheme.				   

Rank	Material Matters	Impact on Value Creation	Capitals Impacted	The Most Affected Stakeholders
10	Inclusive finance to minimise inequalities 	Specialised product range to promote financial inclusion in order to minimise inequalities among underserved communities.		
11	Health and safety 	Safeguarding employee well-being and creating a safe space for customers to transact was a key priority during the year.		
12	Climate action 	People's Leasing is committed to supporting the transition to a low carbon economy through changes to its own processes as well as driving broader systemic change by focusing on sustainable finance.		

Action Taken to Address Opportunities and Risks	Impact		GRI Material Indicator Number and Topic Name	SDG's
	Organisation Concerns	Stakeholder Concerns		
Several of our offerings promote inclusive financing and convenience in conducting business				   
- Ensuring the health and safety of our employees remained a key concern during the year. The Company adhering to the highest safety protocols at all our locations - Employees were provided quarterly medical allowances for outdoor medical expenses and health insurance for hospitalisation based on respective employee grade. - Ongoing programs to promote general well being of our employees and encourage them to report any potential risks or concerns regarding health and safety issues			GRI 403 – Occupational Health and Safety GRI 410 – Security Practices GRI 416 – Customer Health and Safety GRI 418 - Customer Privacy	  
- Measuring and managing the carbon footprint - Review opportunities for climate related financing.			GRI 302 – Energy GRI 305 – Emissions GRI 306 – Waste	    

MULTILATERAL VERSATILITY

**We remain united and ever flexible to overcome all challenges
that may arise in an unpredictable business climate.**

Management Discussion and Analysis

Group Business Line Review 52 Financial Capital 66

Manufactured Capital 80 Intellectual Capital 84

Human Capital 90 Social and Relationship Capital 100

Natural Capital 112



GROUP BUSINESS LINE REVIEW

LOANS AND LEASES

Loans and leases product bundle cater to the needs of over 100,000 individuals, SMEs as well as corporates across the country. This segment achieved satisfactory performance amidst of the challenging business context.

Performance Highlights of 2022/23

Net Interest Income

Rs. **8,106.64** Mn

(2021/22- Rs. 12,211.08 Mn)

Segment Result/PBT

Rs. **4,454.01** Mn

(2021/22- Rs. 7,393.00 Mn)

Loans and Leases Portfolio

Rs. **109,203.95** Mn

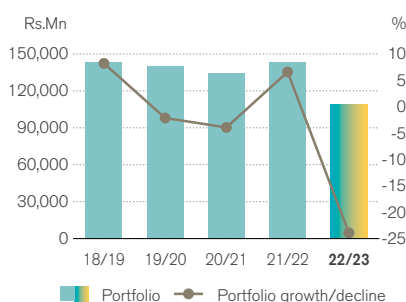
(2021/22- Rs. 143,526.77 Mn)

Impairment Coverage Ratio

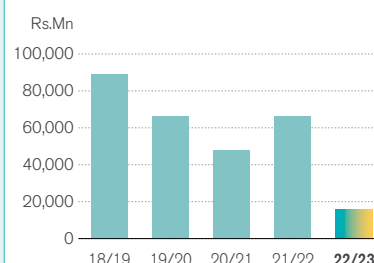
8.43 %

(2021/22 - 6.80%)

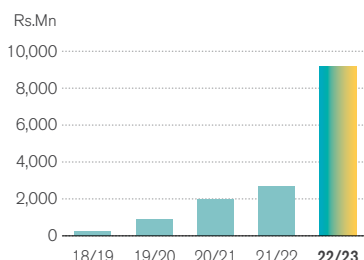
Loans and Leases Portfolio



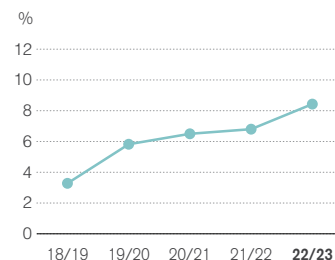
Loan and Lease Disbursements



Gold Loan Portfolio



Impairment Coverage Ratio



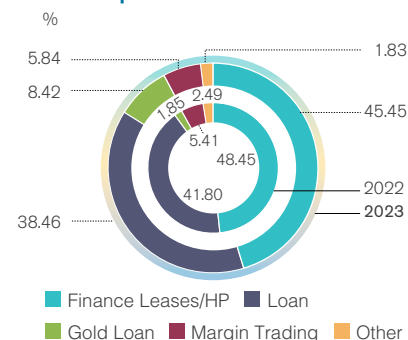
CONTEXT AND STRATEGY

The FY 2022/23 brought some notable challenges as well as some key opportunities for People's Leasing's Loans and Leases business. With the demand for credit deteriorating sharply as individuals and businesses came under pressure owing to the combined impact of rising inflation, high interest rates and severe economic turmoil, the Company deployed a series of risk mitigation strategies to prevent undue stress on the loan book.

Considering the muted credit demand, the focus shifted to selective lending with business targets revised accordingly. To support this cautious lending approach, the Company's internal LTV policy was tightened in order to limit the exposure to risky asset categories. Simultaneously customer credit

evaluations were also further strengthened under the purview of the Central Credit Hub established in mid-2022.

Meanwhile, given the continued pressure on the core leasing business owing to the prolonged import restrictions, People's Leasing pushed ahead with plans to explore new market segments. Focusing mainly on short term lending, the Company turned its attention to promoting Gold Loans as a solution for the working capital requirements of SME's. To facilitate this, the Gold Loan product portfolio was diversified with the introduction of several new sub products with varying tenures up to a maximum of 12 months. Taking steps to promote the Gold Loan proposition on an island-wide scale, a series of Above the Line (ATL) and Below the Line (BTL) campaigns were carried out to

Portfolio Split

create visibility for the new sub products and pitch Gold Loans not only as an emergency / consumption loan for individuals, but also as a viable short term financing solution for SME's. To complement these efforts, the network of Gold Loan Centres were expanded, with 43 Gold Loan centres established across the branch network of People's Leasing. As at 31 March 2023, the Company had a total of 89 Gold Loan Centres across its branch network. The branch oversight framework was also revamped to drive more focused growth by region.

As a responsible financial institution, People's Leasing decided against repricing its finance leasing portfolio in the current financial year and instead reverted to offering its unique variable interest rates scheme in order to give customers a measure of relief from rising interest rates. Having introduced its variable rate scheme in 2019 in response to the rate volatility at the time, People's Leasing has since enjoyed first mover advantage in this space, which proved to be a significant advantage in acquiring new customers amidst the rate hikes in the current financial year.

People's Leasing extended the 6th moratorium to support borrowers adversely affected by the ongoing economic downturn. Each borrower was evaluated individually which saw the moratorium being granted to customers in all major sectors of the economy, including tourism, transportation as well as MSMEs involved in manufacturing, agriculture and construction.

At the same time, customers not benefiting from the moratoria were offered special concessionary packages to help them to maintain business continuity and meet their debt service commitment. Hand in hand with these efforts the Company continued to provide advisory services on a case by case basis, to assist customers in improving business resilience and safeguarding their financial well-being in these challenging times

Meanwhile with FY 2022/23 year declared the "year of recovery", aggressive collection action was mobilised in line with the 100% collection target, split between 60% collection of current dues and 40% recovery of arrears. To support the achievement of these targets, the recovery framework was streamlined with specialised units created to strengthen oversight at various stages of the recovery process. The Regional Recovery unit was set up to work closely with branch teams to monitor and follow up on customer arrears, while the Special Recoveries unit was assigned to negotiate a settlement for complex cases in order to prevent such cases from escalating into the litigation stage. The Loan Monitoring Unit (LMU) was formed as part of an early warning mechanism to follow up on legacy contracts where the facility granted is over Rs. 5 million and arrears are above 36 rentals. Apart from this, the Central Recoveries function continued to provide guidance and oversight for driving recovery action.

The Company's Factoring operation was discontinued considering market conditions in the current financial year, while Margin trading was also undertaken at a limited basis in light of the subdued performance of the Colombo Bourse in 2022.

PERFORMANCE OUTCOMES

The Loans and Leases business delivered a satisfactory performance for FY 2022/23. In tandem with the cautious lending approach exercised throughout the current financial year, loans and leases portfolio of People's Leasing did not show a material change from the previous financial year.

Notably however the Gold Loan portfolio doubled from Rs. 2,658.47 million at the end of the previous financial year to Rs. 9,194.73 million as at 31 March 2023, a clear testament to the accelerated efforts to grow this particular segment. Portfolio expansion coupled with high interest rates saw the Gold Loan segment recording interest income of Rs. 1,372.25 million in the year under review, a full 369.92% higher than the Rs. 292.02 million registered in FY 2021/22.

Backed by stringent recovery efforts, portfolio quality of People's Leasing remained on par with expectations. The NPL ratio attributed to the loans and leases segment stood at 14.39% as at 31 March 2023, well below the industry average of 16.01% as at end March 2023.

Future Outlook

With economic uncertainties likely to continue for some time to come, People's Leasing will aim to consolidate its portfolio by continuing with the cautious lending approach for the foreseeable future. Amidst this backdrop, differentiation will be the key to growing and sustaining captive market share. In seeking to differentiate from peers, People's Leasing will explore more dynamic strategies to grow the loan book in a sustainable manner. One such strategy would be to promote variable rate leases until benchmark interest rates regain a measure of stability. Growing the Gold Loan portfolio will be another priority. The key to achieving this objective will be to expand the network of Gold loan units across the island-wide branch network.

To support these efforts, People's Leasing has also started laying the groundwork for the launch of a digital credit management tool that will create an ecosystem to support both high quality credit disbursement and ensure sustained recovery of dues to prevent the buildup of arrears.

Recovery efforts too are expected to gather momentum in the coming year where several planned initiatives will be implemented including recovery clinics and regional recovery centres to provide solutions to non-performing customers. As part of the overall recovery strategy, the Company is also looking to increase the payment platforms accessible to customers, thus enabling them to service their loans in a more convenient manner.



DEPOSITS

As of 31 March 2023, People's Leasing held an 11.11% market share in terms of deposit base. Fixed deposit base continued its growth momentum during the year under review whilst saving base reflected a notable decline compared the previous year.

Performance Highlights of 2022/23

Deposit Base

Rs. **100,935.11** Mn

(2021/22- Rs. 103,367.90 Mn)

Fixed Deposit Base

Rs. **96,370.26** Mn

(2021/22- Rs. 94,513.04 Mn)

FD, Savings
Composition

FD

Savings

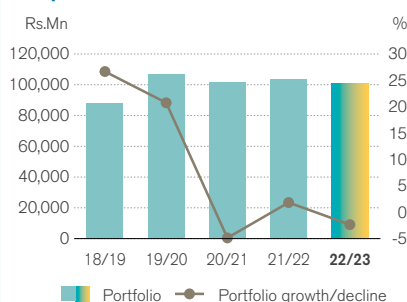
93.96%

(2021/22- 91.43%)

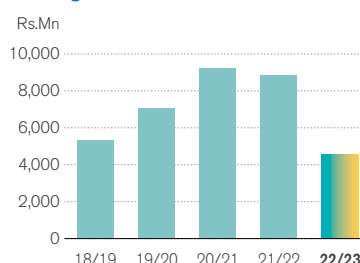
6.04%

(2021/22- 8.57%)

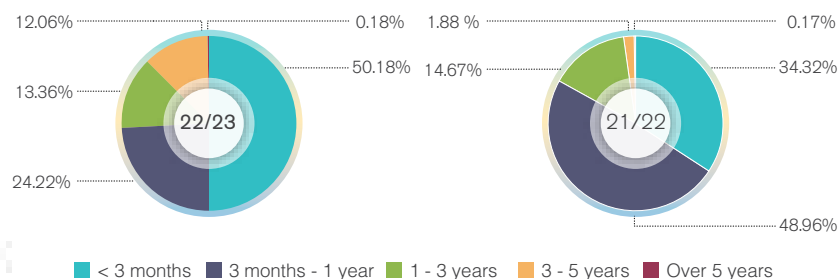
Deposit Portfolio



Savings



Deposit based on Maturity



CONTEXT AND STRATEGY

It was a busy year for deposit business of People's Leasing as deposit mobilisation activities gathered momentum on the back of the upward trend in interest rates from April 2022 onwards. While keen to capitalise on the opportunity, the Company remained watchful in taking aggressive action to grow the deposit base owing to the high cost of funds. Branch teams were thus encouraged to promote mainly longer tenure FD products with a lower annualised cost of funds. As part of a long term plan to grow the retail FD customer base, a strong push was also made to drive the Premier Reward Investment Plan.

In keeping with the focus on the long term, an innovative new product - the "Senehas" Minors' Fixed Deposit was launched in November 2022. The product is specifically designed for children below 18 years of age, can be placed either with a minimum deposit of Rs. 10,000 for interest at maturity or a minimum deposit of Rs. 100,000 to receive monthly interest. A key feature of the scheme is that it allows a parent or guardian to open multiple deposits on behalf of a minor. Being the first and only such product to be offered in the NBFI sector, a series of promotional campaigns were conducted to create visibility for the product.

Mobilising savings proved to be quite challenging as high inflation and the new tax regime caused a significant erosion in disposable incomes. Consequently People's Leasing leveraged its longstanding reputation and industry standing to focus on customer retention, targeting on savings customers. To drive these efforts, a special booster campaign was run to promote all types of savings products, covering general savings, super savings, minor savings and senior citizens savings.

PERFORMANCE OUTCOMES

The overall deposit base declined compared to the previous year. Fixed deposits reported a marginal increase of around 1.70% compared to last year whilst savings base reflects a significant decline of 49.24%.

Meanwhile, signalling the success of the Company's strategy to attract longer tenure FD products, the deposit mix remained heavily skewed towards FD's over 12 months. In related developments, the Company's latest FD product "Senehas" was very well received and continued to show good traction within the target market.

The FD to savings split also changed significantly in the current year as a consequence of FD growth and the reduction in savings.

Future Outlook

The near term outlook for the deposit business remains much the same as the FY 2022/23. However with the Country expected to reach greater economic stability over the next 12 - 18 months, interest rates are also expected to gradually decline before settling at acceptable levels, thus creating a more conducive environment for People's Leasing to drive deposit mobilisation activities while balancing the cost of funds. Amidst this backdrop People's Leasing will look to accelerate its marketing and promotional activities in order to reach a wider target audience. New product developing will also remain a key priority for growing market share over time..



ISLAMIC FINANCE

Al-safa Islamic Financial Services Unit of People's Leasing is currently one of the leading providers of Islamic financial services in the country. The Unit offers Sharia compliant product bundle to its customers including corporates, SMEs, high net worth individuals and professionals in various business sectors.

Performance Highlights of 2022/23

Financing Income

Rs. **948.39** Mn

(2021/22- Rs. 1,035.74 Mn)

Segment Result/PBT

Rs. **175.44** Mn

(2021/22- Rs. 353.38 Mn)

Segment Assets

Rs. **5,686.11** Mn

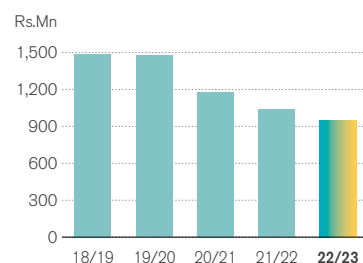
(2021/22- Rs. 8,524.80 Mn)

Impairment Coverage Ratio

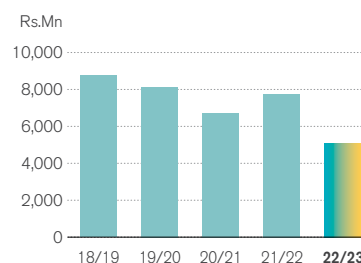
5.96%

(2021/22 - 5.54%)

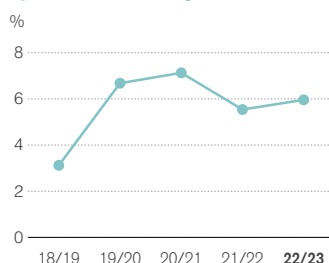
Interest Income



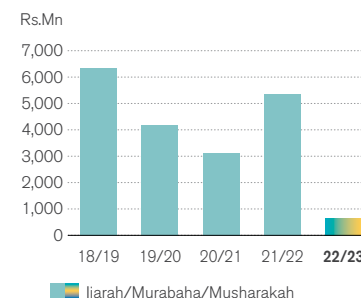
Portfolio



Impairment Coverage Ratio



New Disbursements



CONTEXT AND STRATEGY

Impacted by the economic challenges, People's Leasing's Islamic Financial Services Unit - Al-Safa (AIF Unit) took a guarded approach to business in the current financial year, alongside a more focused effort to consolidate AIF's core competencies and strengthen operational resilience to minimise the impact of adverse market conditions.

A cautious lending strategy underpinned AIF's disbursements via the flagship Musharakah, Ijarah and Murabaha products. Given the uncertain market conditions, it was decided to scale back on Ijarah and Murabaha, with new disbursements focused mainly on short term Musharakah. At the same time, efforts to manage NPA also gathered momentum supported by aggressive recovery and collection activities.

Moving ahead with plans to diversify the product offering, the Wakala Investment product was launched in January 2023 followed by the Wadi'ah Safekeeping facility.

The Wakala product which is positioned as an alternative to fixed deposits, is structured as a contract that allows an investor to authorise AIF to carry out specific financial activities on their behalf with earnings therefrom distributed as per a predetermined rate. In return for the services provided, AIF receives an agreed management fee, also known as the Wakala fee.

Structured as an alternative to the traditional gold loan, the Wadi'ah Gold Safekeeping Facility was designed as an emergency loan that can be easily and conveniently accessed in times of need.

As part of the first phase of the new product roll out, Wakala and the Wadi'ah Gold Safekeeping Facility was offered at the Puttalam Al-Safa, Park Street Al-Safa, and Kandy Al-Safa Branch Offices, with the next phase due to be implemented at the Mutur, Kalmunai and Kattankudy branches.

Seeing the growing popularity of Mudharabah investment and savings accounts, promotional activities for these products were significantly increased. As part of these efforts, the Al-Safa corporate website was revamped, while an official Facebook page was also launched. A series of social media campaigns were initiated to create brand visibility and raise product awareness. This was accompanied with a mass media campaign on electronic and print media to coincide with special seasonal festivals such as Ramazan and Hajj.

PERFORMANCE OUTCOMES

The performance of the AIF unit was in line with expectations set out for the year. As a reflection of the cautious lending strategies, new disbursements for the year under review declined notably compared to the previous year. Nevertheless, new disbursements for Ijarah, Murabaha and Musharakah products were on par with targets for the year.

Despite of the challenging operating context, consistent improvement in recoveries enabled AIF unit to close the Financial Tear with the NPA of 10.60% compared to higher ratios prevailed during the first half of the year.

The Mudharabah investment and savings accounts recorded strong year on year growth.

Future Outlook

The growing demand for Islamic financing the main focus for the immediate future will be to strengthen the AIF Unit's market presence.

This would involve expanding the Al-Safa branch footprint and where necessary strategically relocating branches to more spacious locations in order to improve the facilities offered to customers. The first phase of this programme would see the Al-Safa corporate branch revamped as a dedicated unit to serve corporate and premier customers, along with two or more additional branches commissioned to handle retail customers. Rolling out Islamic financing services across People's Leasing branch network will also be another key priority in the next year.

To accommodate these new changes, it is proposed that the branch oversight structure be centralised, where the Al-Safa corporate office will designated to provide supervisory oversight for all AIF branches as well as for the Islamic financing units located across the People's Leasing branch network.

At the same time, it is proposed that the flagship Musharakah product be redesigned with new features to create a clear differentiation from the mainstream products currently available in the market.

To complement the aforementioned strategies, AIF expects to deploy a more focused brand building initiatives on social media as well as mass media, to drive product awareness.

The medium term plan for the AIF unit involves revamping certain traditional products to improve their relevance in correlation to evolving customer demands, as well as the introduction of new innovative products such as Sahim and Sukuk schemes to drive new market penetration activities.



INSURANCE

People's Insurance PLC, the listed subsidiary of People's Leasing is a fully fledged non-life insurance company which offers a range of products including motor, fire and engineering, marine and miscellaneous insurance solutions to retail and corporate customers.

Performance Highlights of 2022/23

Net Earned Premiums

Rs. **4,873.87** Mn

(2021/22- Rs. 5,123.00 Mn)

Segment Result/PBT

Rs. **1,246.91** Mn

(2021/22- Rs. 995.84 Mn)

Segment Assets

Rs. **11,728.25** Mn

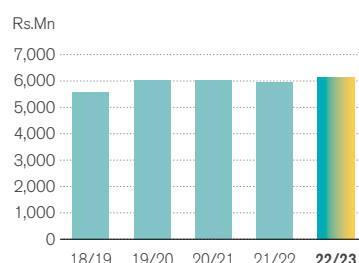
(2021/22- Rs. 12,102.54 Mn)

Segment Liabilities

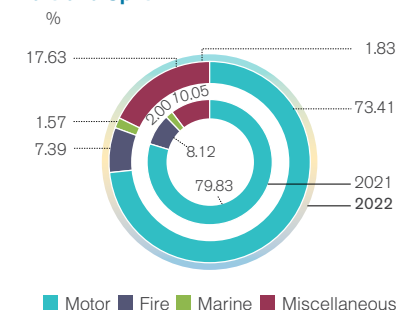
Rs. **6,854.52** Mn

(2021/22- Rs. 7,353.49 Mn)

Gross Written Premium



Portfolio Split



Claims ratio



CONTEXT AND STRATEGY

It was another tough year for People's Insurance PLC (PI). The motor insurance segment, which accounts for more than 73.41% of PI's average annual Gross Written Premium (GWP), remained under pressure as the vehicle market continued to stagnate amidst the ban on motor vehicle imports in effect for the third year running. The vehicle market shrank even further in the current financial year influenced by macroeconomic conditions such as the rapid rise in the price of registered vehicles following LKR devaluation against USD and the high interest rates that prevailed throughout much of 2022/23. In light of these adverse conditions, PI's teams focused mainly on customer retention in order to safeguard the Company's captive market share.

The Company also moved quickly to deepen the penetration into non-captive markets, in particular the fire, marine and miscellaneous segments. Set on tapping into emerging market opportunities, PI unveiled a new Foreign Employment Policy dedicated specifically to cater to female migrant workers employed as domestic helpers overseas.

PERFORMANCE OUTCOMES

Although captive business was adversely impacted by the subdued performance of the motor insurance sector, non-captive business recorded a growth of 10.61%, indicating the successful efforts to expand the fire, marine and miscellaneous segments.

On an overall basis, PI's GWP increased 2.75% in 2022/23, compared to the 12.61% growth in industry GWP.

With gradual easing of the pandemic environment a 21.51% increase in claims was noted for FY 2022/23 compared to the previous year. The Company's claims ratio stood at 72.89% for the current year, compared to 58.5% in the previous financial year.

Future Outlook

The prolonged stress on the economy will likely continue to impact the demand for motor vehicles for some time to come, and in turn the motor insurance segment too will remain under stress until the situation improves. Amidst this backdrop, PI will focus on mobilising low-cost insurance products in order to grow captive market share in the motor segment. The Company will also aim to accelerate digital capabilities in order to enhance the overall customer value proposition, while nurturing employee skills in the area of customer relationship management.



OVERSEAS OPERATIONS

A strategic initiative for People's Leasing, the Bangladesh-based subsidiary Lankan Alliance Finance Ltd. strives to offer customers user-friendly financial services through innovative technologies for secure and easy money management.

Performance Highlights of 2022/23

Net Interest Income

Rs. **662.27** Mn

(2021/22- Rs. 428.25 Mn)

Segment Result/PBT

Rs. **318.56** Mn

(2021/22- Rs. 190.30 Mn)

Segment Assets

Rs. **13,644.27** Mn

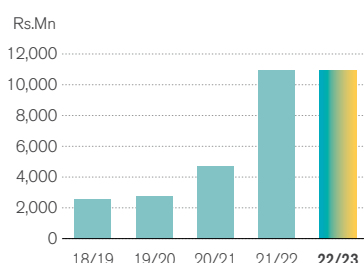
(2021/22- Rs. 14,544.08 Mn)

Segment Liabilities

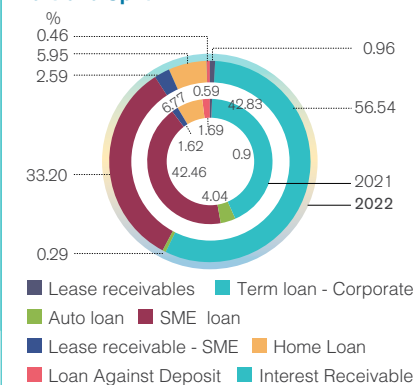
Rs. **9,878.11** Mn

(2021/22- Rs. 10,088.01 Mn)

Loans and Leases Portfolio



Portfolio Split



CONTEXT AND STRATEGY

Now in its 5th year of operation, Lankan Alliance Finance Ltd. (LAFL) - People's Leasing's overseas operations arm in Bangladesh has continued to make steady progress in promoting its value proposition to the target market. LAFL's customer base typically comprises Corporates (both tier 1 and tier 2), SMEs (large including MFIs), retail customers (primarily Home Loan), and Cottage, Micro, Small & Medium Enterprises (CMSME).

The current financial year saw LAFL recording some important milestones in expanding its market presence. In May 2022, the Company was granted approval to set up its first branch office in the heart of Dhaka's financial district, which represents an important step in LAFL's branch expansion strategy. In parallel, the corporate website was relaunched, and the Company's core IT systems were fully revamped to support potential growth.

LAFL also proceeded to strengthen its digital footprint through the rollout of the EDS money system to facilitate money transfers between financial institutions. In related developments, LAFL was also on-boarded to the new RTGS system in line with the Bangladesh Bank FINTECH upgrade for NBFIs.

PERFORMANCE OUTCOMES

Backed by strong economic activity in all key sectors of the Bangladesh economy, LAFL's loans and advances balance reached BDT 3.14 billion (equivalent to Rs. 10.99 billion.) by the end of the current financial year, denoting 35% growth over the previous year. Similarly, the year-end deposit balance of BDT 2.5 billion (equivalent to Rs. 8.88 billion.), reflects 25% growth over the previous financial year.

Meanwhile, LAFL's fee-based income also increased by BDT 7 million Year on Year (the equivalent of Rs. 24.7 million.) in fees earned following the successful conclusion of the first-ever world bank IPFF-II structured finance fundraising handled by the Company. Having signed up in 2021 to facilitate the World Bank-led IPFF-II (Investment Promotion and Financing Facility), LAFL successfully concluded its first-ever IPFF amounting to BDT 1,939.10 million (equivalent to Rs. 6.85 billion.). LAFL acted as the arranger with fund participation of BDT 375 million (equivalent to Rs.1.32 billion.).

Since its inception in 2018, LAFL has maintained near Zero-NPL, thanks to its careful evaluation of credit proposals and stringent recovery follow up processes. NPL's as at 31 March 2023 stood at BDT 7.5 million. (Equivalent to Rs. 22.89 million).

Future Outlook

The main priority going forward would be to strengthen LAFL's credentials as a fully-fledged financial institution, offering the full gamut of financial solutions from financing and investment options to wealth management, capital markets, merchant banking, advisory, issue manager license etc to cater to wider range of customer segments. In the long term the Company will work towards strengthening its presence in the fintech space and also explore further diversification into the Islamic finance sphere. It is hoped that these efforts will help to position LAFL among the top tier NBFIs in the Country.



MICRO FINANCE

People's Mico-commerce Ltd is a leading microfinance company in the country offering financial support to urban and rural communities who cannot access traditional banking sector for their financial needs.



Performance Highlights of 2022/23

Interest Income

Rs. **764.94** Mn

(2021/22 - Rs. 793.17 Mn)

Segment Result/PBT

Rs. **76.88** Mn

(2021/22 - Rs. 267.17 Mn)

NPA

5.11 %

(2021/22 - 4.67%)

Segment Assets

Rs. **2,621.39** Mn

(2021/22 - Rs. 3,070.80 Mn)

Segment Liabilities

Rs. **2,141.84** Mn

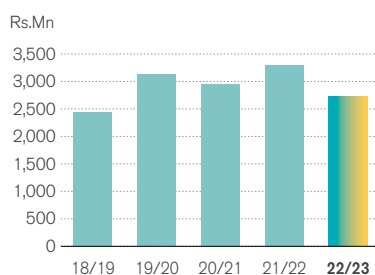
(2021/22 - Rs. 2,566.10 Mn)

Loan Portfolio

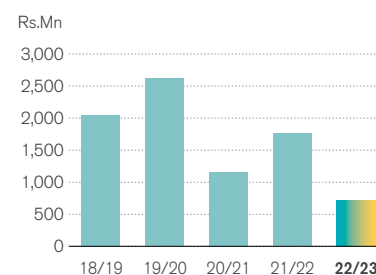
Rs. **2,727.84** Mn

(2021/22 - Rs. 3,296.02 Mn)

Loan Portfolio



New Disbursement



CONTEXT AND STRATEGY

The micro finance arm of People's Leasing -Micro-commerce Ltd (PML) was compelled to look for alternative lending opportunities in FY 2022/23 as the ban on vehicle imports stayed in force for the third consecutive year. In this regard, PML tapped into the growing demand for Micro-Leasing from the SME & Micro Entrepreneur segments, by offering tailor-made leasing solutions for registered three wheelers and motorcycles.

In a bid to strategically broaden its lending, micro loan activities also re-commenced with the scope of the Diriya loan scheme further expanded to create customised solutions for selected segments across different sectors and industries.

As part of this same initiative, PML also entered into a series of tie ups with selected suppliers involved in the motorbike assembly and value addition services.

These new lending strategies were accompanied with tighter credit controls and stringent recovery action to minimise potential credit risk in the long term. To further expedite the recovery process, yard auctions were introduced in place of the lengthy general auction mechanism.

PERFORMANCE OUTCOMES

PML's microfinance portfolio as at 31 March 2023 showed a decline compared to the figure reported at the end of the previous financial year. The decline was partly due to the lower lending volumes resulting from the Company's selective approach and partly the result of early settlements and healthy collections throughout the year. The average collection ratio for FY 2022/23 stood at 100.90%, signalling the success of the recovery efforts mobilised in the current financial year.

Performance Highlights

Rs. Bn	2023	2022	2021	2020	2019
Loan Portfolio	2.73	3.30	2.95	3.13	2.44
New Disbursement	0.72	1.76	1.16	2.62	2.05
NPA (%)	5.11	4.67	5.54	5.94	10.03

While the NPA value recorded for FY 2022/23 was less than the figure registered in the previous year, the NPA ratio as at 31 March 2023 increased as a consequence of the drop in the portfolio value as at the same date.

Future Outlook

Going forward, PML's cautious lending approach will continue to underpin the Company's efforts to grow the portfolio sustainably, while minimising credit risk exposure to the Company.



OTHER BUSINESS SEGMENTS

This segment covers the operations of People's Leasing Fleet Management Ltd, People's Leasing Property Development Ltd and People's Leasing Havelock Properties Ltd.



PEOPLE'S LEASING FLEET MANAGEMENT LIMITED

Vehicle valuation and insurance assessments

Working strategically to manage the challenging operating environment, the Company maintained optimal liquidity position at Rs. 409.90 million and seized the advantage of interest rate escalation.

Taking steps to minimise the adverse impact caused by external factors, the Company focused on mobilising existing human resources more effectively and strengthening ties with insurance partners to ensure uninterrupted service to customers. Meanwhile in an effort to maintain benchmark service quality parameters, several internal processes were streamlined while performance monitoring was automated. Despite external challenges, the focus on environmental management in line with regulatory compliance requirements and best practices.

In yet another positive, the favourable interest rate environment enabled the Company to record a sizeable improvement in finance income from Rs. 16.11 million in the previous financial year to Rs. 66.30 million in FY 2022/23.

Future Outlook

Going forward, the focus will be to further enhance its customer value proposition through technology-driven service excellence. This would involve investing in robust IT infrastructure supported by analytics to streamline customer service delivery. At the same time innovation will also remain a key priority, in particular to develop new value adding revenue streams.

Performance Highlights of 2022/23

Revenue

Rs. **66.49** Mn

(2021/22 - Rs. 166.46 Mn)

PBIT

Rs. **58.05** Mn

(2021/22 - Rs. 203.22 Mn)

PBT

Rs. **57.97** Mn

(2021/22 - Rs. 200.28 Mn)

PAT

Rs. **45.17** Mn

(2021/22 - Rs. 152.99 Mn)

Assets

Rs. **444.30** Mn

(2021/22 - Rs. 444.79 Mn)

Liabilities

Rs. **90.45** Mn

(2021/22 - Rs. 59.24 Mn)

ROE

12.77 %

(2021/22 - 39.52%)



PEOPLE'S LEASING PROPERTY DEVELOPMENT LIMITED

Carrying out mixed development projects and property development activities

Thanks to the nature of the business model, the Company's top line was not materially affected by external challenges. However inflation induced cost escalations remained a major issue. Against this backdrop, stringent cost containment measures were deployed to safeguard the bottom line. Given the high interest rate environment, a concerted effort was also made to lower the Company's gearing and thereby reduce associated finance costs.

On account of the increased valuation gains the Company's PAT increased by 65.70% compared to the previous year.

Performance Highlights of 2022/23

Revenue

Rs. **282.51** Mn

(2021/22 - Rs. 278.14 Mn)

PBT

Rs. **523.63** Mn

(2021/22 - Rs. 304.28 Mn)

PAT

Rs. **398.94** Mn

(2021/22 - Rs. 240.76 Mn)

Assets

Rs. **3,066.80** Mn

(2021/22 - Rs. 2,738.09 Mn)

ROE

19.18%

(2021/22 - 13.38%)



PEOPLE'S LEASING HAVELOCK PROPERTIES LIMITED

Operates an office complex

The Company's revenue improved in the year under review, supported by strategic repricing of rent agreements along with a strong contribution from alternative revenue streams. Despite inflation-induced high maintenance costs and the significant increase in finance costs, the Company reported a 64.77% increase in PAT compared to the previous year due to valuation gains.

Performance Highlights of 2022/23

Revenue

Rs. **243.94** Mn

(2021/22 - Rs. 218.50 Mn)

PBT

Rs. **228.43** Mn

(2021/22 - Rs. 102.22 Mn)

PAT

Rs. **168.43** Mn

(2021/22 - Rs. 102.22 Mn)

Assets

Rs. **2,983.64** Mn

(2021/22 - Rs. 2,655.37 Mn)

ROE

11.14%

(2021/22 - 9.13%)

Future Outlook

Going forward, the Company will consider the possibility of generating additional revenue by hiring out rooftop space at the Havelock building for outside events.



* Performance highlights of People's Leasing Property Development Ltd and People's Leasing Havelock Properties Ltd inclusive the fair value of investment property while consolidated financial statements are excluded the same

FINANCIAL CAPITAL

Financial Capital refers the financial resources available for the organisation to carry out its day to day operational activities and pursue long term strategic growth objectives. Typically, Financial Capital comprises assets, equity, reserves and borrowings. As a financial institution, People's Leasing's borrowings are mainly through deposits and savings of customers and to a lesser extent from banks and other financial institutions.



Value to Investors



Financial
Statements Analysis



Investment Philosophy

To nurture our Financial Capital, we follow multi-pronged approaches based on maintaining optimum liquidity positions, driving prudent and sustainable credit growth, strategic deposit mobilisation activities and focus on margin management. Achieving cost efficiency is another key component of our approach to managing Financial Capital. Towards this end, enterprise-wide cost targets are accompanied with various cost containment strategies to manage inflation-induced cost increased coupled with digitisation and automation initiatives to minimise manual intervention, improve productivity and reduce paper consumption.



Value Creation Highlight for FY 2022/23

PAT

Rs. 3.02 Bn

(Rs. 4.66 Bn - 2021/22)

DPS

Rs. 0.50

(Rs. 1.25 - 2021/22)

NIM

7.35%

(8.10% - 2021/22)

Loans and Advances

Rs. 114.28 Bn

(9.85% of NBFI Sector)

Provision Coverage

57.55%

(33.38% of NBFI Sector)

Total Assets

Rs. 171.07 Bn

(10.46% of NBFI Sector)

Core Capital

25.76%

(Minimum requirement 10.00%)

Customer Deposits

Rs. 100.94 Bn

(11.11% of NBFI Sector)

Total Capital Ratio

26.61%

(Minimum requirement 14.00%)

Equity

Rs. 39.79 Bn

(10.62% of NBFI Sector)

Material Matters



Financial stability



Business continuity



Resource optimization



Sustainable growth through sustainable finance

Benefits to other Capitals

Higher investment in digital infrastructure strengthens Manufactured Capital and improves customer convenience and serviceability, in turn strengthening Social and Relationship Capital

MC SC

Consistent profitability and a stable balance sheet enhances the Company brand equity to bolster Intellectual Capital

IC

Investment in energy-savings measures, digitisation / automation and sustainable finance initiatives contribute towards lowering carbon emission, thus benefiting Natural Capital

NC

Investment in training and development ensures a highly competent, motivated and engaged Human Capital

HC

Future Targets

Short Term

- Selective lending to minimise credit concentration risk exposure across long term asset positions
- Effective management of asset and liability portfolios to minimise the maturity mismatch .
- Drive low risk short term products
- Ensure a Governance mechanism is in place to enable the introduction of Sustainable Finance activities based on strong Risk Management principles
- Pursue revenue diversification opportunities

Medium Term

- Safeguard liquidity positions and ensure Liquid Asset Ratio remains above regulatory requirements during normal and stressed conditions
- Maintain NPL's / Stage 3 impairment ratio below industry averages
- Develop sustainable products in line with the Sri Lanka Green Finance Taxonomy directive issued by the CBSL

Long Term

- Achieve Rs. 10 billion PAT target within five years

A DIFFICULT OPERATING ENVIRONMENT, YET A PRUDENT STRATEGIC DRIVE ENABLED A STRONG FINANCIAL POSITION IN FY 2022/23 AT PEOPLE'S LEASING & FINANCE PLC

The year under review was challenging for the Company due to unprecedented economic challenges in the country. Rising interest rates impacted People's Leasing in several different ways. On the one hand, high yields on the investment portfolio enabled the Company to benefit from higher investment income, while on the other hand finance expenses remained exceptionally high. Moreover high interest rates also affected credit appetite. Other factors including sluggish economic activity, hyperinflation and weak market sentiments on the back of political instability, energy crisis, and the LKR depreciation against the USD. Increased vigilance to continuously assess market conditions enabled the Company to safeguard its financial position and maintain adequate liquidity buffers to serve the interests of all stakeholders.

HORIZONTAL ANALYSIS OF THE STATEMENT OF PROFIT OR LOSS

Rs. million	Company			Group		
	Year ended 31.03.2023	Year ended 31.03.2022	Change %	Year ended 31.03.2023	Year ended 31.03.2022	Change %
Net interest income	11,989.65	13,049.34	(8.12)	14,136.52	14,721.67	(3.97)
Non-interest income	1,821.72	2,859.85	(36.30)	5,755.73	6,704.19	(14.15)
Total operating income	13,811.37	15,909.19	(13.19)	19,892.24	21,425.86	(7.16)
Impairment charges	568.49	777.04	(26.84)	703.96	1,073.37	(34.42)
Net operating income	13,242.88	15,132.16	(12.49)	19,188.28	20,352.49	(5.72)
Operating expenses	7,269.66	6,836.95	6.33	12,184.50	11,421.37	6.70
Taxes on financial services	1,631.47	1,645.11	(0.83)	1,673.58	1,705.80	(1.89)
Profit Before Tax (PBT)	4,341.76	6,650.09	(34.71)	5,330.20	7,225.33	(26.23)
Income tax	1,324.12	1,991.08	(33.50)	1,888.50	2,407.16	(21.55)
Profit After Tax (PAT)	3,017.64	4,659.01	(35.23)	3,441.70	4,818.17	(28.57)

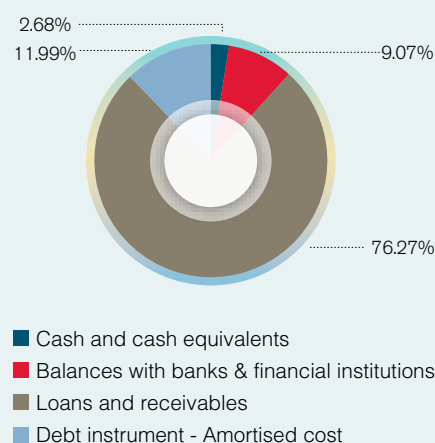
ANALYSIS OF STATEMENT OF PROFIT AND LOSS

Net Interest Income

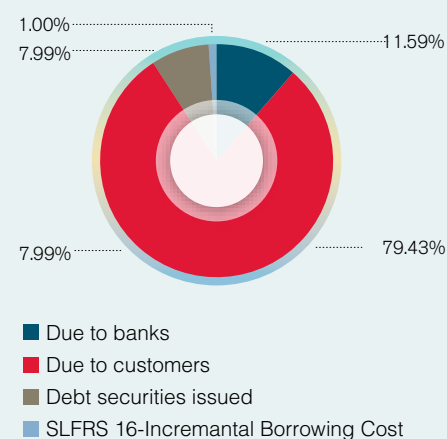
Net interest income is the net result of Interest Income and Interest Expenses. Interest income is generated through fund based activities (Loans, Leases, Gold Loans etc.) conducted by the Company. Interest expenses arises to interest payments/ accruals made to depositors and borrowers.

In the year under review, Interest income of the People's Leasing Group reflected significant year-on-year growth of 28.85%. Interest income generated through investments was the main driver of this increase. The second largest contributor was the Interest income from Gold loan portfolio. Interest income generated by the Gold Loan portfolio improved notably in the year under review supported aggressive island-wide campaigns to drive growth. Meanwhile Interest income from the overall loans and leases portfolio increased only marginally reflecting the Company's strategy to curtail long term lending amidst the high interest regime.

Composition of interest income



Composition of interest expense



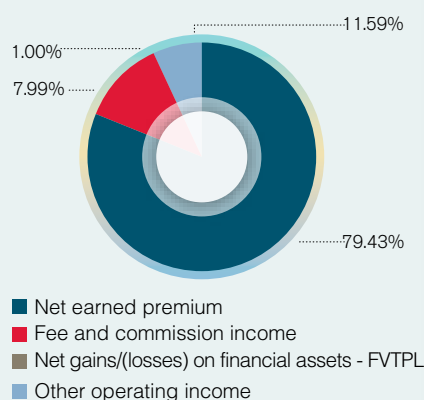
The Group's interest expenses increased by 71.98% compared to the figure recorded in FY 2021/22. Given that interest paid/ accrual to depositors represents the largest share of total interest expense, the increase in the current financial year was mainly the result of frequent re-pricing of the fixed deposits portfolio in tandem with the increase policy interest rates during the first nine months of the year.

With the growth in interest expenses outpacing the increase interest income, Group Net Interest Margin (NIM) declined to 7.61% in the current year from 8.22% in previous financial year. Due to the same reason, NIM of the Company also declined to 7.35% in FY 2022/23 from 8.10% in the previous year.

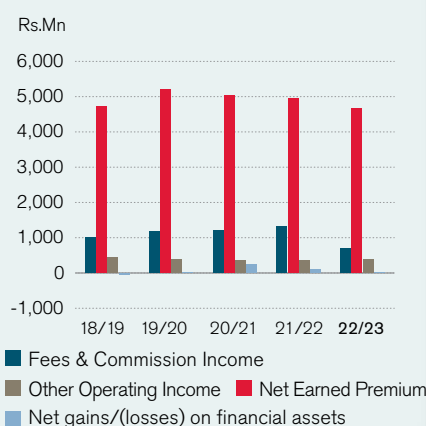
Non-interest income

Non-interest income of the People's Leasing Group comprises net earned premium from People's Insurance PLC, fee and commission income, net trading income and other income. In the current financial year, net earned premium accounted for 81.20% of non-interest income, whilst fee and commission income accounted for 12.01%. In light of the Company's decision to curtail new long term lending, fee and commission income associated with lending also declined by 47.70% compared to the previous year. Moreover, net earned premium generated by People's Insurance reduced by 5.37% as a result of subdued economic conditions. Net gains on financial assets FVTPL declined sharply compared to previous year due to unfavourable share price movements owing to lackluster equity market activity. Other operating income of the Group which mainly comprises rent income and gains from investment properties, insurance fee income and valuation income indicated slight year-on-year increase of 8.24%.

Composition of Non-interest income - Group



Non Interest Income

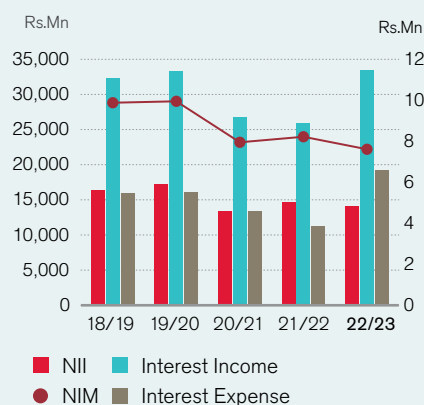


Impairment charges for loans and other losses

Group impairment charges for loans and other losses fell to Rs. 703.96 million in the current financial year from Rs. 1,073.37 million in FY 2021/22, indicating the success of the aggressive collection strategies initiated by People's Leasing throughout the current year.

In accordance with the CBSL Direction No. 01 of 2020, "Classification and Measurement of Credit Facilities" the method of computing the non-performing loan ratio was changed with effect from 01 April 2022. Under the new classification, all facilities reaching 90 days past due were considered as non-performing loan. On this basis, the non-performing ratio of the Company as at 31st March 2023 was 14.26%, well below the industry average of 16.01% as at the same date. It should be noted that a gradual decline was observed in the NPA ratio over the course of the financial year amidst improved recoveries. Meanwhile Impairment coverage ratio of People's Leasing remained at 57.55% as at 31st March 2023, against the industry average of 33.38% as at the same date.

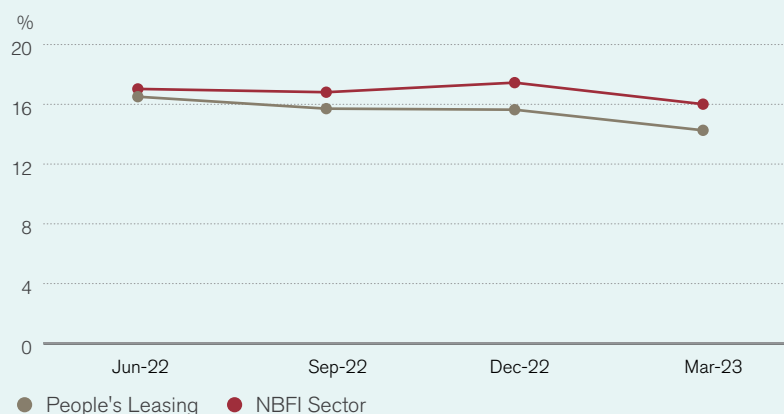
Net Interest Income Group



ANALYSIS OF IMPAIRMENT AND OTHER LOSSES

Rs. million	Stage 01	Stage 02	Stage 03	Total
Loans and receivables	(208.13)	(84.09)	113.63	(178.59)
Lease/ Hire purchase receivables	(221.56)	16.19	905.64	700.27
Total loans and advances	(429.69)	(67.89)	(1,019.27)	521.69
Other losses				96.68
Total impairment charges and other losses				618.37

Quarterly Non-performing advances ratio



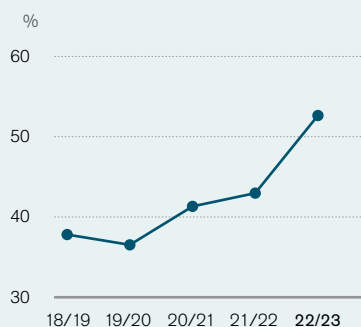
Operating Expenses

Strong cost containment measures deployed throughout the current financial year enabled People's Leading to prevent major cost escalation despite severe inflationary conditions. Consequently the People's Leasing Group recorded only a marginal 6.68% increase in operating expenses compared to the previous year. Given that the Group did not implement any pay cutbacks and continued with other benefits for its employees during this challenging time, Personnel expenses, increased by 15.87% over the previous year. One this basis, personnel expenses accounted for 47.04% of total operating costs.

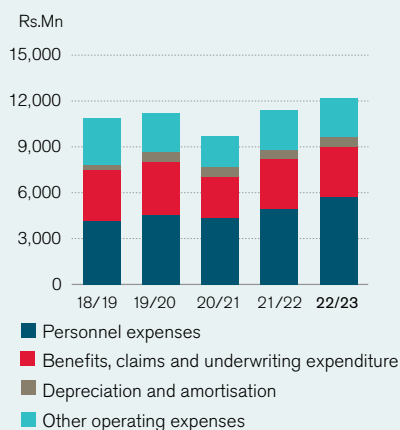
Nevertheless other operating expenses reflected 2.56% decline compared to the previous year due to the reduction in office administration and establishment expenses in line with the Company's strategy of right sizing branches and consolidation of operations.

Even though the Company was able to limit the growth in operating expenses to single digits, the Cost to Income ratio surged to 52.64% owing to the reduction in total operating income with increase in interest expense.

Cost to income ratio - Company



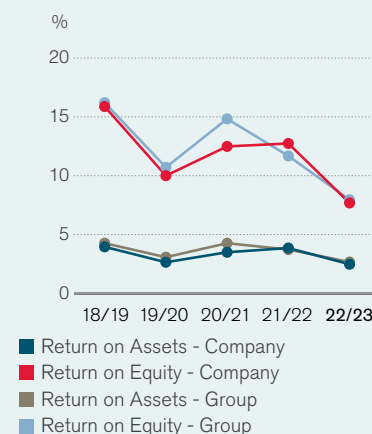
Operating expenses



Profitability

Despite of many challenges prevailed in the operating context the Company and the Group recorded Profit after Tax of Rs. 3,017.64 million and Rs. 3,441.70 million respectively for FY 2022/23. To preserve the interests of all stakeholders, People's Leasing placed a lot more emphasis on managing liquidity during this challenging time instead of just concentrating on increasing profitability. Thus the reported profit of the Company and the Group reflected a year-on-year decline of 35.23% and 28.57% respectively. Given to the said decline in profit after tax basic/diluted earnings per ordinary share of Group and Company were declined to Rs. 1.72 and Rs. 1.48 respectively in financial year 2022/23 from Rs. 2.35 and Rs. 2.28 in the previous year.

Profitability ratios



Taxes

The tax structure applicable to People's Leasing changed in the current financial year. The Social Security Contribution Levy (SSCL) of 2.5% was imposed on financial services with effect from 01 October 2022, resulting in the Company incurring an additional Rs. 104.90 million in tax expenses in the financial year ended 31 March 2023. The corporate tax rate applicable to People's Leasing also increased from 24% to 30% with effect from 01 October 2022.

Moreover, Withholding Tax (WHT) was introduced with effect from 1 January 2023 on service payments including rent, interest income service fee etc.

Rs. million	Tax on financial services	Income tax	Total taxation
Group	1,673.58	1,888.50	3,562.08
Company	1,631.47	1,324.12	2,955.59

As per the Surcharge Tax Act, No. 14 of 2022 passed in Parliament on 07 of April 2022, a 25% tax liability was imposed on Companies whose taxable income exceeds Rs. 2,000 million for the 2020/21 Year of Assessment. Accordingly, People's Leasing became liable for surcharge tax of Rs. 1,947.17 million, which was paid in two instalments on 19 April 2022 and 19 July 2022.

VERTICAL ANALYSIS OF THE STATEMENT OF PROFIT OR LOSS

Rs. million	Company		Group	
	2022/23	2021/22	2022/23	2021/22
Net Interest Income as a % of Total Operating Income	86.81%	82.02%	71.07%	68.71%
Impairment Charges as a % of Net Operating Income	4.24%	5.13%	3.67%	5.27%
Operating expenses as a % of Total Operating Income	52.64%	42.97%	61.25%	53.31%
PBT as a % of Net Operating Income	32.79%	43.95%	27.78%	35.50%

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

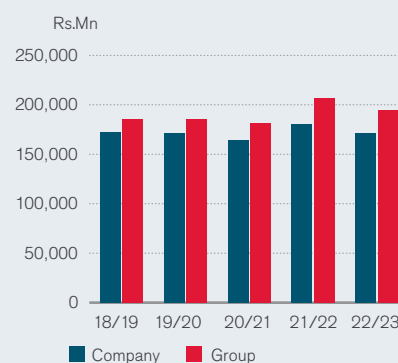
Total Assets

Total assets of the Company and the Group as at 31st March 2023 showed a decline of 5.36% and 5.92% respectively as against the asset base as at 31 March 2022.

Interest earning assets accounted for nearly 93% of the total assets of both the Group and the Company. The value of interest earning assets declined compared to previous year mainly due to the Company's decision to curtail new exposures with long term maturities under the higher interest rate regime. To benefit from the high rates, the Company increased its investment in Other Interest Earning Assets such as balances with banks and financial institutions, financial investments-held to maturity. Consequently, Other Interest Earning Assets of the Company increased by 156.25% year on year.

Market share of People's Leasing in terms of asset base as at 31 March 2023 was 10.46%.

Total Assets

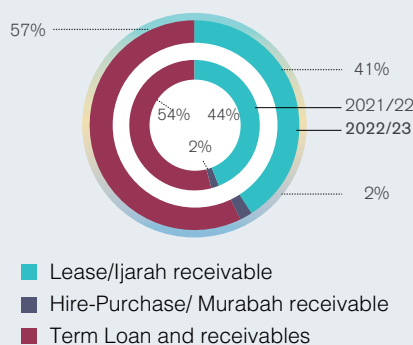


Loans and Receivables

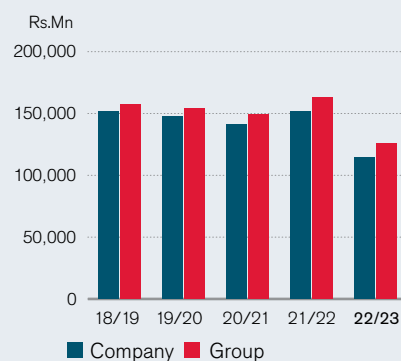
In the year under review, loans and advances accounted for 66.80% of the Company's total assets and 64.50% of total Group assets, compared to 83.69% and 79.05% respectively at the end of the previous financial year. This trend is consistent with the Company's efforts to move away from long term lending exposures and instead divert resources towards fixed returns investments in the current financial year. However long term loans and receivables remained largest component of the loans and receivables portfolio of both the Company and Group, followed by leases and Ijarah receivables.

Of the total gross lending portfolio, 20.24% was attributable to Agriculture, forestry and fishing whilst 18.26% is attributable to transportation and storage sectors.

Composition of loans and receivables -Group



Loans and receivables Portfolio



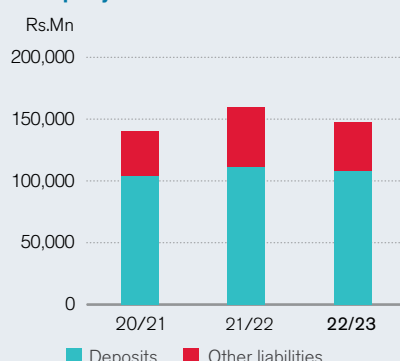
Total Liabilities

The largest liability on the Statement of Financial Position for FY 2022/23 was the amounts payable by the Company and the Group to its customers which amounts to 76.88% and 73.27%, respectively of total liabilities.

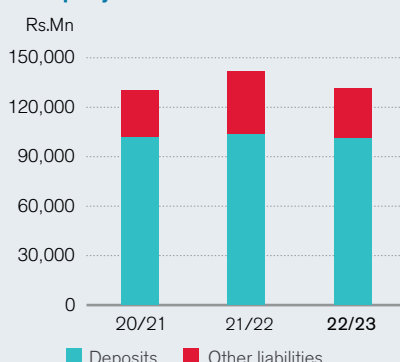
Total amount due to customers of the Company declined by 2.35% in FY 2022/23 compared with the previous financial year, which is the result of the Company's highly disciplined liquidity management approach and prudent to credit expansion strategy. Inflation induced pressure on disposable incomes impacted the savings balance of the Company, which decreased by 51.30% in 2022/23 compared to the previous financial year.

Other liabilities also decreased by 21.34% and 18.25% at the Company and Group levels respectively, to Rs. 30,345.99 million and Rs. 39,392.59 million respectively as at 31st March 2023. This decrease is attributed to higher settlements of other funding sources, which was possible owing to the strategic decision to minimise granting volumes due to high interest rates.

Company Total Liabilities



Company Total Liabilities

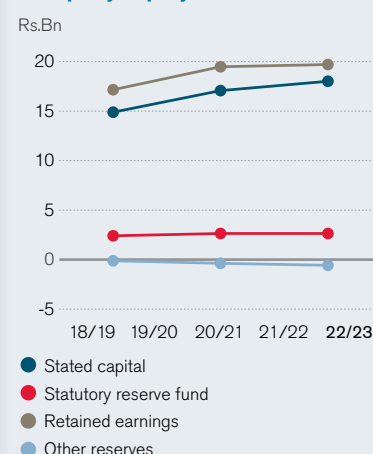


Equity

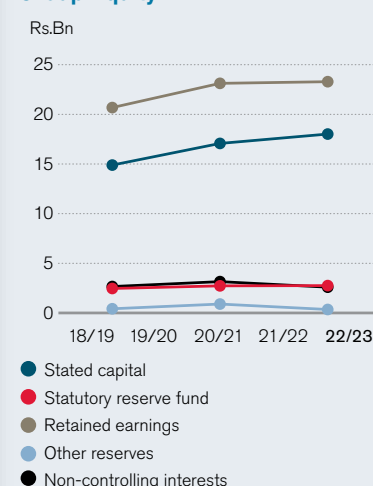
The Company's stated capital improved by 5.53% compared to the previous year. This was mainly due to the final scrip dividend declared during the financial year 2021/22, which amounted to Rs. 943 million and contributed to the strengthening of the core capital. The total equity of the Company and Group for the financial year 2022/23 was Rs. 39,792.06 million and Rs. 38,818.31 million, respectively. This represented a marginal growth of 2.51% and 0.06%.

Despite of the increase in total equity attributable to equity holders of the Company Net assets value per share of the Group reflected a marginal decline to Rs. 21.75 as of 31 March 2023 from Rs. 23.22 per share in 31 March 2022 due to the increase in total number of shares following the scrip dividend.

Company Equity



Group Equity



Capital Adequacy Ratios

Maintaining capital adequacy and sound liquid position were among the key priorities of People's Leasing during the financial year 2022/23. Supported by these disciplined approaches, the Company's capital adequacy ratios improved in 2022/23 compared to the previous financial year:

	Company		Group	
	2022/23	2021/22	2022/23	2021/22
Tier 1/ Core capital ratio (%)	25.76	18.76	19.62	16.15
Total capital ratio/total risk weighted capital ratio (%)	26.61	19.67	21.88	17.68
Regulatory Liquid Assets to Total Assets ratio (%)	26.60	10.30	13.00	9.86

Cash Flows

The Group saw its cash and cash equivalents increasing to Rs. 6,316.00 million as at 31 March 2023 from Rs. 5,402.59 million as at 31 March 2022. Increase is mainly attributable to net cash generated from operating activities amounting to Rs. 9,738.50 million. Net cash used in investing activities and financing activities of the Group amounted to Rs. 158.31 million and Rs. 8,484.64 million respectively during the financial year ended 31 March 2023.

VALUE TO INVESTORS

Investors contribute to the Company's value creation process by being a principal source of financial, equity and debt capital through their investments in the shares and debt instruments issued by the Company.

People's Leasing & Finance has always reiterated its commitment to investors through the provision of consistent returns. In addition, the Company endeavours to provide timely and accurate information about its activities to enable investors make informed decision. This 'Investor Relations' supplement has been prepared with the aim of providing a range of additional information and statistics that may be of interest to investors.

Engagement with the Investors

- People's Leasing & Finance PLC strives to promote ongoing investor engagement to keep them updated on key organizational developments that may influence their decisions.

Investor engagement typically takes place through the following channels.

Mode of Engagement	Frequency
Annual General Meeting	Annually
Annual Report	Annually
Interim Financial Statements	Quarterly
Updates on investor	As required
Interim paper publications	Semi-annually
Corporate disclosures to CSE	As required
Press release	As required

All disclosures and publications made through the above modes were done in compliance with all regulatory requirements, including publishing timelines. In keeping with the principles of efficiency, transparency, clarity & cultural awareness and feedback, set out under the People's Leasing & Finance PLC Communication Policy, the Company strives to continuously improve the quality of investor engagement activities.

VALUE DELIVERED TO SHAREHOLDERS IN 2022/23

People's Leasing follows a consistent dividend policy in order to facilitate satisfactory returns to their shareholders for their investments.

As at the 31 March 2023 the public float of the Company was recorded as 24.96% represented by 509,648,840 shares and 10,757 shareholders, up marginally from 471,142,121 shares and 10,918 shareholders at the beginning of the current financial year. The float when adjusted to reflect market capitalization as at the 31 March 2023 was Rs. 4,026,266,803. People's Leasing & Finance PLC has observed and complied with the option No.04 of Rule 7.14 (i) (a) of the Listing Rules of the Colombo Stock Exchange on the minimum Public Holding requirement.

	2022/23	2021/22
Earnings per share – Group (Rs.)	1.72	2.35
Dividends per share (Rs.)	0.50	1.25
Dividend payout (%)	31.28	46.79
Dividend yield (%)	6.33	15.43
Dividend cover times (times)	3.20	2.14
Net asset value per share (Rs.)	19.49	20.57
Price earning (times)	5.34	3.28
Price to book value (times)	0.41	0.39
Return on equity (%)	7.68	12.74
Earning growth (%)	(35.23)	15.52

ANALYSIS OF THE PERFORMANCE OF GLOBAL AND LOCAL EQUITY MARKETS

Performance of Global Equity Markets

2022 had been a year which had gripped individuals and economies; both domestic and global with the fears of soaring inflation, spiralling Central Bank interest rates, wars, and economic recessions.

These negative headwinds had a cascading impact on global equity markets which recorded its lowest performances in nearly a decade with the MSCI All-Country World Index dropping by one-fifth of its value during 2022.

European Markets underwent a rough year with Europe's STOXX 600 dropping by 12% and Germany's DAX declining by 12.3% recording their worst performance since 2018. France's CAC Index too fell by 9.5% while the London Stock Exchange lost its crown to the Paris Stock Exchange as Europe's largest stock exchange in terms of trading value.

Despite the European economy being agitated with the Russia-Ukraine war, energy crisis and a rising inflation, the FTSE 100 has been one among the few leading international indices to have accomplished a rise in the year; a rise of 1%.

Asian markets continued to reflect the prolonged impact of the Covid-19 lockdowns and restrictions. China's leading CSI 300 index declined by 22% while Japan's Nikkei Index followed along with a fall of over one-fifth of its value. The Bombay Stock Exchange's SENSEX; India's most major equity index appreciated by 4.4%, which was its lowest gain in six years.

The equity markets of the United States of America suffered too with the S&P 500 index collapsing by 20%, and the tech oriented NASDAQ Composite losing one-third of its value with the 'FAANGS'; the world's five largest tech companies comprising of Facebook/Meta, Amazon, Apple, Netflix, and Google respectively, saw their share prices cut in half and some even hitting all-time lows owing to the hit brought about by 2022 on the tech stocks (Wearden, 2022).

Performance of the Domestic Equity Market

The domestic equity market registered a subdued performance with all key metrics falling short of annual targets, largely as a result of prolonged recessionary condition, lower investor confidence, weak corporate profits, political instability and inflationary pressure along with a range of other adverse global influences.

Despite recording an all-time high of 13,462.4 in January 2022, the All Share Price Index (ASPI) declined progressively throughout the year, thereby narrowing down the ASPI by 30.6% at the close of 2022. The Standard & Poor's Sri Lanka 20 (S&P SL 20) Index contracted by 37.7%, while market capitalization declined by 29.9% and settled at Rs. 3,847.2 billion as at the end of 2022.

Average daily turnover at the Colombo Stock Exchange declined significantly to Rs. 2,972.3 million in 2022 from the Rs. 4,888.2 million of 2021. Nevertheless, a considerable increase in the net foreign inflows Rs. 30.6 billion/ USD 74.3 (approximately) was visible during the year 2022 compared to that of the year 2021.

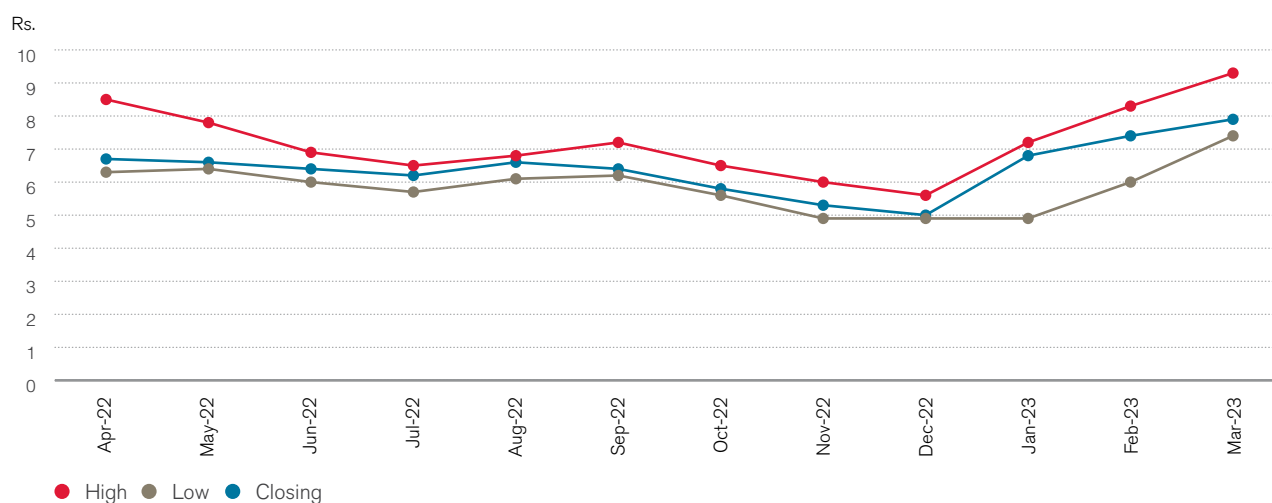
In terms of market valuation indicators; Price to Earnings Ratio and the Price to Book Value decreased from 13.6 times and 1.7 times respectively recorded in 2021, to 4.9 times and 0.9 times respectively in 2022.

PERFORMANCE OF THE PEOPLE'S LEASING & FINANCE SHARE

The ordinary shares issued by the People's Leasing & Finance PLC are listed under the Colombo Stock Exchange under the code PLC. N0000. During the twelve months ending 31 March 2023, the Company's share recorded its lowest price of Rs. 4.90 on three separate occasions on 22 November 2022, 22 December 2022 and 23 January 2023, before reaching a peak of Rs. 9.30 on 23 of March 2023. On the 31 March 2023, the People's Leasing & Finance PLC Share closed at Rs. 7.90, depicting a decline from the Rs. 8.10 closing price recorded during the preceding year.

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
High (Rs.)	8.50	7.80	6.90	6.50	6.80	7.20	6.50	6.00	5.60	7.20	8.30	9.30
Low (Rs.)	6.30	6.40	6.00	5.70	6.10	6.20	5.60	4.90	4.90	4.90	6.00	7.40

PLC Share Price Movement



SHARE INFORMATION

Share Capital

	2023		2022	
	Number	Rs.'000	Number	Rs.'000
Balance as at 1 April	1,887,195,002	17,071,961	1,704,602,760	14,892,036
Scrip Dividend	154,688,114	943,598	182,592,242	2,179,925
Balance as at 31 March	2,041,883,116	18,015,559	1,887,195,002	17,071,961

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

ANALYSIS OF ORDINARY SHAREHOLDERS

Distribution of Ordinary Shareholders

Distribution of Ordinary Shareholders	31-Mar-23				31-Mar-22			
	No. of Shareholders	Shareholder %	No. of Shares	Share %	No. of Shareholders	Shareholder %	No. of Shares	Share %
Less than or equal to 1000	3,218	29.88	876,342	0.05	3,263	29.86	928,802	0.05
1,001 - 10,000	5,401	50.15	16,814,874	0.82	5,581	51.08	16,968,884	0.90
10,001 - 100,000	1,796	16.68	50,302,811	2.46	1,761	16.12	49,438,645	2.62
100,001 - 1,000,000	313	2.91	84,210,489	4.12	281	2.57	74,366,187	3.94
Over 1,000,000	42	0.38	1,889,678,600	92.55	40	0.37	1,745,492,484	92.49
Total	10,770	100.00	2,041,883,116	100.00	10,926	100.00	1,887,195,002	100.00

Composition of Ordinary Shareholders

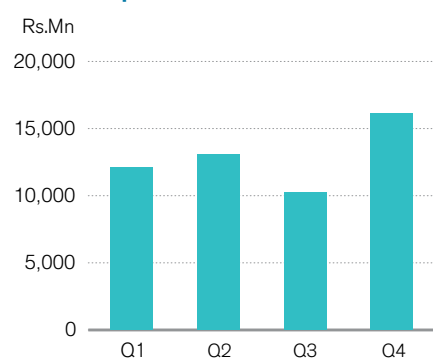
Composition of Ordinary Shareholders	31-Mar-23				31-Mar-22			
	No. of Shareholders	Shareholder %	No. of Shares	Share %	No. of Shareholders	Shareholder %	No. of Shares	Share %
Resident - Individuals	10,391	96.48	138,605,328	6.79	10,524	96.32	125,219,931	6.64
Resident - Institutions	327	3.04	1,893,401,618	92.73	349	3.19	1,750,299,666	92.75
Non-resident - Individuals	48	0.45	5,846,233	0.29	47	0.43	3,782,369	0.19
Non-resident -Institutions	4	0.04	4,029,937	0.19	6	0.05	7,893,036	0.42
Total	10,770	100.00	2,041,883,116	100.00	10,926	100.00	1,887,195,002	100.00

PEOPLE'S LEASING & FINANCE TURNOVER AND MARKET CAPITALIZATION

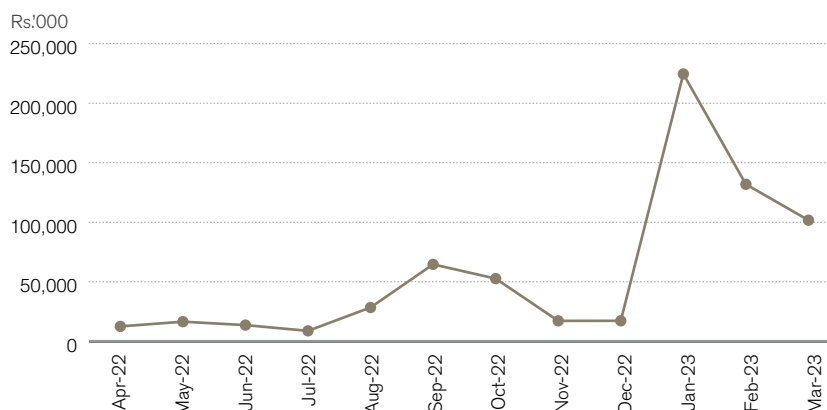
The share trading of People's Leasing & Finance which had followed a fluctuating trend during the year 2022/23 owing to the adverse global and domestic macroeconomic scenarios which had persisted and affected the entire share market, has shown a progressive upsurge at the beginning of the last quarter which again fallen towards the end of the quarter.

At the end of the financial year 2022/23, the market capitalization value of People's Leasing & Finance amounted to Rs. 16.13 billion.

Market Capitalisation



People's Leasing Share Trading Turnover



PROFILE OF ORDINARY SHAREHOLDERS

	2022/23	Q4	Q3	Q2	Q1	2021/22
Share Price;						
Highest	9.30	9.30	6.50	7.20	8.50	13.80
Lowest	4.90	4.90	4.90	5.70	6.00	8.00
Closing	7.90	7.90	5.00	6.40	6.40	8.10
Number of transactions	19,493	8,338	4,305	4,450	2,400	33,020
Number of shares traded (million)	104	66.51	15.39	15.74	6.35	178
People's Leasing Turnover (Rs million)	690	458.19	87.07	101.69	42.64	2,127
People's Leasing turnover to total market turnover (%)	0.14	0.39	0.07	0.05	0.06	0.18
Number of days traded	235	62	60	64	49	240
Average daily turnover (Rs million)	2.93	7.39	1.45	1.59	0.87	8.86
Market capitalization - CSE (MC) (Rs billion)	3,903.53	3,903.53	3,847.15	4,341.12	3,184.16	3,826.50
Market capitalization - PLC (MC) (Rs billion)	16.13	16.13	10.21	13.07	12.08	15.29
PLC MC to CSE MC (%)	0.41	0.41	0.27	0.30	0.38	0.40
Market turnover- Rs million	500,918	117,242	119,520	193,515	70,641	1,151,629

TWENTY LARGEST SHAREHOLDERS

No.	Name of the Shareholder	31-Mar-23		Position change	31-Mar-22	
		No. of Shares	%		No. of Shares	%
1	People's Bank	1,531,412,331	75.00	No change	1,415,396,247	75.00
2	Employee's Provident Fund	110,825,541	5.43	No change	102,429,667	5.43
3	National Savings Bank	56,438,626	2.76	No change	52,162,973	2.76
4	Sri Lanka Insurance Corporation Ltd-Life Fund	25,157,485	1.23	No change	23,251,615	1.23
5	Rubber Investment Trust Ltd A/C No 01	20,372,112	1.00	No change	22,146,695	1.17
6	Employees Trust Fund Board	19,455,652	0.95	No change	17,981,739	0.95
7	Bank of Ceylon No. 1 Account	14,803,129	0.72	No change	13,681,680	0.72
8	Perera and Sons Bakers Pvt Limited	13,000,000	0.64	No change	11,000,000	0.58
9	Ceylon Investment PLC A/C # 02	11,446,107	0.56	1 Position up	7,210,797	0.38
10	Sri Lanka Insurance Corporation Ltd-General Fund	11,215,823	0.55	1 Position down	10,366,140	0.55
11	Mercantile Investments and Finance PLC	7,610,092	0.37	No change	7,033,570	0.37
12	Ceylon Guardian Investment Trust PLC A/C # 02	6,960,225	0.34	1 Position up	4,273,247	0.23
13	Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	5,147,120	0.25	4 Positions up	3,248,816	0.17
14	Guardian Fund Management Limited/The Aitken Spence And Associated Companies Executive Staff Providen	4,164,992	0.20	New entrant	1,857,835	0.10
15	Commercial Bank of Ceylon PLC/Metrocorp (Pvt) Ltd	3,763,367	0.18	1 Position up	3,478,264	0.18
16	J.B. Cocoshell (Pvt) Ltd	3,691,299	0.18	2 Positions up	3,226,807	0.17
17	Mr. M.J. Fernando	3,298,934	0.16	2 Positions up	3,049,015	0.16
18	Mr. W.A.S.P. De Saram	3,223,615	0.16	3 Positions down	3,855,488	0.20
19	Mr. K.D.H. Perera	3,117,158	0.15	1 Position up	2,881,010	0.15
20	Mr. A.M. Weerasinghe	2,989,662	0.15	New entrant	2,300,254	0.12
	Subtotal	1,858,093,270	90.98		1,710,831,859	90.62
	Other shareholders	183,789,846	9.02		176,363,143	9.38
	Total	2,041,883,116	100.00		1,887,195,002	100.00

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		-
			516,892

As at 31 March 2022

Name	Position	Appointed Date / Resigned date	No of shares
Mr. Sujeewa Rajapakse	Chairman		165,858
Mr. Rohan Pathirage	Director		402,628
Mr. Azzam A. Ahamat	Director		-
Mr. Ranjith Kodituwakku	Director		-
Mr. S. Ahangama	Director	Resigned w.e.f 24 August 2021	
Mr. K.C.J.C. Fonseka	Director		57,932
Mr. C.J. Wijetillake	Director		5,233
Mr. U.L.A.W. Bandara	Director		-
Ms. M.C. Pietersz	Director		-
Mr. S.J.M. Marcelline	CEO		-
			631,651

SOLVENCY AND DEBT CAPITAL**As at 31 March 2022**

	2022/23	2021/22	Change %
Debt to equity ratio excluding deposits (Times)	0.61	0.75	(0.19)
Tier 1 capital/Core capital ratio – %	25.76	18.76	0.37
Total capital ratio/Total risk weighted capital ratio – %	26.61	19.67	0.35
Interest cover (Times)	1.24	1.61	(0.23)
Current ratio (Times)	1.17	0.79	0.48

DEBENTURE MARKET INFORMATION

People's Leasing & Finance PLC issues debentures with the intention of reinforcing its funding capabilities while decreasing the maturity mismatches the Company has to encounter.

During the financial year 2022/23, People's Leasing & Finance held adequate liquidity and focused on enhancing its funding position through deposits, due to which the Company did not issue any debentures.

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 July	21 July	21 July	21 July
Maturity Date	23 April	24 July	24 July	26 July	26 July
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	-	Annual	-
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	-	-	-
Yield to Maturity (%)	12.80	8.00	8.00	9.00	9.00

As at 31 March 2022

Type	Type A	Type B	Type A	Type B	Type C	Type D
Tenure (Years)	4 years	5 years	3 years	3 years	5 years	5 years
Issue Date	18 April	18 April	21 July	21 July	21 July	21 July
Maturity Date	22 April	23 April	24 July	24 July	26 July	26 July
Interest Rate	Fixed	Fixed	Fixed	Zero Coupon	Fixed	Zero Coupon
Coupon Rate (%)	12.40	12.80	8.00	-	9.00	-
Effective Annual Yield (%)	12.40	12.80	8.00	8.00	9.00	9.00
Interest Rate Comparable Government Security (%)	9.25	9.77	6.25	6.25	6.93	6.93
Frequency of Interest Payable	Annual	Annual	Annual	-	Annual	-
Rating	A+	A+	A+	A+	A+	A+
Amount (Rs. Mn)	705	5,295	2,943	2,420	4,272	365
ISIN No.	LKR0399D23997	LKR0399D23989	LK0399D24847	LK0399D24839	LK0399D24821	LK0399D24854
Market Value (Rs.)						
Highest	Not traded	Not traded	Not traded	Not traded	Not traded	Not traded
Lowest	Not traded	Not traded	Not traded	Not traded	Not traded	Not traded
Closing	Not traded	Not traded	Not traded	Not traded	Not traded	Not traded
Current Yield (%)	12.40	12.80	8.00	-	-	-
Yield to Maturity (%)	12.40	12.80	8.00	8.00	9.00	9.00

MANUFACTURED CAPITAL

People's Leasing & Finance PLC's Manufactured Capital consists of the physical touch points including property plant and equipment (PPE), investment property and right-of-use assets along with digital channels that enable the delivery of the Company's value proposition to the market.

Physical Touchpoints

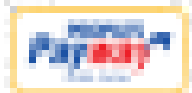


111
Branches



89
Gold Loan
Operations

Digital Channels



PLC  ONLINE



Investment Philosophy

Develop a network of cost effective physical channels along with reliable and efficient digital front end interfaces to support the Company's long term growth objectives and meet stakeholder deliverables. All investments are planned ahead and resources allocated in line with the annual CAPEX budget. These efforts are accompanied with appropriate capacity building initiatives to further enhance the efficacy of the Company's physical and digital channel architecture.



Value Creation Highlight for FY 2022/23

Branch Strategy

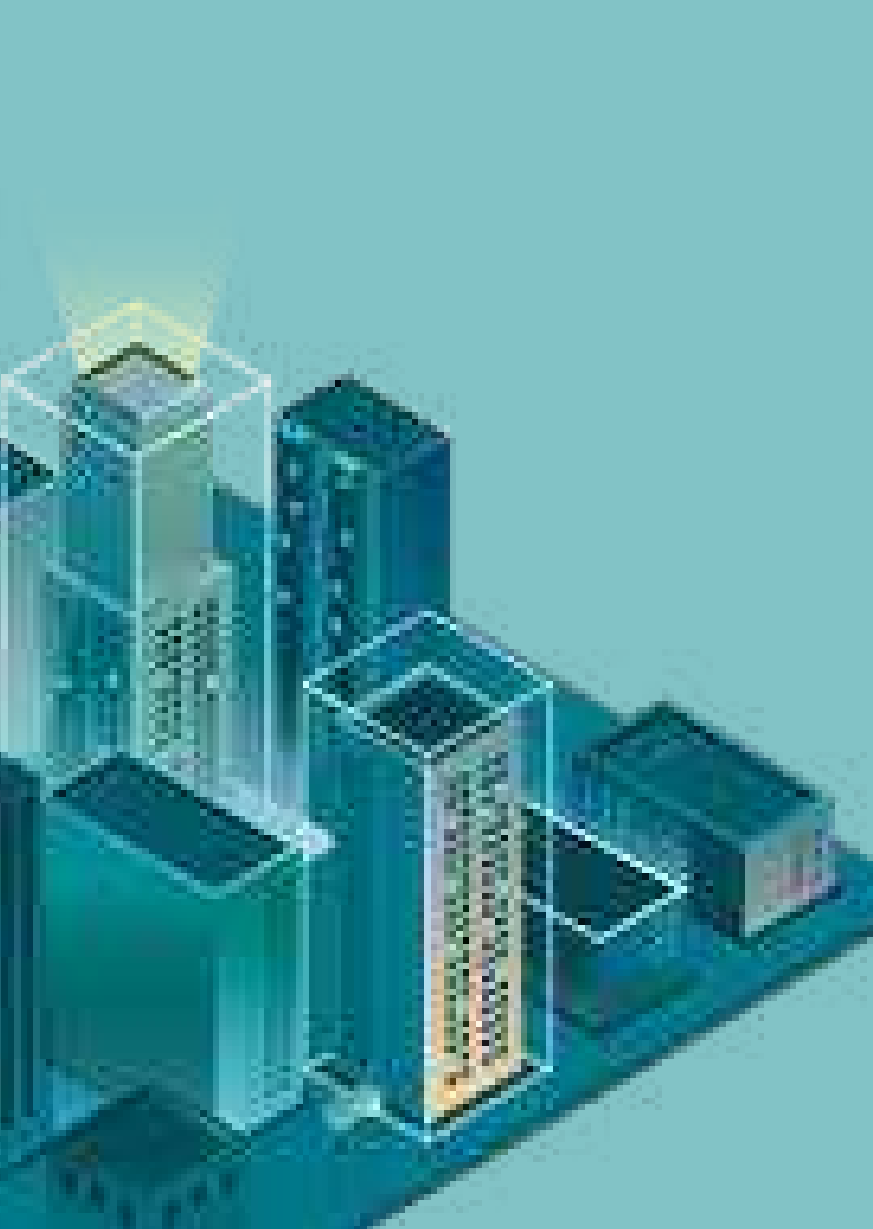
Relocate the Giriulla, Kiribathgoda, Kuliyaipitiya branches and established 43 Gold Loan units in branches

Branch Governance

Establishment of new governance oversight procedures under the AGM Operations

Digital Channel Development

Launch of SLT Mobitel mCash payment platform



PROPERTY, PLANT AND EQUIPMENT

Rs. 1,481.01 Mn

RIGHT-OF-USE ASSETS

Rs. 1,615.93 Mn

INVESTMENT PROPERTY

Rs. 1,200.32 Mn

Material Matters



Customer Experience



Inclusive finance to minimise inequalities



Resource optimization



Digitalisation

Benefits to other Capitals

FC

Ability to sustain revenue growth over time has a positive impact on Financial Capital

IC

Improved brand visibility which enhances Intellectual Capital

SC

Builds trust and confidence among customers and the wider community to strengthen Social and Relationship Capital

HC

Creates opportunities for Human Capital development

Future Targets

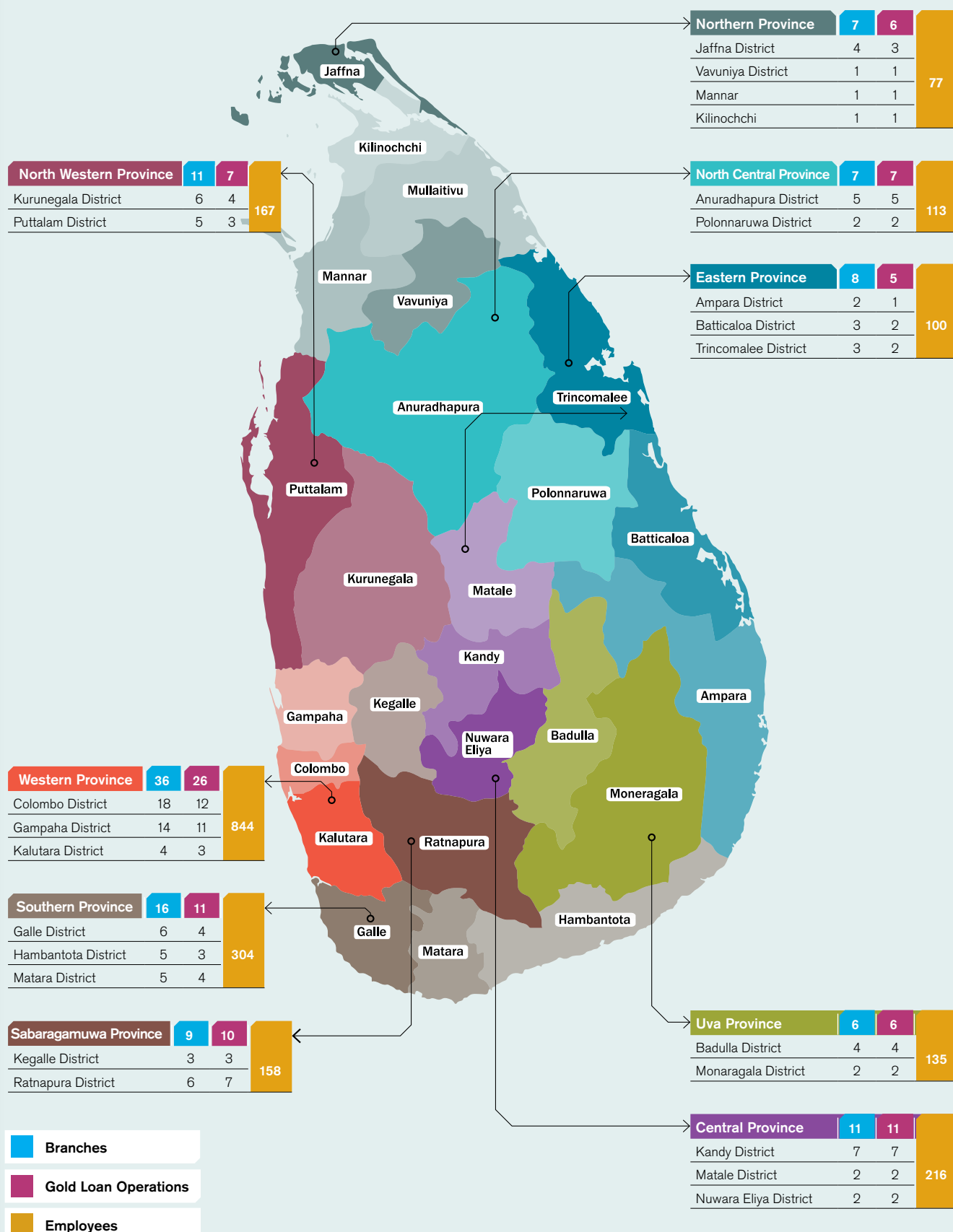
Short Term

- Setting up Premier Branches dedicated for high net worth customers
- Leverage Group synergies to access the People's Bank network of 822ATM's and 319 CDM's (As per the People's Bank AR -2022)
- Introducing a fully fledged digital wallet platform

Medium Term

- Revamp traditional branch model through the introduction of the Smart Branch concept

PEOPLE'S LEASING'S BRANCH FOOTPRINT



BRANCH STRATEGY

Since the inception, People Leasing's branch expansion strategy has been driven by the desire to reach out and serve all customer segments across Sri Lanka. With this in mind, we have prioritised setting up branches in strategic locations across the Country mainly in regions with strong economic growth potential, thus empowering people and businesses in these areas to grow and thrive.

Cost efficiency remains a key consideration in our decisions regarding branch expansion. To optimise branch ROI, we set up branches on leased premises. As part of the branch expansion strategy, 03 existing branches were relocated.

The principle of right-sizing underpins our efforts to improve resource utilisation and drive overall branch productivity. Towards this end, our branches are structured to

deliver the right mix of products in response to the localised needs of customers in the area. In line with this approach, we have over the years systematically scaled up branch operations by setting up dedicated Gold Loan Centres at selected branches. Branch right-sizing also often involves other capacity reorientation initiatives, including process improvements and staff training.

The Company also set up 43 Gold Loan Centres during the year under review, and with those new centres, the total reached 89 Gold Loan Centres

DIGITAL CHANNEL DEVELOPMENT

People's Leasing established its digital footprint in 2021 with the launch of the PLC Touch, a fully fledged wallet application that empowers customers through 360° transactional capability from anywhere at any time. This was soon followed by the launch of the CAPP and Dcheque digital integrator solutions for improved customer delivery.

To build on the success of these ventures, the Company tied up with SLT-MOBITEL to further expand its digital channel architecture with the launch of the mCash platform in the year under review. This latest digital channel development allows People's Leasing customers to settle their lease rentals either using the mCash mobile application or through the island-wide mCash agent network.

	2019/20	2020/21	2021/22	2022/23
Amount invested in branch expansion/relocation (Rs. million)	10.20	16.21	14.75	13.71
Operational cost involved in setting up Gold Loan Centres (Rs. million)	14.63	32.00	6.11	84.50

BRANCH GOVERNANCE

Governance is vital to safeguarding integrity and efficiency of the branch network. The acceleration of the People's Leasing branch footprint in the current financial year, were accompanied with a series of structural changes to strengthen the branch governance. Existing oversight procedures were revamped to induce more stringent top-down control with clear reporting lines established at regional level, all under the purview of the newly appointed Senior Deputy General Manager/ Head of Branch Network.

Steps were also taken to implement the 5S concept to streamline work flow systems in order to improve efficiency and effectiveness of the overall productivity of branches. A total of 21 branches from the Colombo region were selected under Phase 1 of the roll out which began in the latter part of 2022.

The acceleration of the People's Leasing branch footprint in the current financial year, were accompanied with a series of structural changes to strengthen the branch governance.



INTELLECTUAL CAPITAL

People's Leasing Intellectual Capital consists of the intangible assets that represent our identity and sets us apart from peers.



Brand Value



Team Expertise



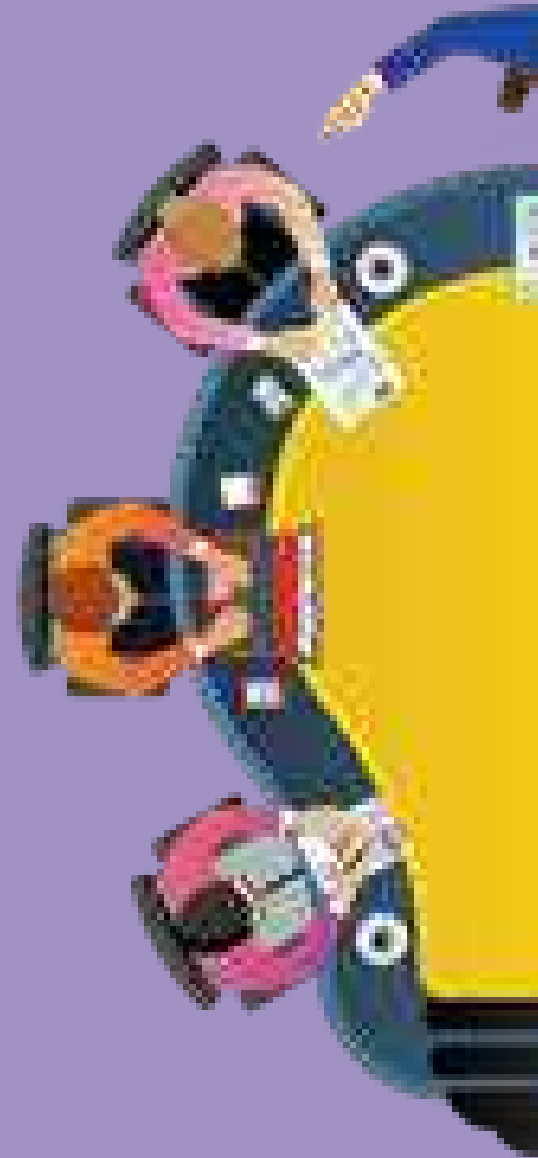
ICT Roadmap



Business Ethics



Business Networks



Investment Philosophy

Strengthen each intangible component individually, while improving the harmony between elements in order to ensure they collectively contribute towards enhancing goodwill and industry standing of People's Leasing & Finance PLC. Given the sensitive nature of intellectual capital, decisions regarding its development are taken at Board level to ensure alignment with the Company's strategic direction.



Value Creation Highlight for FY 2022/23

Brand Value



People's Leasing brand value estimated at Rs. 6.51 billion as per the latest assessment conducted by Brand Finance Sri Lanka

"Best Integrated Report – State Owned Enterprises/Companies: Finance & Leasing" and "Merit Award" at the 'CMA Excellence in Integrated Reporting Awards - 2022'

"Certificate of Merit" – for the Best Presented Annual Report under the Financial Services category at the SAFA (South Asian Federation of Accountants)

European Award for Best Practices 2022 by the European Society for Quality Research (ESQR)

Bronze Award in the NBF (Total Group Asset above LKR 20Bn) sector, at the TAGS Awards 2022 conducted by the Institute of Chartered Accountants Sri Lanka

For the first time in the finance industry of Sri Lanka, People's Leasing & Finance PLC embarks as the first company who have successfully completed the National Productivity Certification in highest number of branches.



Incurred on new investments/ upgrades to it infrastructure

Rs. 22.68 Mn

Material Matters



Customer Experience



Inclusive finance to minimise inequalities



Resource optimization



Digitalisation



Sustainable growth through sustainable finance



Ethics, integrity and compliance

Benefits to other Capitals

FC

Strong brand credentials enables new customer acquisition to grow captive market share which has a positive impact on Financial Capital

MC

Ability to drive innovation in order to ensure efficient use of Manufactured Capital

SC

Create a platform to drive customer loyalty and earn the trust of business partners to strengthen Social and Relationship Capital

HC

Creates opportunities for Human Capital development

Future Targets

Short Term

- Digital KYC implementation
- Implementation of a digital Delinquency management system
- HRIS Mobile app roll out
- Update the ethics framework with the inclusion of formal anti-bribery and anti-corruption policies

Medium Term

- LMS Mobile app roll out
- Expand the brand proposition to target a wider customer market, with special emphasis on attracting high net worth clientele

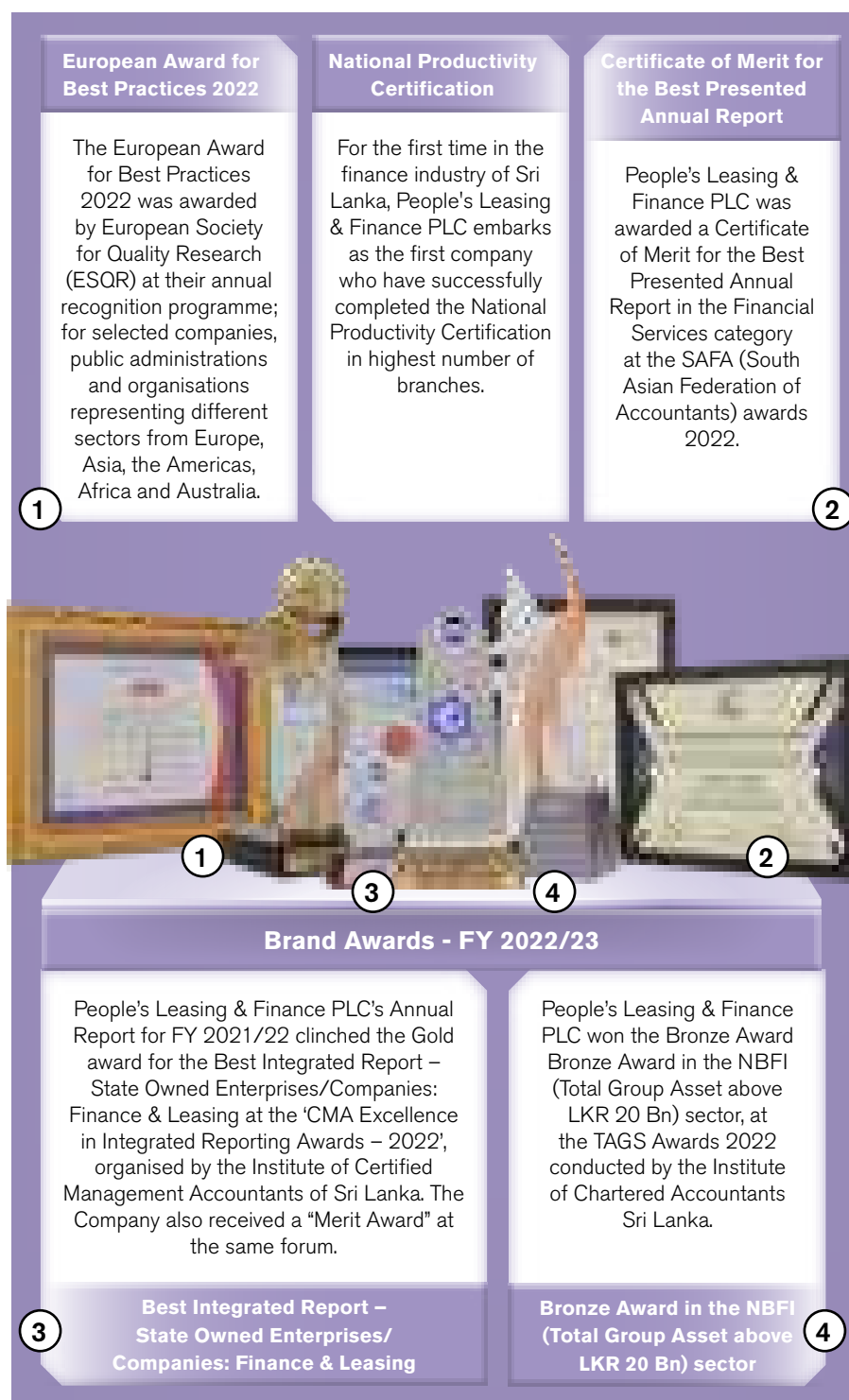
BRAND VALUE

Over the past 25+ years, People's Leasing & Finance PLC's brand strategy has revolved around positioning the Company as the most trusted and the most preferred financial service brand by all Sri Lankans around the Country. To that end we have focused on providing fully fledged financial solutions to meet the needs of all customer segments, ranging from individuals, SME's and micro entrepreneurs to large corporates based in Sri Lanka. In this regard, our product range is uniquely positioned combining traditional financial services with state-of-the art digital tools. Be it conventional or modern, every one of our products embody the Company's core values (Stability, Customer Friendliness, Reliability, Trustworthiness) and comes with the assurance of being the best in-class solution to cater to every stage of the customer lifecycle.

As part of our customer value proposition, we have worked tirelessly to reinforce our brand superiority both in terms of physical infrastructure as well as in the digital domain. Through timely investments to build a strong island-wide footprint and fortify our digital dominance, we have sought to project the People's Leasing brand as a symbol of trust and leadership in the local NBFI sector. Another key priority has been to portray People's Leasing & Finance PLC as an early adopter of global best practices for environmental, social and governance.

Meanwhile to preserve the integrity of our brand, we have implemented strict brand guidelines to ensure consistent messaging in all our brand communications. Our brand guidelines set clear standards for anyone including employees, business partners, designers and marketing agencies who work with the People's Leasing & Finance PLC brand.

In FY 2022/23, we reoriented our brand focus to demonstrate our concern for customers amidst the economic crisis that erupted in 2022. A new campaign was initiated under the banner "Empowering Customers to Reach Greater Heights" to showcase our dedication to revive the country's MSME sector whose growth has been stymied by economic challenges for the past four consecutive years. Accordingly, our own "Hithamithuru" debt restructuring scheme launched during the pandemic, was further extended to assist customers engaged in the passenger transport who once again came under pressure due to the current crisis. At the same time, we did not hesitate to grant eligible customers the latest moratorium extension under the government-led programme.



In the year under review, we also made a conscious decision to increase the transparency of the People's Leasing & Finance PLC reporting suite, with special emphasis on expanding the scope of our ESG disclosures. Through these efforts we hope to further amplify stakeholder trust in the brand in these difficult times and also to elevate the Company's status quo in the local NBFI sector. The awards and accolades received in 2022 prove that these measures are serving their intended purpose.

Moreover, in testimony to the goodwill and reputation built over the years, People's Leasing & Finance PLC was assigned a brand value in the range of Rs. 6.51 billion as per the latest assessment conducted by Brand Finance Sri Lanka.

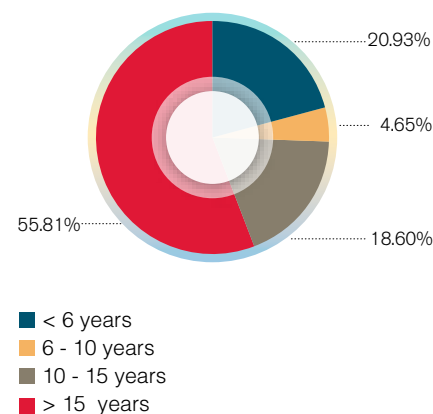
TEAM EXPERTISE

The tacit knowledge which of our Corporate Management team, remains a pillar of strength in supporting our business model. Our Corporate Management team comprises seasoned experts from various disciplines, many of whom have been with the Company for over 15 years. They possess skills and a wealth of knowledge unique to our business and in turn that empowers them to make important decisions to steer the Company towards achieving its strategic objectives.

Similarly, the knowhow of our long standing employees also provide a significant competitive advantage in meeting corporate objectives. We continue to prioritise retention of our senior team members through various initiatives that support ongoing professional development and systematic career progression.

At the same time bearing in mind our future orientation, we continue to hire new talent to further augment our expertise in identified areas such as AI and data analytics.

Long Standing Employees in Senior Management (as a presentation of total Senior Management)



ICT ROADMAP

A three-pronged ICT roadmap supports our efforts to ensure the Company's IT infrastructure is equipped to support evolving business needs, protect the integrity of our data assets and drive business process re-engineering through automation. Our ICT roadmap is formulated considering enterprise-wide requirements for the latest, state-of-the-art hardware, software as well as trained resource personnel who are equipped to handle any requirements.

IT Systems

The Company's IT systems collectively provide critical support and ensure smooth operations at all times. To meet our business needs, we use a combination of in-house developments and external systems procured from licensed external vendors. In FY 2022/23, the Company incurred Rs. 22.68 million to procure new / upgraded IT systems from external vendors.

	2020/21	2021/22	2022/23
Investments in IT Systems (Rs. million)	33.93	132.5	22.68

In 2022–2023, in addition to the previously mentioned IT investment, PLC's internal IT department created a new credit disbursement (core system) that would cost approximately Rs. 50 million to externally purchase with the same features.

IN-HOUSE DEVELOPMENTS / INVESTMENTS IN NEW AND UPGRADED IT SYSTEMS FY 2022/23



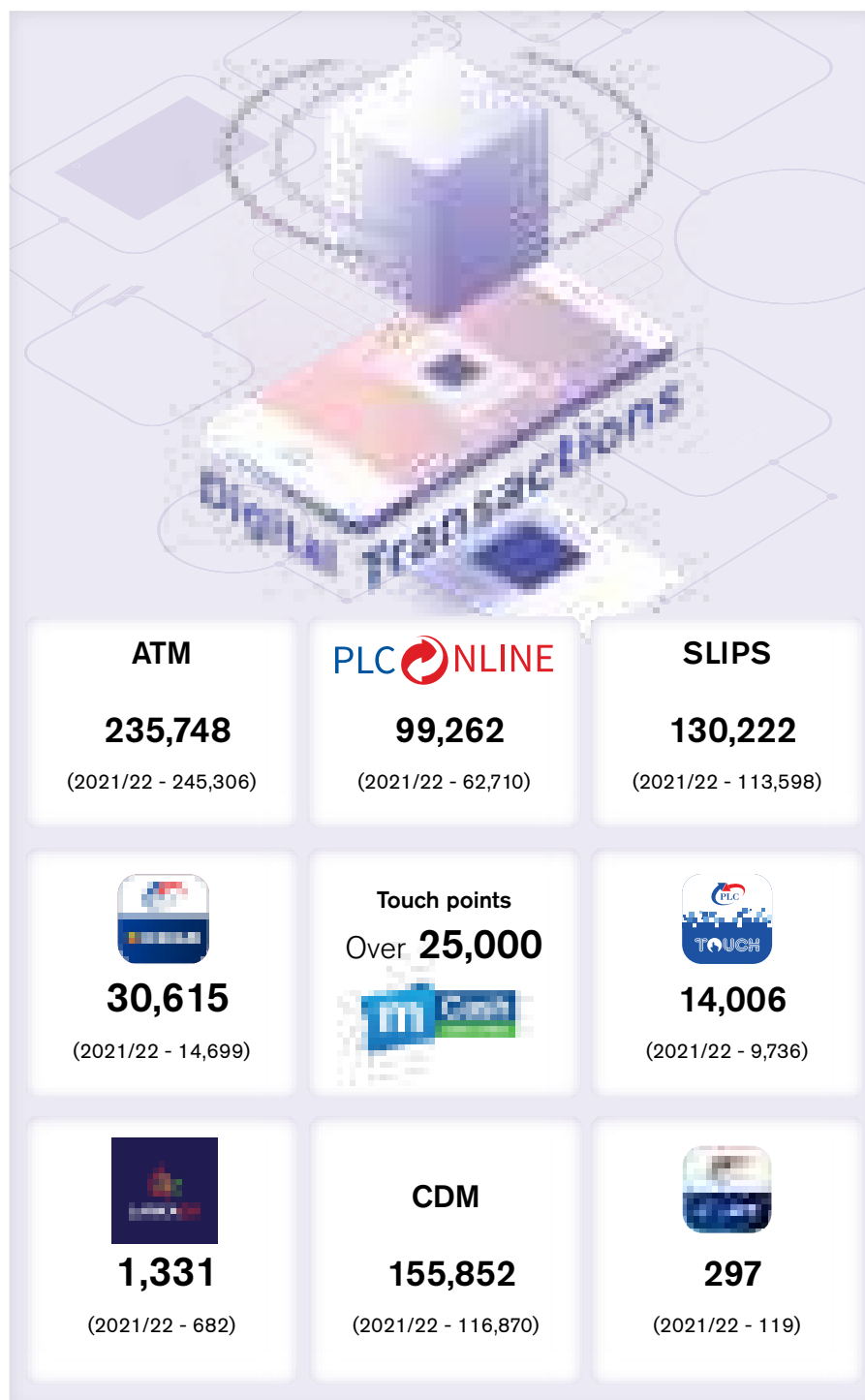
Information Security System Resilience

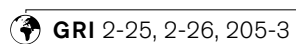
Since 2011, People's Leasing & Finance PLC's data assets have been protected by the ISO 27001:2013 Information Security Management Standards. Stemming from this, we have established a comprehensive policy framework to create a strong foundation for building information security resilience and protecting People's Leasing's data assets. Our policies are reviewed and updated regularly to capture the latest developments in the information security sphere, while internal audits, independent external audits along with CBSL onsite examinations and the ISO 27001 annual surveillance audits ensure continuous action to mitigate potential threats.

The fact that no major gap areas were detected through any of the audits conducted during the year, confirms the efficacy of the safeguards in place.

Business Process Re-engineering through Automation

The past five years have seen a significant acceleration in our automation agenda, resulting in a sizeable number of core processes being re-engineered using automation. In the year under review, we made some major strides in our business process re-engineering agenda. The most notable developments for the year included, digitising the internal documentation processes for the FD, Savings, Gold Loans and Islamic Banking products and the automation of the moratorium monitoring process. Several stand alone digital projects were also undertaken and completed during the year, among them the live roll out of the PLC TOUCH App, API integration with the SLT Mobitel mCash digital payment platform and the QR code enablement along with the launch of the fully automated trilingual customer satisfaction survey for the Customer Complaints Handling unit.





BUSINESS ETHICS

Responsible business ethics play a fundamental role in supporting our approach to promote inclusive financial services to all customer segments across Sri Lanka.

Our commitment to ethics begins with a zero tolerance policy for non-compliance of regulatory requirements. Going beyond mere compliance, the People's Leasing Board set the tone from the top to exemplify high standards of integrity and business ethics. These principles are cascaded down and operationalised through a comprehensive Conduct Framework that includes the Employee Code of Conduct, which outlines appropriate behaviours expected of People's Leasing employees. It is mandatory for all employees to comply with these codes without exception. To support this, all employees, including internal security teams are made aware of these policies on a regular basis.

Our open door policy enables employees to reach out to the CEO to receive advice regarding ethics related matters, obtain further clarity on policies or discuss any concerns/ grievances that arise from either party. In addition, our Whistleblower process is in place to facilitate anonymous reporting by employees or any other stakeholders.

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



BUSINESS NETWORKS

As a financial services institution, we have found that strong business networks support our operations in various ways. The networks we have developed over the years have often been key enablers in driving business expansion and diversification strategies.

Moreover, memberships and affiliations with the following organisations contribute towards capacity building in our core business and furthering our sustainability ambitions;

- 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)

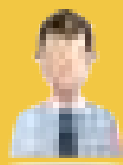
ISO 27001 CERTIFIED INFORMATION SECURITY POLICY FRAMEWORK

- Information Security Policy
- Anti-Virus Policy
- Email Usage Policy
- Clear Desk and Clear Screen Policy
- Cyber Security Management Policy
- Information Backup Policy
- Internet Usage Policy
- Computer Storage Media Security Policy
- Password Policy
- Physical Access & Visitor Policy
- Secure Software Development Policy
- Software Installation Policy
- Supplier Relationship Management Policy
- Laptop top policy
- Cryptographic Control and Key Management Policy
- Privileged Access Management Policy
- User Access Management Policy
- Policy for Payment Related Mobile Application



HUMAN CAPITAL

As a service organisation, our employees are at the heart of our operations. It is their loyalty and passion for their work that paves the way for the Company to move forward to achieve its core purpose. All our employees work full time for the Company.



1,591
MALE EMPLOYEES



523
FEMALE EMPLOYEES



Investment Philosophy

Create a conducive environment to attract and retain the right people who have the vision and commitment to grow with the Company. We follow a three-pronged approach based on Talent Management, Talent Development and Talent Engagement, all anchored by the People's Leasing HR Governance Framework and Policy Manual.



Value Creation Highlight for FY 2022/23

Gender Parity Indicators



Female representation
Board Level **14%**

Female representation
Senior Management Level **15%**

Training Hours

People's Leasing remains committed to ensure that its employees receive the necessary training to enable them to perform their job roles competently and discharge their duties and responsibilities effectively

107,052

Performance Appraisal

As stipulated in our Performance Management Policy, all permanent employees of the People's Leasing & Finance PLC benefit from an annual performance appraisal.



Incidents of discrimination

ZERO

Risk of child Labour

ZERO

Risk of Forced / Compulsory Labour

ZERO

Material Matters



Human talent development



Health and safety



Resource optimization



Customer Experience



Business continuity

Benefits to other Capitals

FC

Augments the Company's ability to generate sustainable long term earnings to boost Financial Capital

IC

Strengthens the Company's competitive position against peers and enhances brand reputation, in turn improving Intellectual Capital

Builds trust and confidence among customers and the wider community to strengthen Social and Relationship Capital

SC

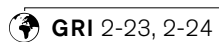
Future Targets

Short Term

- Updating the Learning Hub with the introduction of new modules in partnership external partners
- Introduction of the HR branch visit programme to strengthen employee engagement
- Implement a Staff Secondment Policy and Procedure to support employee career mobility

Medium Term

- Launch Mobile version of the Learning Hub to reinforce the importance of continuous learning
- Develop and implement a formal Grievance Handling Policy
- Implement a structured leadership development programme to support succession planning



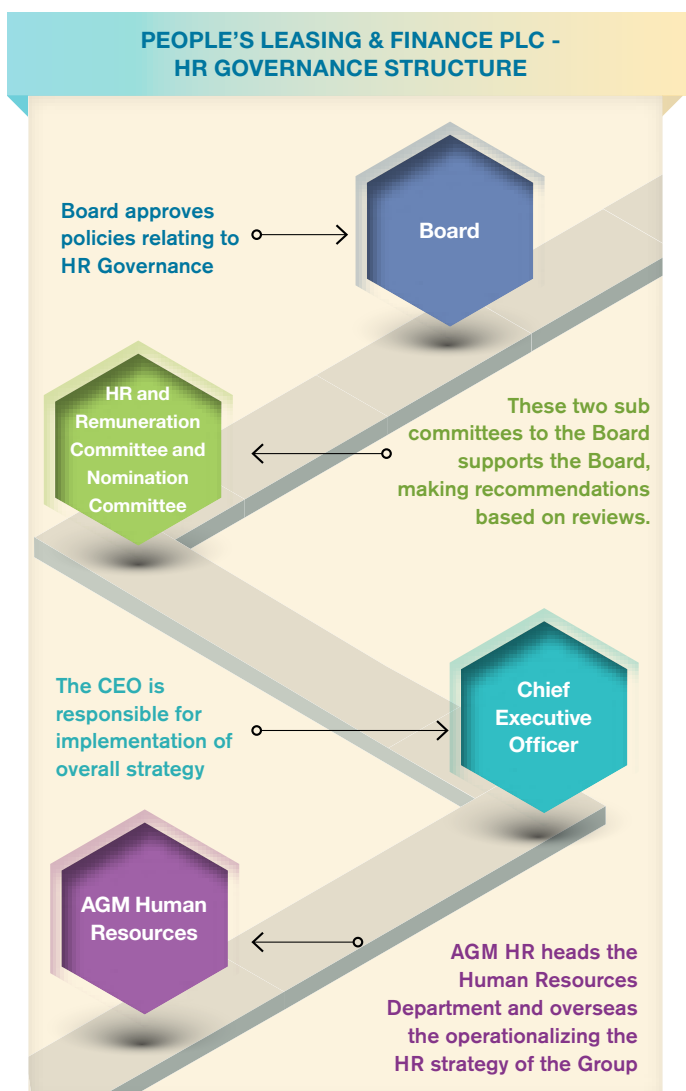
HR GOVERNANCE FRAMEWORK AND POLICY MANUAL

People's Leasing & Finance PLC's HR Governance Framework and Policy Manual provides the foundation for effectively managing our people and safeguarding their rights. HR Governance is centralised under the control of the Company's Human Resource Department (HRD).

The Board approved HR Policy Manual is a fully fledged document containing the Company's HR policies to protect the employee rights at every stage of the employment lifecycle. The HRD under the leadership of the AGM - HR is responsible for the implementation of the HR Policy Manual.

In FY 2022/23 a special review committee was appointed to review and recommend to the Board any updates to ensure the Company's HR Policy Manual captures all applicable compliance requirements and global best practices. The committee, which is chaired by the AGM - HR made some notable progress in updating the HR Policy Manual. Taking into consideration the high staff attrition as a result of the labour migration trends seen in 2022, a new Job Rotation Policy was established setting out formal guidelines to drive multitasking among branch teams in order to optimise available resources.

Ongoing measures to streamline HR Governance processes also saw the roll out of a new fully fledged Human Resource Information System (HRIS) in the current financial year.



1,591



TEAM PROFILE



523

By Age

384	Less than and equal 29	150
805	30-39	272
300	40-49	70
74	50-59	24
28	Over 60	7

By Province

569	Western	275
165	Central	51
89	Eastern	11
65	Northern	12
249	Southern	55
120	Sabaragamuwa	38
91	North Central	22
129	North Western	38
114	Uva	21

By Employment Level

37	Senior Leadership	6
37	Middle Managers	4
108	Line Managers	15
436	Executives	111
900	Non Executives	386
73	Minor Staff	1

Employee Analysis by Contract Type

Permanent Probation Contract

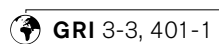
Gender Wise

Male	1,512	34	45
Female	474	19	30

Province Wise

Western	795	17	32
Central	205	3	8
Eastern	93	5	2
Northern	71	2	4
Southern	287	9	8
Sabaragamuwa	149	5	4
North Central	103	4	6
North Western	156	5	6
Uva	127	3	5

Employee category	Gender	> 60	50 - 59	40 - 49	30 - 39	<= 29	Total
Senior Leadership	Female	0.00%	0.09%	0.14%	0.05%	0.00%	0.28%
	Male	0.00%	0.85%	0.90%	0.00%	0.00%	1.75%
Middle Managers	Female	0.00%	0.05%	0.05%	0.09%	0.00%	0.19%
	Male	0.00%	0.43%	1.28%	0.05%	0.00%	1.75%
Line Managers	Female	0.00%	0.14%	0.38%	0.19%	0.00%	0.71%
	Male	0.00%	0.57%	3.07%	1.47%	0.00%	5.11%
Executives	Female	0.00%	0.76%	2.37%	2.08%	0.05%	5.25%
	Male	0.00%	0.95%	5.96%	13.58%	0.14%	20.62%
Non executives	Female	0.33%	0.05%	0.38%	10.45%	7.05%	18.26%
	Male	1.32%	0.33%	1.84%	21.81%	17.27%	42.57%
Minor staff	Female	0.00%	0.05%	0.00%	0.00%	0.00%	0.05%
	Male	0.00%	0.38%	1.14%	1.18%	0.76%	3.46%
Total percentage		1.66%	4.64%	17.50%	50.95%	25.26%	100.00%



TALENT MANAGEMENT

Recruitment & Selection

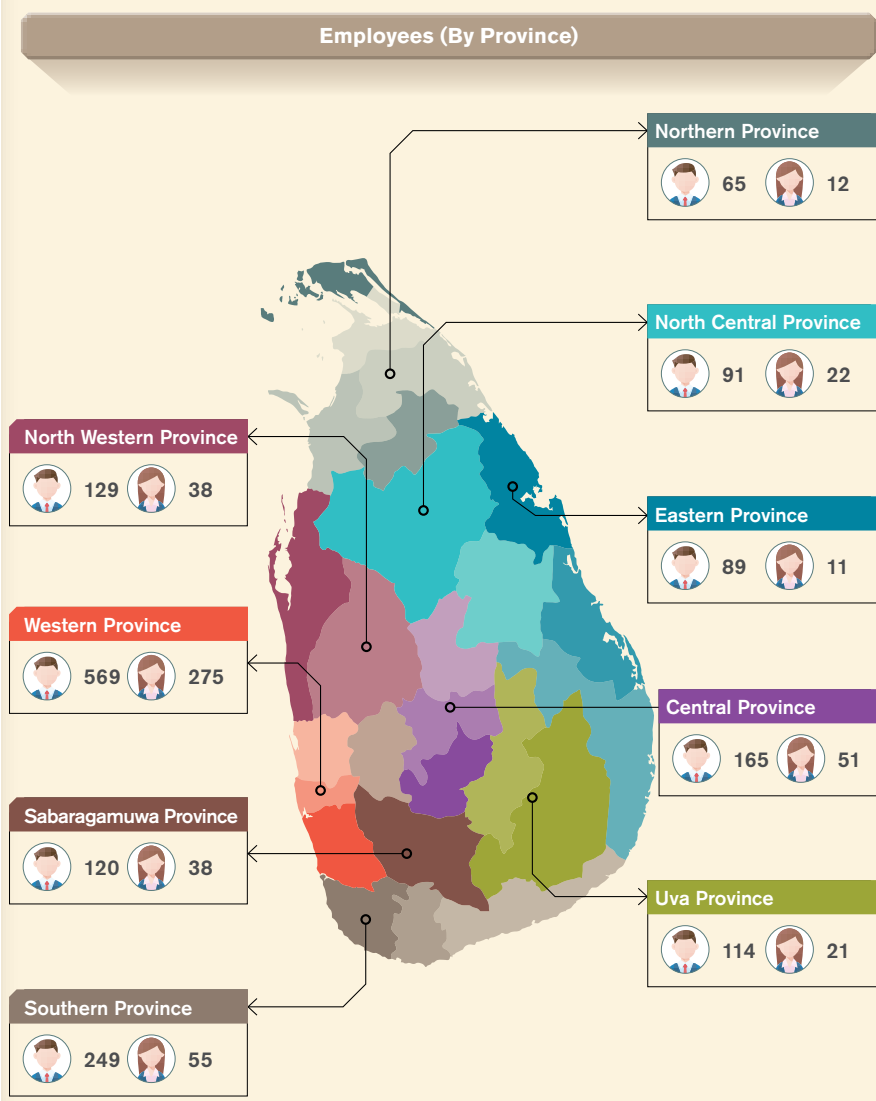
People's Leasing & Finance PLC takes a highly disciplined approach to recruitment and selection. Our Recruitment Policy revolves around the principle of equal opportunity, wherein the Company does not discriminate based on age, gender, ethnicity, religious beliefs or any other status protected by law. As part of this approach, all recruitments are advertised publicly and notified internally to allow existing employees to apply.

A strictly merit-based selection process supports our efforts to hire the best candidate for the job role vis-a-vis qualifications and experience as well as being the right fit for the Company in terms of mindset and future growth potential. Competency testing and several rounds of formal interviews form the basis of selecting candidates. 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. Our selection process involves comprehensive due diligence to verify employee credentials, including their age.

All new recruits are required to participate in our comprehensive one day induction programme where they learn about our unique corporate culture and hear from our senior management teams about the high standards expected of them as an employee of People's Leasing & Finance PLC.

Moreover as per our employment and appointment terms, all new recruits are required to remain on mandatory probation for a minimum period of 06 months, after which they are subject to a formal evaluation to determine their eligibility to be absorbed into the permanent cadre.

	New Recruits	(%)	Exits	(%)
Gender				
Male	49	57.65	164	69.79
Female	36	42.35	71	30.21
	85	100.00	235	100.00
Age				
Less than and equal 29	54	63.53	116	49.36
30-39	11	12.94	80	34.04
40-49	2	2.35	22	9.36
50-59	3	3.53	11	4.68
Over 60	15	17.65	6	2.55
	85	100.00	235	100.00
Province				
Western	36	42.35	127	54.04
Central	9	10.59	11	4.68
Eastern	6	7.06	22	9.36
Northern	4	4.71	6	2.55
Southern	9	10.59	26	11.06
Sabaragamuwa	9	10.59	11	4.68
North Central	4	4.71	6	2.55
North Western	5	5.88	24	10.21
Uva	3	3.53	2	0.85
Total	85	100.00	235	100.00



 GRI 3-3, 401-2, 403-8, 405-2

Remuneration and Benefits

We are committed to offer all our employees fair and competitive remuneration in line with the nature of their job as well as their qualifications, experience and performance. As stated in our Compensation & Benefits Policy, we strictly adhere to a 1:1 ratio in the basic salary offered to men and women in similar roles company-wide.

	2022/23 Rs. million	2022/21 Rs. million	2020/21 Rs. million
Salaries and bonus	2,445.16	2,526.68	2,190.18
EPF	208.98	195.5	188.76
ETF	52.24	48.89	47.46
Overtime	23.24	33.16	29.02
Leave encashment	68.65	76.62	1.8
Allowance and incentives	1,351.64	873.71	731.06
Casual wages	1.45	0.82	1.17
Medical insurance	181.52	164.14	164.18
Gratuity	155.67	82.89	111.74
Total	4,488.55	4,002.41	3,465.37

In the year under review, limit enhancements and other value additions were introduced to the vehicle loan, housing loan and motor bike loan schemes. Performance-based incentives were also introduced for the newly established Loan Monitoring Unit, along with a KPI based fuel reimbursement scheming for marketing and recovery employees.

 GRI 401-3

Maternity Leave Indicators - FY 2022/23

	Number	As a % of total female workforce
Employees taking maternity leave	46	8.80%
Employees returning to work after maternity leave	40	7.65%
Resignations after maternity leave	03	0.57%
Retained within the Company after 12 months taking maternity leave	37	7.07%
Return to work rate - 87%		

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

Workplace Safety

The nature of our business as a financial services provider does not pose any safety hazards or risk of ill health to employees. Nevertheless as a socially responsible organisation People's Leasing & Finance PLC strives to ensure that all employees return home safely at the conclusion of the work day. To that end, the Company adheres to the best practices specified by the Occupational Health unit of the Ministry of Health and the National Institute of Occupational Health & Safety of Sri Lanka.

The Company's Administration Department is responsible for managing and providing oversight to ensure Company-wide implementation of safety procedures and to conduct safety awareness. Under the guidance of the Administrative Department, designated fire wardens oversee safety matters and identify potential safety risks at their respective locations.

The efficacy of our safety systems are assessed through the routine audits conducted by the Company's Risk and Control unit in line with their operational risk management programme. Audit findings are reported to the Chief Operating Officer for necessary action, if needed. The risk and control unit also gets involved in raising safety awareness.

As part of our overall safety approach, all permanent employees are entitled to 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.

We strive to ensure that all employees return home safely at the conclusion of the work day

 GRI 3-3, 404-3
TALENT DEVELOPMENT**Performance Management**

As stipulated in our Performance Management Policy, all permanent employees of the People's Leasing & Finance PLC benefit from an annual performance appraisal. To facilitate this, we have implemented a comprehensive performance management mechanism that embeds the performance-driven culture at all levels of the Company.

Performance management at People's Leasing & Finance PLC begins with the target setting exercise wherein departmental targets are cascaded down to employees level via individual KPI's. The entire performance appraisal and monitoring mechanism was automated in the current financial year and migrated to a paperless environment with the roll out of the new

Online appraisal system developed by the Company's in-house IT team. The new web-based system creates a platform for employee performance to be monitored continuously.

Another key feature of the new system is the mid-year review to enable employees to receive feedback regarding their performance along with suggestions for improvement, while allowing supervisors to determine interim training needs. Weak performers identified during the mid-year review then benefit from coaching, mentoring and additional training to help them realign with targets.

The quantitative segment of the annual performance appraisal now comes in the

form of a system generated report, while the qualitative assessment is done by the employees' immediate supervisor. Following the completion of the quantitative and qualitative assessment, each employee receives a performance score that is used as the basis for determining increments, promotions etc, subject to the recommendation of the COO and the approval of the CEO/GM.

Apart from the formal Annual Performance Appraisal, employee performance is also reviewed at the end of the probationary period, at disciplinary hearings.

 GRI 403-5, 404-2
Training and Development

Being a progressive organisation, People's Leasing & Finance PLC remains committed to ensure that its employees receive the necessary training to enable them to perform their job roles competently and discharge their duties and responsibilities effectively. For this purpose an annual training plan is prepared by the HRD, based on the training requirements of various departments. Typically, the highest weightage in the training plan is allocated to addressing the technical and product knowledge needs of employees.

In line with our Learning and Development policy, we follow a blended learning approach based on the 70:20:10 principle (70% of on-the-job experience, 20% mentoring and 10% classroom training). In recent years, we have further expanded our approach to focus on soft skills development to complement our service excellence commitments.

Training Topic	Target Employees
Sanction Screening and Customer Protection Framework	All branch staff
Liability Product and Motivational session	All FD Savings, Documentations and marketing staff
Key Liability product features awareness	All FD Savings, Documentations and marketing staff
Soft skill and communication	Managers and Deputy Managers
A Comprehensive Approach to Financial Crime Compliance Surveillance	Selected employees of branch manager level and Compliance Department
HR Policy training	All staff
Compliance Policy training	All staff
FD & Savings Policy training	All staff
Ethics and discipline for the drivers	All drivers of PLC
New Credit Management System conceptual training	All Branch Managers, Marketing officers and Second officers
CIMS report and Crib Training	Senior Management, Branch Managers, Second Officers and Documentation & Marketing Officers
MS Excel training - Basics	All staff
Business Letter Writing and Email Etiquette - Adding Professionalism to Effective Communication	Selected employees from the head office staff
English language skill development course	Selected Legal officers and employees of legal department of PLC
Leadership development & Productivity tools for the HR Department	All staff of HR Department
Organizational-* transformation and leadership development - Regional workshops	Colombo, Gampaha, Central, Down south regions
Unusual Transaction pattern in the Account	Staff of Account department, Cashiers, Cash officers of the branch
Awareness session - Guide to workplace dress code and attendance management	All staff

Training Topic	Target Employees
Job rotation and Job transfer policy	All staff
Registration Planning and implementing ISO27001 successfully	Selected employees from Audit and IT Department
Contract of Employment and Types of Contracts	Selected employees of HR Department
Awareness Program - "How to Create Unique Client Code"	All branch Documentation Staff, Gold loan, FD & Savings, or any other employee who creates client codes
Gold Loan Training	All gold loan assessors
Western Union Training Programme.	Selected employees from Branch, Finance Department, IT Department, Audit Department, Compliance Department, Legal Department
RMV, Documentation training	All branch staff
Policy training on Risk and Control	All branch staff
Debt collection in tough times	Selected employees of Recovery department
Customer Screening of Politically Exposed Persons (PEPs)	All branch staff

Apart from the formal training interventions undertaken through our training plan, our internally developed Learning Hub (LMS) launched in the previous financial year has become a key enabler to encourage continuous learning among our staff. In 2022 we further improved the course content offered through the LMS with the introduction of 12 + new courses on technical and soft skill training. A total of 32,459 training hours were recorded via Learning Hub in FY 2022/23.

Career Progression

Our Promotion & Transfer Policy underpins efforts to support the career progression goals of employees. High performers identified through the Annual Performance Appraisal are considered for promotions and transfers that will accelerate their career transformation.

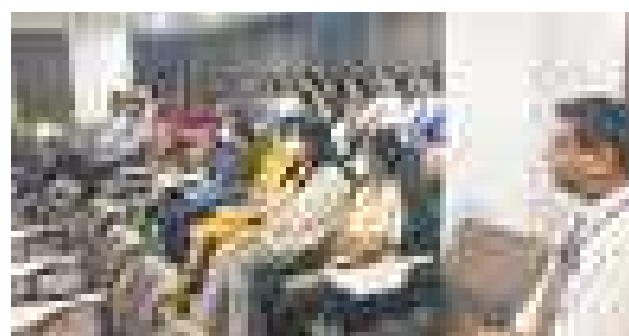
A new talent pool development initiative was implemented in the year under review to bring more focus on building middle management talent. The initiative is part of the formal Board approved succession planning programme put in place as a follow up to the restructuring of senior and corporate management roles. Under phase 1 of the new talent pool development initiative, individual development plans were drawn up for selected high performing middle management employees in order to groom them for the next steps in their career journey.



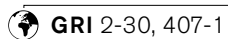
Employee Category	Gender	Average Training Hours
Senior Leadership	Male	61.43
	Female	61.33
Middle Managers	Male	35.30
	Female	35.25
Line Managers	Male	35.29
	Female	35.27
Executives	Male	32.71
	Female	35.28
Non Executives	Male	35.28
	Female	35.28
Minor staff	Male	35.29
	Female	35.00



Training programme on CRIB protocols



Employee induction programme



TALENT ENGAGEMENT

Employee Relations

At People's Leasing, we believe strong employee relations is the key to ensuring our employees stay engaged and invested in the Company's future. Managers at all levels are encouraged to make use of team briefings and other routine meetings to develop strong ties with employees through continuous and ongoing dialogue, while our open-door policy allows employees to individually reach out to their superiors to discuss any work related matters.

In 2022, the town hall meeting concept was introduced to employees for the first time by the CEO/GM. Town hall meetings are conducted quarterly covering all staff of the Company.

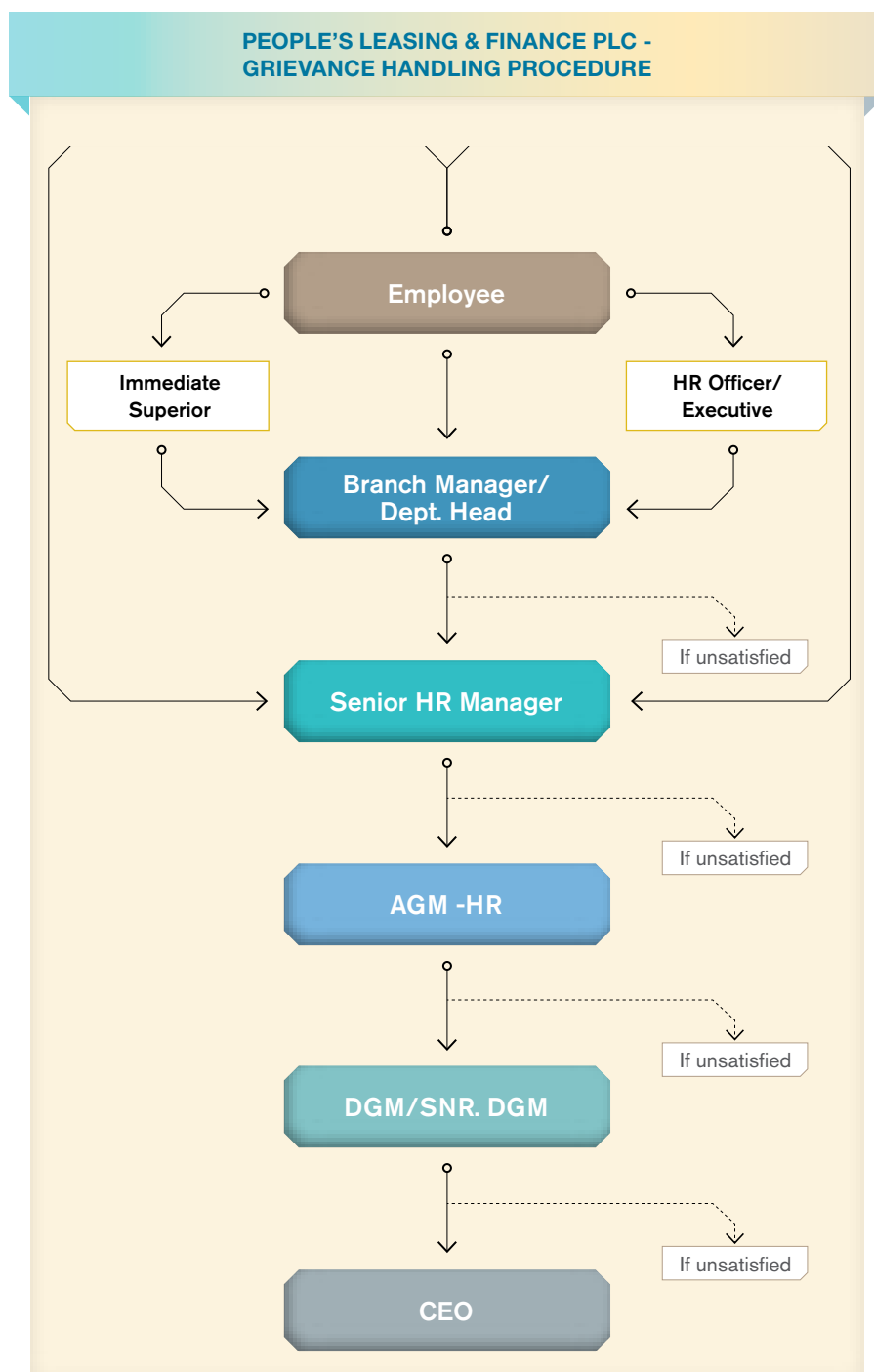
Meanwhile almost 64.66% of employees are organised under a union. Frequent engagement between the AGM - HR, designated senior Management members and union representatives have ensured cordial relations with the union, and prevented the need for collective bargaining agreements.

Several formal mechanisms are in place to inform employees of operational changes. These include email, bulletin boards and the quarterly newsletter. Employees are informed of operational changes in well in advance of implementation.

Grievance Handling

Grievance handling is an important part of our employee relations framework. All grievances are handled as per the guidelines set out by the HRD. The guidelines which have been developed in line with global best practices for receiving, investigating and resolving, also include specific duties and responsibilities at each stage.

The effectiveness of grievance resolution is verified through audits conducted by the internal audit team as well as the Risk and Control unit.



RESPECTING DIVERSITY

We are committed to creating a diverse, inclusive workforce that accepts and celebrates diversity in all its forms. We adopt a zero-tolerance policy on any form of discrimination based on gender, ethnicity, religion or any other grounds and responsibly state that there were no reported incidents of discrimination during the year.

Striving for gender parity remains a key focus and we continued to achieve steady progress in these efforts. We have reported on the progress achieved in the ensuing Gender Parity Report. The report has been prepared in compliance with the Gender Reporting Framework of the Institute of Chartered Accountants of Sri Lanka.

Gender Parity Report

We strive to create a culture that promotes gender equality by having in place policies and procedures that empower women.

Enabler

Policies

- Equal opportunity employer
- Policy against sexual harassment
- No gender discrimination in pay
 - Grievance Policy

Work Place Practices that Promote Gender Parity

- Maternity leave in line with Shop and Office Act and Maternity Benefits Ordinance.

Composition

Gender Parity Indicators

	2022/23	2022/21	2020/21
Female representation at Board Level / Board Committees	14.29%	11.11%	11.11%
Female representation at Senior Management Level	13.95%	15.38%	10.26%
Female representation at Middle Management Level	9.76%	8.00%	6.82%
Females recruited as percentage of total new recruits	42.35%	29.17%	32.10%

Gender Gap Indicators

 GRI 3-3, 405-2

Training hours	2022/23 (Hrs)	2022/21 (Hrs)	2020/21 (Hrs)	Employee category	Gender	Basic salary ratio
Through Direct Training Interventions				Senior Leadership	Female	1.00
Male	56,121	37,917	1,611		Female	0.78
Female	18,472	10,105	304	Middle Managers	Male	1.00
	74,593	48,022	1,915		Female	0.79
Training offered via electronic learning platform (LMS)				Line Managers	Male	1.00
Male	24,421	44,950	The LMS programme was in its initial stage.		Female	1.11
Female	8,038	17,792		Executives	Male	1.00
	32,459	62,742			Female	1.10
				Non executives	Male	1.00
					Female	1.00
				Minor staff	Male	1.00
					Female	1.00

SOCIAL AND RELATIONSHIP CAPITAL

People's Leasing & Finance PLC describes its Social and Relationship Capital as the bonds that the Company has formed with our customers over the years, the connections forged with suppliers and our ties to the wider community that together provide the impetus for conducting our daily business operations.



Customer Value Proposition



Marketing and Communication



Customer Relationship Management



Customer Privacy



Procurement Best Practices



Community Empowerment



Community Outreach



Investment Philosophy

Work to create a conducive environment to earn trust and respect of customers, suppliers and the wider community.



Value Creation Highlight for FY 2022/23

Customer Value Proposition

launched 03 new products; "Senehas" Minor FD, the Wakala Investment product and the Wadi'ah Gold Safe keeping Facilit.

Procurement Best Practices

153 new suppliers screened and 146 on-boarded to the Company's supplier registry

Customer Relationship Management

Introduced an online Customer Satisfaction Survey made available in the trilingual format via the People's Leasing corporate website

Customer Privacy

Updated the internal Customer Protection Framework in alignment with the newly released Personal data protection Act, No 09 of 2022



Marketing and Communication Incur

Rs. 117.06 Mn

Community Empowerment

Rs. 11.05 mn

worth of new microfinance loans granted

Community Outreach

Rs. 5.57 Mn

incurred to facilitate community outreach projects

Material Matters



Customer Experience



Inclusive finance to minimise inequalities



Business continuity



Digitalisation



Customer financial resilience



Ethics, integrity and compliance

Benefits to other Capitals

FC

Creates a platform for consistent business growth in order to improve Financial Capital

IC

The goodwill of customers, suppliers and the community enhances brand value and strengthens Intellectual Capital

MC

Feedback and suggestions from customers / suppliers / community helps to drive continuous improvement of physical infrastructure and digital architecture Manufactured Capital

HC

Creates opportunities for Human Capital development

Future Targets

Short Term

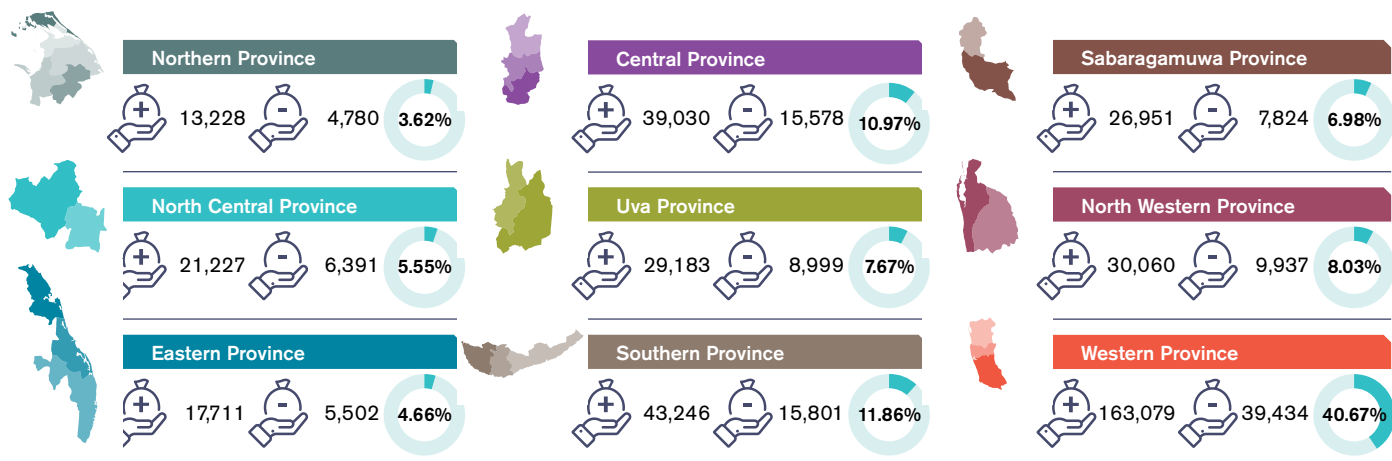
- Continuous improvement in the customer value proposition through diversification and expansion of, digital channels

Medium Term

- Introduce a comprehensive Supplier Management Framework including a Supplier Code of Conduct

CUSTOMER CAPITAL

People's Leasing & Finance PLC has a large customer base across Sri Lanka. Our customers range from individuals and entrepreneurs including SME's and MSME's to large corporate entities.



Total No. of Depositors

383,715 (2021/22 - Rs. 309,977 Mn)



Total No. of Borrowers

114,246 (2021/22 - Rs. 125,789 Mn)

GRI 416-1, 416-2

CUSTOMER VALUE PROPOSITION

People's Leasing's Customer Value Proposition revolves around offering a fully fledged product portfolio, a comprehensive range of physical and digital channels and the uncompromising commitment to service excellence.

Our product portfolio represents the heart of our customer value proposition. Everyone of our products are carefully developed in line with the established Product Development Framework which consist of two distinct phases; Phase I - encompassing the preliminary product development activities, wherein the Company's Product Development Committee is tasked with compiling the Product Paper outlining the product concept, key features, benefits to the customer, product viability analysis, peer product benchmarking, market analysis, operational procedures etc. The product paper may also include such matters as system development, funding requirement, accounting and tax implications, legal concerns, compliance issues and associated risks. The finalised product paper is signed off by all concerned parties and the CEO/GM prior to being submitted to the Board Integrated Risk Management Committee (BIRMC) for review and approval of the preliminary concept. All approved concepts move on to Phase II which involves a rigorous product validation and quality assurance processes including user acceptance testing, vulnerability testing, pre-implementation testing and the pilot run prior to the final product launch. The Company's Internal Audit and Compliance department conducts periodic audits to verify adherence to all requirements set out under Phase I and Phase II of the Product Development Review, with findings reported to the Audit Committee.

There were no any incidents of noncompliance concerning the health and safety impacts of products and services.

All products & services were assessed for heath & safety impacts.



PRODUCT PORTFOLIO CHANNEL ARCHITECTURE

Lending Products

People's Friendly Lease	Auto Loan	Shakthi Business Loan	Shashtra Educational Loan
		MARGIN TRADING	FACTORING
Sanasum Piyasa Housing Loan	Ran Naya Gold Loan	Margin Trading	Factoring
Self-e-cash	Quick Cash Personal Loan	Fast Track	

Islamic Lending Products

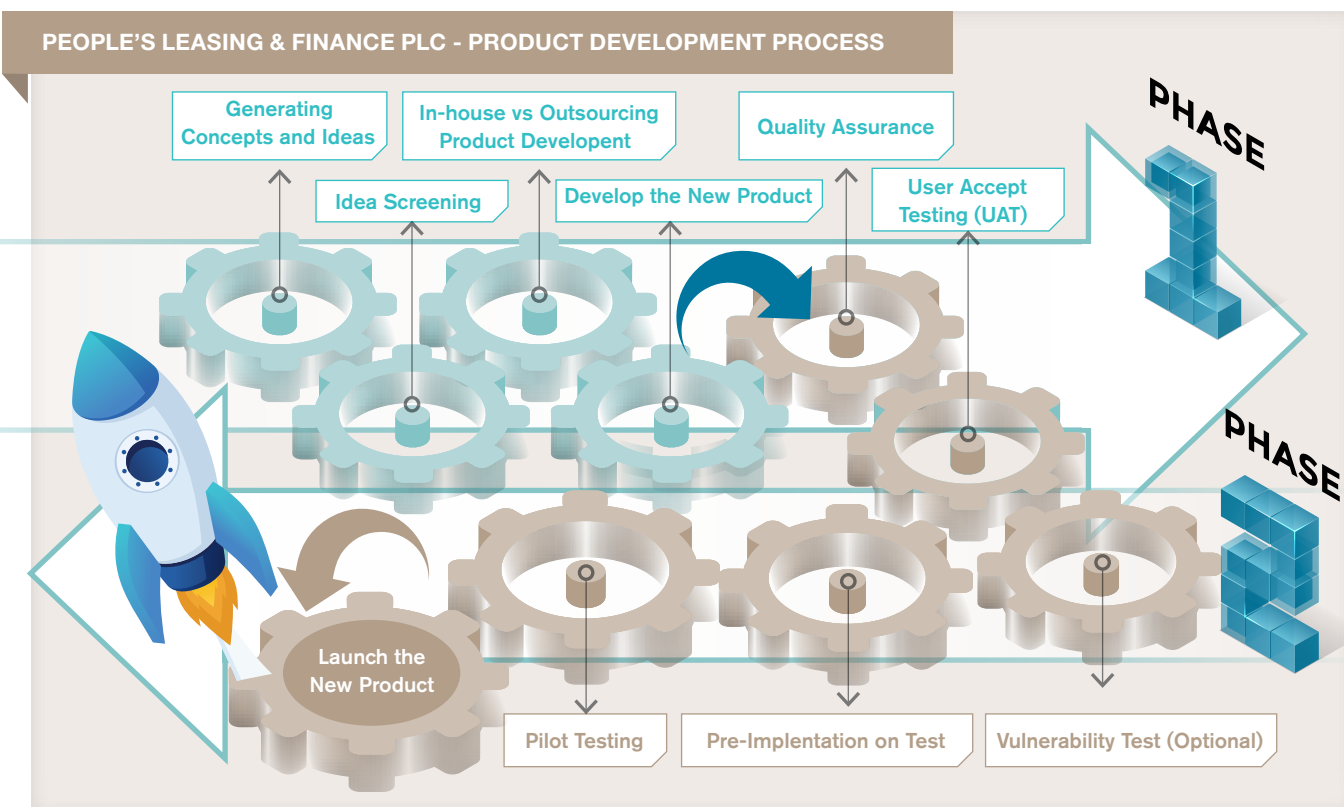
Ijarah	Trading Murabaha	Musharakah	Wakalah	Wadi'ah

Deposits and Savings Products

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

Islamic Savings and Investment Products

Mudharabah Savings Account	Short Term Mudharabah Investment Account	12 months Mudharabah Investment Account	Usfoor Minor Savings	Wakala Investment – New Product



In the year under review, 'Senehas Minors' Fixed Deposit" was unveiled - a first of its kind product to inculcate the saving habit among the people in Sri Lanka. The "Senehas" product is designed for children below 18 years of age with many features such as a minimum deposit of 10,000 rupees for maturity interest paying deposits and 100,000 rupees for monthly interest paying deposits, interest payable at maturity or monthly, maturity interest paying 12 months to 60 months. Another extraordinary feature of Senehas Minors' Fixed Deposit is that a parent or a guardian can open any number of deposits on behalf of the Minor, and the interest can be transferred to a Minor savings account maintained at People's Leasing or at any other financial institution or Bank.

Taking steps to further expand the Islamic Banking portfolio, the Wakala Investment product and the Wadi'ah Gold Storage facility were also launched during the year. The Wakala product is an alternative to fixed deposits, while the Wadi'ah Gold Safekeeping Facility is designed as an alternative to Gold Loans.

People's Leasing's 111 branches and 89 Gold Loan centres allow customers to access the Company's products and services between 8.30 am to 5.15 pm on every weekday, while digital platforms such as PLC Touch, Dcheque, CAPP, People's PayWay, PLC Online, Lanka QR, and Mobitel mCash are designed to further enhance the customer experience by providing 24/7-365 day accessibility.

Equally importantly we continue to demonstrate our commitment to service excellence through continuous improvement of our systems through digitisation, process automation and the adoption of best practices. We also dedicate considerable resources each year towards training our teams to embrace the right behaviours and attitudes that exemplify our service standards.

People's Leasing & Finance PLC has launched a Fixed Deposit for "Minors" in Sri Lanka for the first time from the Non-Bank Financial Institutions (NBFIs) sector.



The event of the "Senehas Minors" Fixed Deposit Product Launch



Continuous Improvement in Service Excellence through Digitisation, Process Automation and adoption of Best Practices Key Highlights for 2022/23

Business Unit	Description and Benefit to Customer
Deposit / Savings Unit	Automation of the FD maturity interest transfer process enabling customers to receive maturity proceeds in real time
	Introduced document scanning to reduced FD certificates issuing time
	Enabling customers to carry out savings transactions through via PLC touch App and the PLC online platform
Loans and Leases	Commenced working on a fully integrated administration system to speed up customer service delivery
Recoveries / Collections	Implemented the mCash platform to increase the number of channels available for customers to settle their dues
Branch Operations	Implementation of the 5S concept to improve the efficiency and effectiveness of branch operations
	Special training for sales teams

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

MARKETING AND COMMUNICATION

Guided by the commitment to ethics and transparency, People's Leasing & Finance PLC takes a disciplined approach to marketing and communications. Our goal is to inform customers about our products, services and channels through the provision of timely and accurate information to help them make a reasonable assessment of our value proposition.

We ensure our marketing and promotional material complies with all mandatory CBSL disclosures on product information, interest rates, fees, commissions etc. so as to equip them to make informed decisions. Meanwhile product information is made available through brochures published in English, Sinhala and Tamil and multilingual employees in branches ensures that customers clearly understand product features and terms.

In line with our approach to responsible communications, our promotional campaigns are tailored to suit the target market and to maximise reach, are delivered using a mix of traditional and non-traditional mediums ranging from ATL and BTL channels to social media, digital mediums and the corporate website. In doing so, we remain mindful that the information communicated to our customers remains consistent with Board-approved marketing policies.

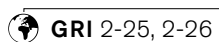
Moreover our sales teams are trained to guide customers towards appropriate selection of products with due consideration their financial needs and by advising them of the potential risks.

In the year under review, there were no reported incidents relating to non-compliance of product and service information and labelling and marketing communications requirements.

Marketing and Communication Campaigns - FY 2022/23

Description	Purpose	Target Audience	Mediums Used
"Senehas" Minor FD campaign	In order to inculcate the habit of saving among the people in Sri Lanka	Children below 18 years old	▪ Print
People's Leasing "Ran Sawari" campaign	Promote the PLC gold loan product throughout the island. Particularly for those living in villages.	Particularly for those living in villages.	▪ Door to Door ▪ Print ▪ Leaflet Campaign ▪ Social Media
People's Leasing "Ran Wasanthaya" campaign	Enhance the product	All customer segments	▪ Social Media ▪ Leaflet Campaign
"Empowering you to reach greater heights" Corporate branding campaign	Brand visibility and enhance the corporate brand	Overall local and overseas customers	▪ TV Commercial ▪ Radio ▪ Print ▪ Digital Platforms
"Api eka karale wee" Corporate branding campaign	Positioning the brand identity with the national focus. (Specially link with the independence day)	Sri Lankan community	▪ TV Commercial ▪ Radio ▪ Print ▪ Digital Platforms

Rs. 117.06 million was incurred on marketing and promotional activities in the current financial year.



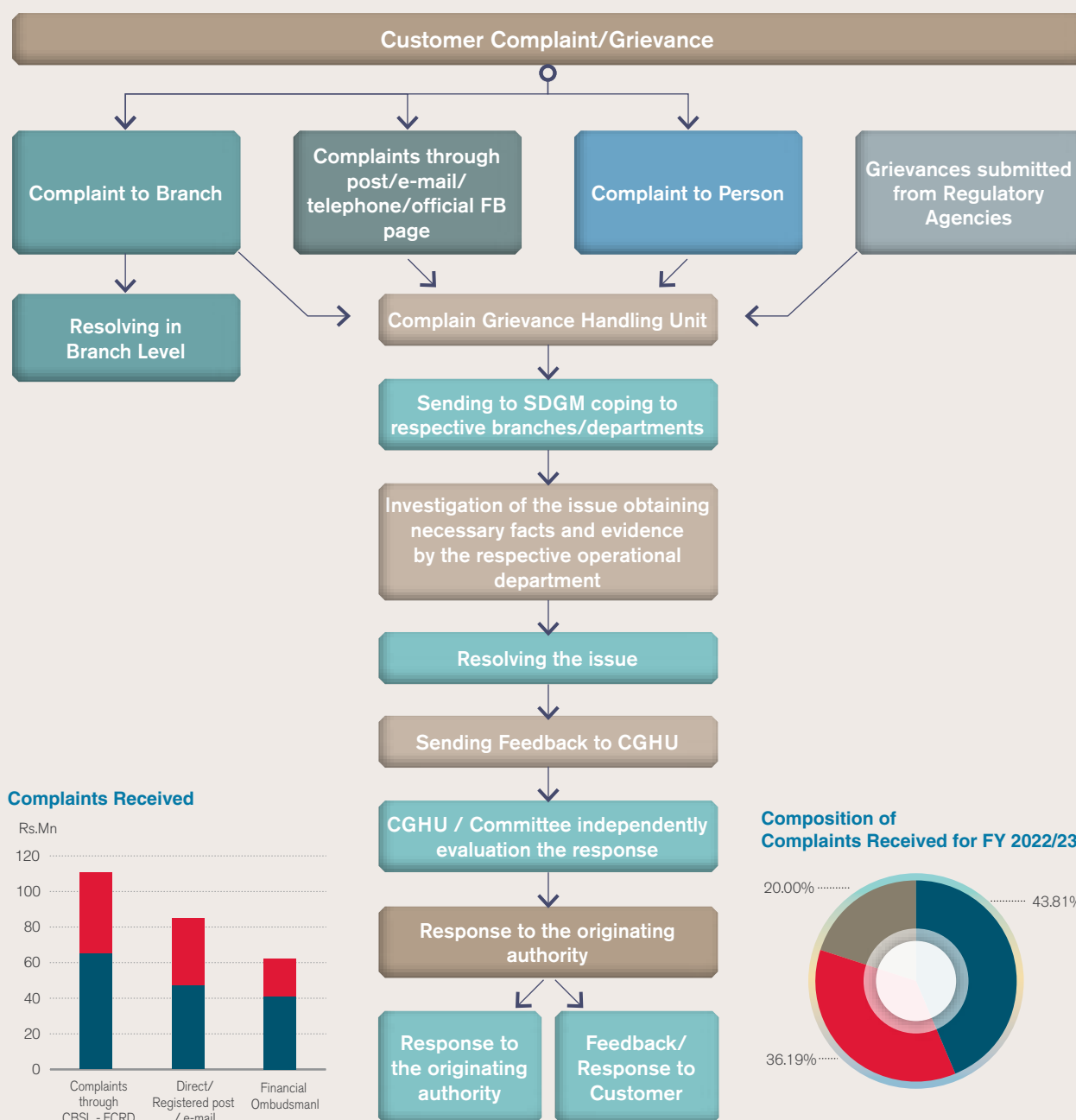
CUSTOMER RELATIONSHIP MANAGEMENT

We maintain a straightforward approach to building customer relationships and encourage our sales teams to continuously engage with customers through face-to-face interactions. Apart from this, we have established a dedicated inquiry hotline for customers to connect directly with our call centre anytime between 8.30 am to 5.15 pm on weekdays.

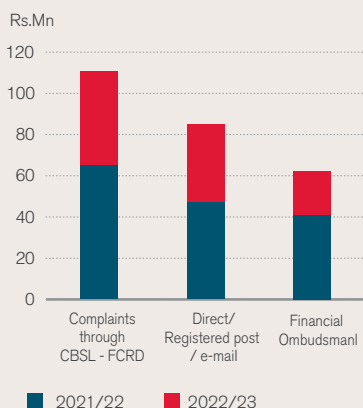
In recent years we have systematically increased our social media presence with the intention of giving our customers the chance to engage with the Company more conveniently from anywhere and at any time.

In addition, customers can make a written complaint, by visiting a branch, via email or by calling in directly to the Customer Service Support hotline. A well-defined complaint management / grievance handling process is in place to facilitate quick and effective resolution of all customer complaints.

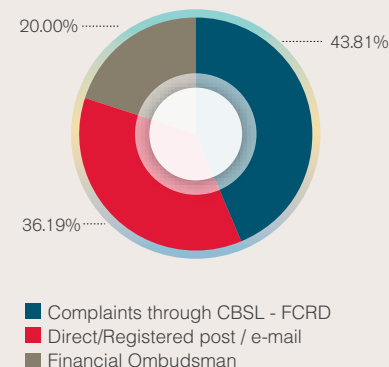
CUSTOMER COMPLAINT / GRIEVANCES HANDLING PROCESS



Complaints Received

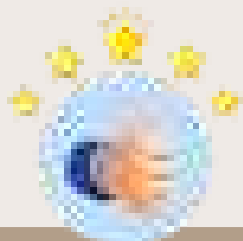


Composition of Complaints Received for FY 2022/23



MEASURING CUSTOMER SATISFACTION

In FY 2022/23, we introduced an online Customer Satisfaction Survey made available in the trilingual format via the People's Leasing corporate website to receive feedback on our products channels and service levels and assess overall customer satisfaction levels.



Would you recommend PLC as preferred financing choice to your colleagues/ Friends/ Family-members?

98%



Yes

2%



No



How could you rate your overall satisfaction with People's Leasing & finance PLC by using the following scale?

78%



Very Good

2%



Average

19%



Good

1%



Poor



Digital banking options are easy to use and reliable?

54%



Very Good

6%



Average

25%



Good

2%

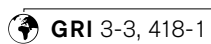


Poor

13%



Not used



CUSTOMER PRIVACY

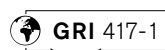
As a financial institution, we recognize and respect our customer's expectation of privacy and accept that safeguarding the customers information is critical in strengthening the bonds of trust. In this regard, we have implemented a comprehensive Customer Protection Framework anchored to the fundamental principles set out under the Finance Business Act No. 42 of 2011 which stipulates that every director, manager, officer, employee and agent of the Company is required to observe strict secrecy in respect of all such confidential information, while in employment and after resignation, termination and/or vacation of office.

In the current financial year, we took steps to further update our Customer Protection Framework in alignment with the newly released Personal data protection Act, No 09 of 2022

Customer information gathered through the KYC process or through our website are all stored securely and archived in the

Company's databases. Internally we have put in place multiple layers of physical, electronic and procedural safeguards to prevent unauthorised access to such information. As a policy we do not reveal customer information to third parties unless mandated by law. Moreover, we continue to educate our employees to help them understand the importance of adhering to our confidentiality and customer privacy covenants. To support our continuous education programme, salient features of the Customer Protection Framework have been summarised as e-flyers and made available in tri-lingual format via our Learning Management System.

There were no incidents of Violation of customer privacy or breaches of customer data reported in the current financial year.

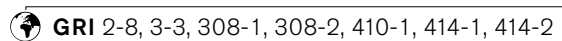


SUPPLIER CAPITAL

Suppliers are an integral part of our value chain. They make a valuable contribution towards the continuity of our business through the supply of goods and services for our day to day operations. All our suppliers (except for IT related suppliers) are local entities and individuals based in Sri Lanka.

People's Leasing & Finance PLC Supplier Base - FY 2022/23

Supplier Category	Products / Service Supplied (Rs. million)	No. of Suppliers	Percentage of average annual procurement spend (%)
Vehicle Suppliers	10,242	8,913	28%
Other Suppliers	26,632	4,077	72%
Total	36,875	12,990	100%



PROCUREMENT BEST PRACTICES

We enter into relationships with suppliers based on the understanding that they will continue to share the People's Leasing core values and commitment to excellence.

New suppliers deemed to be a good fit for People's Leasing are on-boarded to our supplier registry annually subject to the stringent screening process set out under the Board approved Procurement Manual. Accordingly, all new suppliers are screened against our internally developed criteria

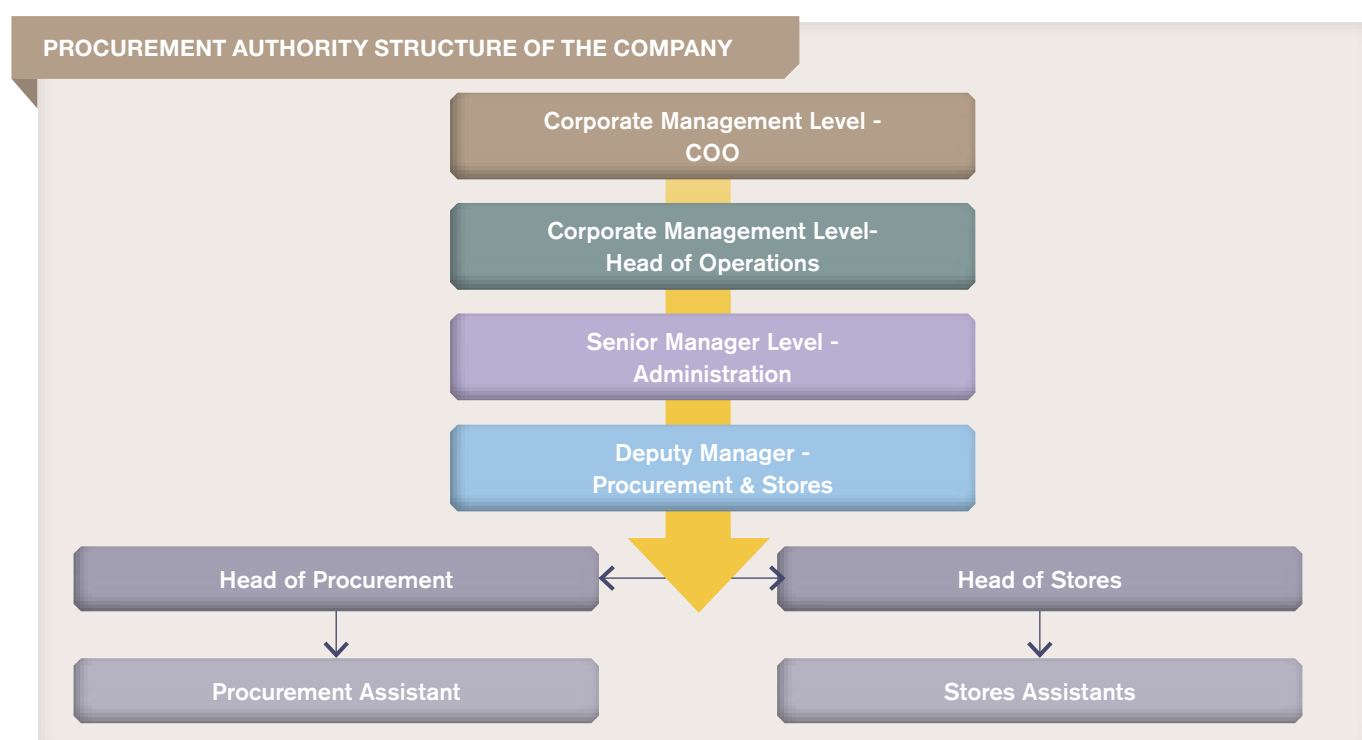
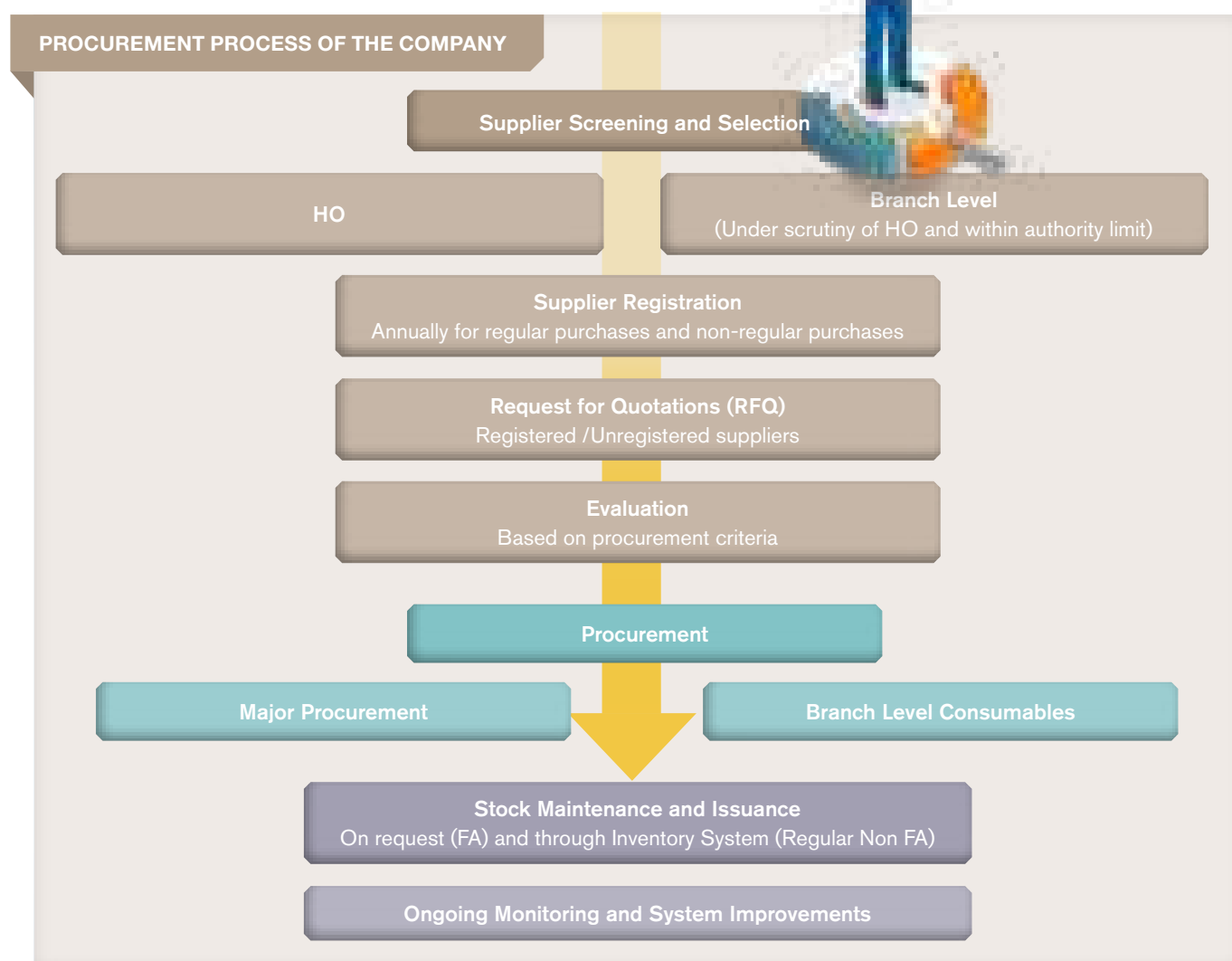
such as price, quality, service delivery and after-sales support as well as social and environmental considerations including compliance with labour laws, adherence to safety and human rights best practices and environmental standards.

153 new suppliers screened in the year under review, with 146 being on-boarded to the Company's supplier registry.

Reputable outsourced service providers security services at the head office and branches, ensuring that security procedures

preserve the dignity of employees and other stakeholders. At our head office and branches, all security staff members were educated on safeguarding basic human rights in general including responsible visitor/customer management, even though no specific programme was run.

Supplier audits were also conducted based on random sampling to verify ongoing commitment of suppliers towards agreed criteria. No negative social or environmental impacts were identified among any of the suppliers surveyed.



COMMUNITY CAPITAL

Having been in business for over a quarter of a century, People's Leasing has deep rooted ties to the communities in areas where the Company has a branch presence.

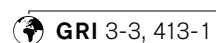
Community Empowerment

As a financial services institution, we aim to play a more meaningful role in uplifting communities by promoting financial inclusion among rural and fringe communities across Sri Lanka. Our micro finance arm People's Leasing -Micro-commerce Ltd (PML) specialised in empowering micro entrepreneurs involved in agribusiness, animal husbandry and cottage industries. The past five years has seen a significant expansion in PML's microfinance portfolio driven by strong year on year growth in disbursement volumes. Our approach goes beyond the provision of credit, to focus on developing responsible entrepreneurs with sound financial discipline.

Community Empowerment through Microfinance

	2022/23	2021/22	2020/21
No. of loans granted	75	135	106
Total annual disbursement volumes (Rs.)	11,050,500	18,965,000	9,834,000
Total Portfolio Value (Rs.)	23,518,519	19,651,969	89,060,185
No. of Financial literacy programmes conducted	5	10	-

Since the pandemic, we have also been leveraging our digital channels to propagate financial inclusion among rural communities. Our most recent endeavour in this regard is the LANKAQR enablement in partnership with LankaClear (Pvt) Ltd.



Community Outreach

Each year we allocate significant resources to mobilise community outreach projects for the upliftment of underserved communities. In FY 2022/23, Rs. 5.57 million was incurred to support community outreach initiatives.

People's Leasing Trincomalee Branch conducts Blood Donation Campaign marking the district's highest-ever volume of blood collected during a campaign



Trincomalee branch of People's Leasing & Finance PLC (PLC), reinstated its commitment to contribute to a "give life" annual blood donation campaign for the 2nd consecutive year. The blood drive was held on 27th of November 2022 to commemorate the 19th branch Anniversary celebrations saw the participation of 156 people including company staff members contributing towards the collection of 156 pints of blood, the district's highest volume of blood collected during a single campaign.

People's Leasing Thissamaharma branch employees volunteer to promote Home Gardening among customers

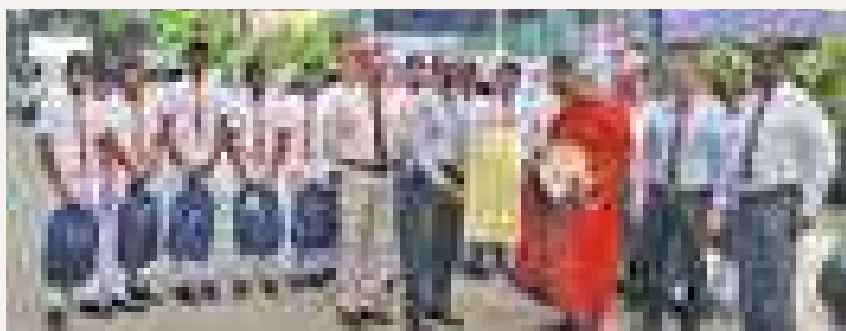


People's Leasing Tissamaharama branch initiated an employee volunteer initiative to promote home gardening among customers under the guidance of their Regional Office and the supervision of the Tissamaharama branch manager. The branch team distributed 500 tomato and chilli saplings among pre- identified loyal customers who are interested in home gardening as an employee CSR initiative. Fifteen staff members volunteered 109 hours towards the successful implementation of the project.



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

Presentation of a passenger bus to Seruwila Community Development Foundation



People's Leasing donated a passenger bus to Seruwila Community Development Foundation thereby enabling students of Seruwila Maha Vidyalaya to safely attend school and return home. The Foundation ensures that the school transport service operates free of charge covering Sumedhankarapura, Seruwila, Nelungama, Kawantissapura, Mahindapura, Somavathy Road, and Arippe Junction. Over 200 students from 4 schools including Seruwila Maha Vidyalaya, Seruwila Primary School, Mahaweligama Primary School, and Mahaweligama Primary School benefit from this initiative.

This initiative was planned with due consideration of hardships faced by rural students due to frequent wild elephant attacks on their way to school. Seruwila community, school children, and parents of children expressed their heartfelt gratitude for the presentation of the school bus. The cost to People's Leasing was Rs. 5.22 million.

We would like to thank 'People's Leasing' for donating a school bus for the benefit of the school children in Seruwila area. So far, the bus has provided essential day today school transportation services for over 120 days. Around 100 children take this bus every day.

It starts from Sumedhankarapura Maitri Mawatha and then call at Seruwila Maha Vidyalaya, Mahaweligama Maha Vidyalaya and Mahaweligama Primary School covering about 22km each way. In addition to this, it provides the transport facilities for Seruwila Sri Sumedhankara Dhamma School, every Sunday.

With your meritorious donation, our children can safely travel to and from school every day without fear of coming across wild elephants. We would like to extend our heartfelt appreciation to People's Leasing Company for supporting children in rural areas like Seruwila to continue with their education.



Ven. Aludeniye Subodhi Thero

Chief Incumbent of the Seruwila Mangala Rajamaha Vihara

Chairperson of the Seruwila Community Development Foundation

Celebrating World Children's Day 2022



The People's Leasing Sports and Welfare Society marked World Children's Day with a special programme held under the theme "Sihina Dakina Ape Lowak". The event was organized as an initiative to recognize and reward the talents of the children of company employees. Singing, dancing and artistic talents of over 250 children who participated in the event were independently evaluated by six teachers from Sirimavo Bandaranaike Vidyalaya and D.S. Senanayaka College. The award ceremony was ceremoniously held on the 27th of October 2022 at the BMICH with the participation of 45 winners. Winners were rewarded with medals, certificates and gift vouchers. Prior to the ceremony, the winning children were given the opportunity to enjoy a sightseeing tour on a double-decker bus around Colombo city.

NATURAL CAPITAL

Although as a financial institution People's Leasing & Finance PLC does not rely on natural resources for its day to day operations, we nevertheless consider it our duty as a responsible corporate citizen to lead by example in reducing the depletion of Natural Capital.



Investment Philosophy

Work to create a conducive environment to earn trust and respect of customers, suppliers and the wider community.



Value Creation Highlight for fy 2022/23

Green Operations

Reduction in paper waste
7,797 Kg

Sustainable Finance

Established a dedicated Sustainable Finance Unit to oversee the comprehensive integration of sustainable financing within our core lending business

Benefits to other Capitals

FC

Create a sustainable revenue streams as the foundation to generate consistent returns to augment Financial Capital

Propagates the environmental consciousness among customers and the wider community Social and Relationship Capital

SC

Marketing and Communication Incurr

Green Operations

7,797Kg

Reduction in Paper Waste

Established a dedicated Sustainable Finance Unit

Material Matters



Climate action



Inclusive finance to minimise inequalities



Sustainable growth through sustainable finance



Position the People's Leasing brand as a responsible environmental steward Intellectual Capital

IC

Increase employee awareness and participation in global issues such as climate change Human Capital

HC

Future Targets

Short Term

- Prioritise sustainable finance by granting financial assistance for green and socially inclusive projects
- Accelerate process automation through introduction of web based application and digital tools
- Improve digital infrastructure to reduce customer carbon footprint
- Continue support on re-forestation and climate action projects and promote awareness on biodiversity conservation through CSR initiatives
- Identify and disclose the both positive and negative environmental related impacts generated through investments
- Raise awareness regarding Environmental Sustainability and the importance of the ESG consideration among the younger generation, starting from pre-school level
- Continuation of commitments towards the Public-Private partnerships on Reforestation and Tree Planting Initiatives

Medium Term

- Reduce dependency on National Grid for electricity requirements by ensuring all new branches are powered through renewable energy
- Enhance digital offering to reduce branch size

Long Term

- Progress towards a lean and agile operating model
- Target to meet 75% of energy requirement from renewable sources
- Establish social and environmental code of conduct for suppliers

GREEN OPERATIONS

A Board approved Environmental Policy underpins our efforts to implement green operations at every level of our business operations. The Environmental Policy encapsulates all applicable environmental regulations and best practices for environmental management in a corporate setting. In this regard, we focus on Energy Efficiency, Emission Management, Waste Management and Green Awareness.

The implementation of the Environmental Policy is accompanied with real time tracking of key environment indicators enabling us to keep close track of our progress on an ongoing basis.

People's Leasing's Sustainability Governance Steering Committee operates under the delegated authority of the Board to provide oversight for implementing, coordinating and monitoring green operations.

RESPONSIBLE FINANCE

To demonstrate our commitment to creating a more environmentally sustainable economy, we have integrated Environmental Social Governance (ESG) considerations into our lending decisions through which we continue to promote financing of eco-friendly vehicles. At the same time we continue to create awareness on environmental and social aspects among our customers and business partners.

ENVIRONMENT POLICY

We, People's Leasing & Finance PLC, being a responsible and inclusive financial services provider are conscious of our impact on the natural environment.

Guided by the Board of Directors and the Corporate Management Team, we are committed to our direct impact on the environment through resource-optimized operations tracked through a comprehensive Environment Management System to reduce our Group's Carbon Footprint.

As an ethical financial services provider, we stay mindful of environmental risks associated with lending and strive to minimize our indirect impact on the environment through green literacy for our staff, customers, business partners, and local communities. We emphasize the importance of pollution prevention and sustainable resource optimization in their businesses thereby doing our part to protect our nations' biodiversity and fragile ecosystems.

We fulfil our compliance obligations and follow environmental standards to continually improve our performance minimizing our direct and indirect impact on the environment while contributing the advancement of the United Nation's Sustainable Development Goals (SDGs).

We shall review this policy periodically and monitor progress towards the advancement of our corporate environmental objectives, through set targets and sound action plans, championed by green literate Heads and engaged Team Members of Strategic Business Units from the Head Office, island-wide Branch Offices, and Subsidiary Offices.

We shall communicate our environmental performance to build trust and demonstrate our environmental consciousness.

We collaborate with our finance industry peers to promote Sustainable finance, envisioning Sri Lanka as the Sustainable Finance Hub for South Asia.

 **GRI 3-3, 302-1, 302-2**

ENERGY EFFICIENCY

Electricity is the primary energy source used in our operations. Conscious that our electricity consumption has increased significantly in recent years owing to the expansion of our business footprint, all branches have been issued with specific electricity reduction targets. Electricity 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. This has enabled us to identify areas of energy wastage or inefficiency and proactively take required steps to address areas of concern. We also run regular awareness campaigns to highlight key action points and energy reduction tips among employees.

The introduction of work-from-home arrangements in response to the fuel crisis in 2022 contributed to an overall reduction in energy consumed at branches and at the Head Office. Consequently, the imported energy (grid electricity) consumption attributed to People's Leasing in FY 2022/23 was 1,185.70 kWh.

 **GRI 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5**

EMISSION MANAGEMENT

The emissions attributed to our operations comprise both direct and indirect emissions. For the past 8 years, People's Leasing has been preparing a GHG emission inventory report to measure both direct and indirect emissions from onsite and offsite activities. The GHG inventory report is prepared by an independent third party specialist in accordance with the globally accepted emissions accounting standard ISO 14064:2018 and United Nations intergovernmental panel on climate change (IPCC).

Due to low diesel consumption of generators in the current financial year, total emissions decreased by 63.96 tCO₂e.

Direct Emissions	Indirect Emissions
Stationary Combustions (Standby Generators)	Imported Energy (Grid Electricity)
Fire Extinguishers Refilling/ Replacement	Transmission and Distribution Losses
Refrigerant Leakages	Employee Commuting (not paid by the company)
Employee Commuting (paid by the company)	Waste Disposal
Business Travel (Land)	Municipal Water Consumption
	Business Air Travel
	Rented Vehicles (not paid by the company)
	Transport Locally Purchased Items

Emission Category	Scope	Emission Source	GHG Emissions (tCO ₂ e)			
			2014/2015 (Base Year)	2020/2021	2021/22	2022/23
Direct emissions	Scope 1	Employee commuting paid by the company	59.18	290.60	445.74	68.57
		Business travel (Land)	-	102.48		19.94
		Stand by generators	0	47.78	129.36	65.04
		Fire extinguishers	-	0.06	0.82	6.36
		Refrigerant leakages	83.27	136.20	152.24	72.81
		Total Direct Emissions	267.75	769.32	1,050.15	232.73
Indirect emissions	Scope 2	Imported Energy (grid electricity)	987.02	2,325.99	2,741.62	1,185.7
Indirect emissions	Scope 3	T & D Loss	-	208.60	273.80	120.17
		Employee Commuting (non-paid)	1,327.75	944.69	1,040.17	249.98
		Waste Disposal	0.13	44.63	37.35	4.59
		Municipal Water Consumption	9.83	5.99	5.94	2.94
		Business Air Travel	177.23	0	2.79	4.7
		Transport locally purchased	-	74.55	17.82	1.46
		Total Indirect Emissions	2,501.96	3,612.35	4,132.43	1,569.54

 GRI 302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7

Energy consumption with in the organization	8,754.40GJ
Energy consumption out side of the organization	4,519.49GJ
Energy intensity	4.39876526 GJ/ Rs million
Reduction of the energy consumption	24,899.11
Reduction of the energy requirement product and services	N/A
Direct (scope 1) GHG emission	232.725361
Energy indirect (scop2) GHG emission	1,185.70
Other indirect (Scope 3) GHG emissions	383.85
GHG emission intensity	0.59724535 tco2e/Rs Million
Reduction of GHG emission	3,380.33
Emission of ozone- depleting substances (ODS)	72.813
NOx, Sox and other significant emission	N/A

* Information for the Head Office, 35 branches and five vehicle yards.

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5

WASTE MANAGEMENT

Given the nature of our business, our waste footprint consists mainly of paper waste and to a lesser extent e-waste. We execute our commitment to responsible waste management by promoting the fundamentals of 3R (Reduce, Reuse and Recycle) at all levels of the business. As part of our commitment, we also engage with CEA approved licensed waste disposal partners for the disposal of both paper and e-waste.

In recent years, we have also increased the level of automation and digitisation with a view to creating a paperless office environment through which we aim to systematically reduce paper usage in the daily operations of our branches and at the head office.

Waste type	Location	2022/23 Generated total (Kg)	2021/22 Generated total (Kg)	Disposal method
Paper Waste	PLC Head Office	7,797	13,146	Recycled

GREEN AWARENESS

We provide continuous and ongoing training to raise awareness and imbue a green ethics among our employees. In addition, we encourage employees to submit innovative ideas to help strengthen the company's efforts to improve energy efficiency and better manage waste.

Customer education is another key component of our overall effort to build an environmentally conscious society.

SUSTAINABLE FINANCE

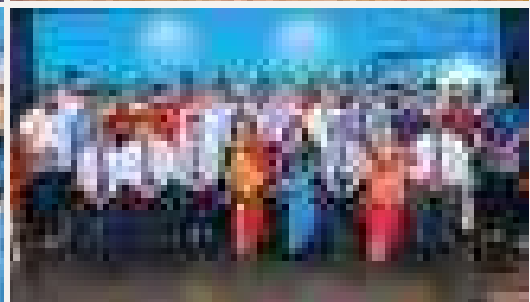
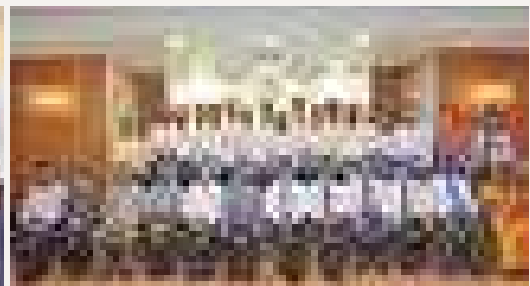
In striving to make a more meaningful impact towards the preservation of Natural Capital, we are now increasingly looking to realign our core business fundamentals to prioritise sustainable lending. These efforts were further streamlined in the current financial year, following the launch of the Guidelines for Sustainable Finance by the CBSL. Taking the first steps to implement the requirements of the guideline, the People's Leasing Board established a dedicated Sustainable Finance Unit to oversee the comprehensive integration of sustainable financing within our core lending business.

GREEN OUTREACH CSR PROJECTS

හරිත නෂ්ණ (Haritha Nana) Vocational Scholarship Program

The "හරිත නෂ්ණ - Haritha Nana" programme is a youth empowerment initiative conducted in partnership with the Vocational Training Authority (VTA) and the Skill Development & Vocational Education Division of the Ministry of Education provided technical guidance and oversight on effective program execution.

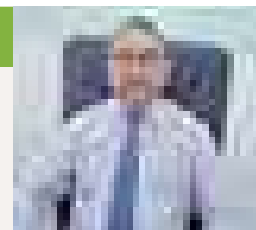
Through this initiative we aim to uplift technology related vocational skills of youth by enabling them to obtain a NVQ Level 03 certification in Hybrid Automobile Technology. The course was conducted at two VTA centres in Narahenpita and Wegiriya in the current financial year. The cost per student for this course was Rs. 30,850/= and a total of Rs. 0.79Mn. was committed to this project for the FY 2022/23.



Testimonial

ශ්‍රී ලංකා වෘත්තීය පුහුණු අධිකාරියේ නායකත්වයෙන් යුත් ජාතික වෘත්තීය පුහුණු ආයතනය සහ මහනුවර දිස්ත්‍රික්කයේ වේගිරිය වෘත්තීය පුහුණු මධ්‍යස්ථානයේ පෙර වසරවල දී මෝටර් කාර්මික පාඨමාලාව සාර්ථකව අවසන් කළ සිසුන් තිස් පස්දෙනෙකු සඳහා කාලීන අවශ්‍යතාවයක්ව පවතින දෙමුහුන් මෝටර් රථ තාක්ෂණික දැනුම ලබා දීමේ අරමුණින් පීපල්ස් ලීසිං සමාගම විසින් දෙමුහුන් මෝටර් කාර්මික පාඨමාලා හදාරන සිසුන් සඳහා ශිෂ්‍යත්ව ප්‍රදානය කරන ලදී.

විශේෂ වීම සිසුන්ට පාඨමාලා අවසානයේ ව්‍යාපාරයක් ඇරඹීමේදී අවශ්‍ය කෙරෙන දැනුම, නව තාක්ෂණය පිළිබඳව තොරතුරු හා කුසලතාවයන් වැඩිදියුණු කිරීමට සංවර්ධන පුහුණු වැඩසටහන් පැවැත්වීමට ද පුර්ණ අනුග්‍රාහක දායකත්වය ලබා දීම පිළිබඳව පීපල්ස් ලීසිං සමාගම වෙත මාගේ ස්තූතිය පුද කරමි.



චී.චී.ඒ.පී.ගුණවර්ධන
නියෝජ්‍ය අධ්‍යක්ෂ (පුහුණු)
ශ්‍රී ලංකා වෘත්තීය පුහුණු අධිකාරිය

'Life' Reforestation Project in Kanneliya Forest Reserve

The 'Life' Reforestation Project is an ongoing initiative to restore part of the Kanneliya Conservation Forest, a wet lowland rainforest located northeast of Galle and southeast of the Hiniduma Mountain.

The project which commenced in 2018 is a multi-stakeholder initiative spearheaded by Biodiversity Sri Lanka (BSL) and the Forest Department, and operationalised with the technical support of the International Union for Conservation of Nature (IUCN) and financial support provided by People's Leasing. Now in its 5th consecutive year People's Leasing has invested approximately Rs.3.62Mn in the "Life" project to date.

People's Leasing incurred Rs. 1.01 Mn on Green outreach projects. In the FY 2022/23.

CORPORATE MEMBERSHIPS RELATED TO ENVIRONMENTAL CONSERVATION

PLC is a Patron Member of Biodiversity Sri Lanka Platform

Since 2013, People's Leasing has been a patron member of Biodiversity Sri Lanka (BSL). BSL is entirely owned and driven by the private sector and has been established for the purpose of promoting environmental stewardship among private sector entities in the areas of biodiversity and environmental conservation. Towards this end, BSL provides technical support and knowledge sharing on best practices through active learning. BSL also undertake to initiate and facilitate dialogue between the state, civil society partners and the private sector, to campaign for the advocacy of biodiversity - friendly policies that safeguard Sri Lanka's natural ecosystems.



MULTIPURPOSE PRINCIPLES

The company is dedicated to captain multiple functions to ensure efficiency and productivity in all we do.

Stewardship

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BOARD OF DIRECTORS



**MR MICHAEL PRADEEP
AMIRTHANAYAGAM**

**Non-Executive, Non Independent
Director**

Mr. Amirthanayagam was appointed as an Independent Non-Executive Director to the Board on 15 July 2022, and appointed as Chairman on 12 September 2022.

Qualifications

Mr. Amirthanayagam is a Fellow Member of the Chartered Institute of Marketing (UK) and an Associate Member of Trinity College of Music, UK in speech and drama.

Positions Held/Experience

Mr. Amirthanayagam is a reputed advertising and media personality in Sri Lanka who counts over 35 years of experience in the advertising industry. He is currently the Chairman and Managing Director of the leading advertising agency Holmes Pollard & Stott, which he was instrumental in setting up over 30 years ago. Mr. Amirthanayagam is also a media icon. He was a news presenter for media networks Rupavahini, ITN and SLBC, and was also an interviewer and cricket commentator. He has the distinction of having trained at Bush House – the headquarters of the BBC in London. He was the 50th President of the Rotary Club of Colombo West and was awarded Rotarian of the Year in 2012.

Mr. Amirthanayagam was the Former Chairman of People's Leasing & Finance PLC and Director of People's Merchant Finance PLC.

Current Positions

Presently Mr. Amirthanayagam serves as the Chairman of People's Micro-commerce Limited, and Director of Lankan Alliance Finance Limited Bangladesh.

He is the Vice President of Society for the Uplift and Rehabilitation of Leprosy Affected Persons (SUROL) and a Director of the Anura Bandaranaike Foundation.



MS MIRIAM CORALIE PIETERSZ

**Non-Executive
Senior Independent Director**

Ms Coralie Pietersz was appointed as Director to the Board on 01 March 2020.

Qualifications

Ms Pietersz is an Associate Member of the Institute of Chartered Accountants in England and Wales and a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of the Institute of Certified Management Accountants of Sri Lanka. She holds a B.Sc (Honours) degree in Physics from the University of Sussex and an MBA from Heriot-Watt University, Edinburgh.

Positions Held/Experience

Ms. Coralie counts over 25 years of senior level experience in corporate finance, accounting and auditing in both private and public sectors. She joined Finlays Colombo in 2010 as Finance Director and was also appointed as Finance Director of Hapugastenne Plantations PLC and Udapussellawa Plantations PLC in 2016 and held these roles until 2020. Prior to that she functioned as the Group CFO at Richard Pieris & Company PLC, a role that entailed responsibility for the finance function of this diversified group, which included five listed companies.

Current Positions

Ms. Coralie Pietersz is an Independent Director and Chair of Bogala Graphite Lanka PLC, and an Independent Non-Executive Director and Chair of the Audit Committees at RIL Property PLC, United Motors Lanka PLC Panasian Power PLC and Hemas Pharmaceuticals (Private) Limited.

She is a Member of the Council of the Institute of Chartered Accountants of Sri Lanka.

**MR ROHAN PATHIRAGE**

**Non-Executive,
Non-Independent Director**

Mr Rohan Pathirage was appointed as Director to the Board on 07 July 2020.

Qualifications

An Attorney-at-Law, Mr Pathirage holds a Law Degree from the University of Colombo and is a Master's Degree Holder in Bank Management from the Massey University, New Zealand. He is also a holder of a Postgraduate Diploma in Banking.

Positions Held/Experience

He counts for over 27 years' experience across Human Resources, Legal and Administration relating to People's Bank. As the Senior Deputy General Manager (Human Resources and Legal) of People's Bank, he managed the Bank's 10,000 plus strong workforce and its Senior Executive recruitments in line with its HR requirements. In addition, he also leads the Bank's 70-member legal team. He also functioned as Deputy General Manager - Secretary to the Board of Directors of People's Bank, a position held from August 2010 up until March 2019, Mr Pathirage provided administrative support to all matters relating to the Bank's Board of Directors and its various sub committees. During his tenure as Secretary to the Board of Directors of People's Bank, he has played a key role to facilitate best practices in governance.

Current Positions

Mr Pathirage is currently the Senior Deputy General Manager- Overseas Customer Services of People's Bank. He oversees the Bank's foreign remittances business and foreign currency accounts. He is also functioning as Chairman - People's Leasing Havelock Properties Limited, Director People's Leasing Fleet Management Ltd., Director- People's Micro-Commerce Ltd., Director - Lankan Alliance Finance Limited, Bangladesh, Chairman - People's Travels (Pvt) Ltd. Alternate Director - Institute of Bankers of Sri Lanka.

**MR CHANURA J. WIJETILLAKE**

Non-Executive, Independent Director

Mr Chanura J. Wijetillake was appointed as Director to the Board on 19 February 2020.

Qualifications

Mr Wijetillake is a Fellow Member of the Institute of Bankers - Sri Lanka and also an Associate Member of the International Professional Managers Association (UK). He has also obtained his Diploma in Management from ICAI University, India.

Positions Held/Experience

Mr Wijetillake has over 35 years' experience in the Banking sector, out of which a total of 14 years in the Senior Management and the Corporate Management at the 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.

He has also successfully developed and executed strategies to maximise the sales and profit growth in two large regions of the Bank for over five years. He has been a member of the Bank's Internal Resource Faculty for its training programmes conducted for Branch Managers and the Credit Officers on Lending.

He has represented the Bank and participated in several training programmes in Singapore, HongKong, Bangladesh, China and Germany during his long career at the Commercial Bank of Ceylon PLC. He has also functioned as the Assistant General Manager - Compliance at Softlogic Finance PLC for a while after his retirement from Commercial Bank of Ceylon PLC.

Current Positions

Mr Wijetillake currently gets involved as a Resource Person in the training programmes conducted by the Centre for Banking Studies of Central Bank of Sri Lanka.

He is a Member of The Sri Lanka Institute of Directors.

BOARD OF DIRECTORS



MR ASOKA BANDARA

Non-Executive, Independent Director

Mr Asoka Bandara was appointed as Director to the Board on 19 February 2020.

Qualifications

He holds a Post Graduate Diploma of Marketing (CIM- UK), and MBA (University of Colombo).

Positions Held/Experience

Mr Asoka Bandara has over 35 years of expertise in demand generation function and business development in MNCs and leading local corporates. He has been a MANCOM member of Nestle Lanka PLC and Group Managing Director of Delmege Forsyth Group of Companies. His core competencies include building of branded businesses and development of commercial teams.

Current Positions

Currently acts as the Group Head of Corporate Affairs & Strategy for Maliban Group of companies and on the boards of Litro Gas Lanka Ltd, Litro Gas Terminal Lanka Private Ltd. and Buildmart Lanka (Pvt) Ltd. He operates management consultancy services for leading local conglomerates. As a trainer, he specializes in developing team leadership and personality development including overseas assignments and imparts his knowledge via MBA teaching on topics i.e. leadership, strategic management etc.,. He is a certified trainer from Sydney based Genos International, global leader in Emotional Intelligence Assessments. He also acts as a key negotiator by leveraging his issue management skills for leading industry bodies vs. key stakeholders.

He is a Vice President of the Dairy Association of Sri Lanka and serves as an executive committee member for the Lanka Confectionery Manufacturers Association and Chamber of Commerce F & B Committee.



MR CLIVE FONSEKA

Non-Executive, Non-Independent Director

Mr Clive Fonseka was appointed as Director to the People's Leasing & Finance PLC Board on 19 February 2020.

Qualifications

Mr Fonseka is a Fellow of the Institute of Bankers of Sri Lanka and holds a Master's Degree in Business Administration from Postgraduate Institute of Management of University of Sri Jayewardenepura. He has received a Distinction for the ACI Dealing Certificate and counts more than 29 years' experience in Treasury Management. He is also a Certified Member of the Institute of Certified Management Accountants (CMA) of Australia.

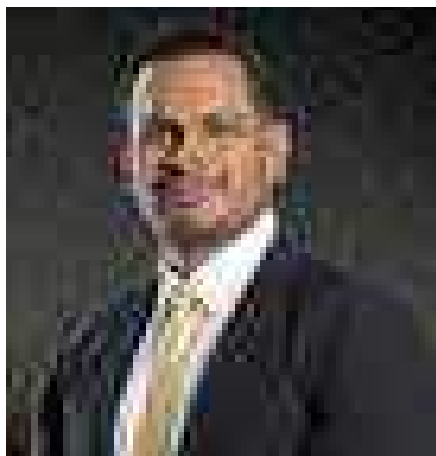
Positions Held/Experience

He has acted as the President of the Association of Primary Dealers during the period of 2018 to 2020, as a member of the National Payment Council, Financial System Stability Consultative Committee the task force to study and design a new alternative benchmark interest rates and as a member of the Market Working Group on Domestic Financial Market Infrastructure Development Project of Central Bank of Sri Lanka. He also acts as a non-independent Non-Executive Director at People's Leasing & Finance PLC, People's Leasing Property Development Limited, Lankan Alliance Finance Limited and LankaPay (Pvt) Limited at present. Furthermore, he has acted as a Chief Examiner for Institute of Bankers of Sri Lanka's IABF/DABF Examinations previously.

Current Positions

Mr Fonseka joined People's Bank in 2002 and he has been a member of People's Banks' Senior Corporate Management team from November 2011 as Deputy General Manager overseeing the Foreign Exchange operations, activities of the Primary Dealer Unit, Investment Banking Unit and USD & LKR Money Market operations. Furthermore, he is responsible for the management of the relationships of Local and Foreign Commercial Banks and Financial Institutions. Prior to joining People's Bank he has served at American Express Bank and Standard Chartered Bank.

He was appointed as the Acting Chief Executive Officer/General Manager with effect from 02nd January 2023.

**MR AZZAM A. AHAMAT****Non-Executive, Non-Independent Director**

Mr Azzam A. Ahamat was appointed as Director to the People's Leasing & Finance PLC Board on 30 December 2019.

Qualifications

He is a Fellow Member of the Chartered Institute of Management Accountants (United Kingdom), a Fellow Member of the Association of Chartered Certified Accountants (United Kingdom) and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka. He is a Certified Practicing Accountant (AUST), Technical Specialist of the Institute of Risk Management (United Kingdom) and a member of the Chartered Institute of Credit Management (United Kingdom).

Positions Held/Experience

Mr Ahamat has over 20 years' experience both locally and internationally across strategic financial management, alternate investments and risk. His prior employers include some of the largest multinational professional service firms and other tier I service providers across respective market spaces.

Current Positions

Mr Ahamat functions as the Head of Finance of People's Bank since January 3, 2017. He is a Director of People's Insurance PLC and Lankan Alliance Finance Limited, Bangladesh.

**MS ROSHINI WIJERATHNA****Non-Executive, Non-Independent Director**

Mr Roshini Wijerathna was appointed as Director to the People's Leasing & Finance PLC Board on 21st April 2023.

Qualifications

She holds a Bachelor of Science (Physical Science) with a Second-Class Upper from University of Colombo, a Master of Business Administration (in Finance) from University of Colombo and a Diploma in Treasury and Risk Management from IBSL. She has obtained a Distinction for ACI Dealing Certificate - ACI, Financial Markets Association and is an Associate member of Institute of Bankers of Sri Lanka.

Positions Held/Experience

She joined the Peoples Bank in 1990 as a Management Trainee and counts over 30 years of experience in the Bank out of which 26 years in the Bank's Treasury. She deputized the Primary Dealer Unit of the Bank since 2003 and the Treasury later on prior to moving to the area of Risk Management in 2017.

She is the past President and Secretary of the Association of Primary Dealers and served as a member of the EXCO of ABSRP during the past two years.

Current Positions

Mrs. Roshini Wijerathna is the Deputy General Manager (Risk Management) of People's Bank and is in-charge of Risk Management and Credit Control function of the Bank.

Currently she serves as a Governing Board Member of the Institute of Bankers of Sri Lanka (IBSL) and a member of the Sri Lanka Forex Association (SLFA), Association of Professional Bankers (APB) & Association of Banking Sector Risk Professionals (ABSRP).

**MS SHAALINI SILVA****Company Secretary**

Ms Shaalini Silva was appointed as the Company Secretary to the Board on 15 July 2021.

Qualifications

She is an Associate Member of the Institute of Chartered Secretaries and Administrators UK (now known as Chartered Governance Professional of the Chartered Governance Institute UK). A graduate of the Institute of Chartered Corporate Secretaries of Sri Lanka and a Bachelor of Arts Degree holder from the University of Colombo.

Positions Held/Experience

Ms Silva has over 19 years of experience in Corporate Secretarial functions in both Private and Public Quoted Companies, Guarantees and Associations.

Current Positions

She also functions as the Company Secretary to People's Leasing Fleet Management Limited, People's Leasing Property Development Limited, People's Leasing Havelock Properties Limited and People's Micro-Commerce Ltd.

CORPORATE MANAGEMENT



MR. SHAMINDRA MARCELLINE

Chief Executive Officer/ General Manager

Joined People's Leasing & Finance PLC in November 2020.

Qualifications

BSc. (Hons) City University, London, UK 1996, Financial Advisors' International Qualification (FAIQ), Chartered Insurance Institute, UK 2008.

Positions Held

Senior Vice President / Head of Corporate Banking at DFCC Bank. Member of the DFCC Bank Executive Management Committee (EXCO). The Country Manager of HSBC Maldives, Head of Financial Institutions Group and Public Sector at HSBC Sri Lanka and Manager - Wealth Management and Insurance at HSBC Sri Lanka.

Experience

25 years of multifaceted experience in Corporate and Global Banking, Investment Banking, Retail Banking, Credit Administration and Operations Management.

Experience in Product Development, Advisory, Structuring and Financing, Credit and Operations relating to the branch and cross border business within HSBC Group entities.

Expertise in designing and implementing new business initiatives, systems/ procedures to enhance the overall efficiency of the organization in line with corporate business goals.

He has participated in multiple investor-road-show events held across the USA, UK, Middle East and South East Asia as a part of the initiatives driven by the Ministry of Finance, Central Bank of Sri Lanka and leading State and Commercial Banks growth of the economy embracing all adversities.

Current Positions

Serves as the Director of People's Insurance PLC, People's Leasing Fleet Management Limited, People's Leasing Property Development Limited, People's Leasing Havelock Properties Limited, People's Micro-Commerce Ltd. and Lankan Alliance Finance Limited-Bangladesh. Vice President of the Financial Houses Association of Sri Lanka

Accolades

Bestowed with the award 'CEO of the Year 2022' from Sri Lanka Best Employer Brands Award 2022, the award, certified by the World Federation of Human Resources Professionals and endorsed by CHRO Asia, recognizes leaders of organizations who have contributed towards the strategic direction of the Company.

Under his leadership, People's Leasing & Finance PLC, won The European Award for Best Practices 2022 in Brussels, Belgium.



MR. UDESHA GUNAWARDENA

Chief Operating Officer

Joined People's Leasing & Finance PLC in 1999.

Qualifications

ACA, ACMA (Sri Lanka), Dip. in Treasury, Investments and Risk Management (IBSL).

Experience

Over 20 years' experience at senior levels in finance, with particular emphasis on accounting, auditing, financial management and treasury operations.

Positions Held

Served as Chief Financial Officer and the Company Secretary of Lankan Alliance Finance Limited Bangladesh on a Secondment basis, Deputy General Manager – Internal Audit at People's Leasing & Finance PLC and Secretary to the Board Audit Committee (BAC) of People's Leasing & Finance PLC.

Current Positions

Chief Operating Officer of People's Leasing & Finance PLC, Non-Executive Director Lankan Alliance Finance Limited Bangladesh and Director of Leasing Association of Sri Lanka.

Accolades

World Prize winner of Australian Computer Society.

**MR. LAKSANDA GUNAWARDENA****Head of Branch Network**

Joined People's Leasing & Finance PLC in October 2002.

Qualifications

MBA, MSc in Strategic Marketing, AICM – SL, Dip in Credit Management from SLICM, CMA (Australia), CPM (Asia), Certified Member of SLIM, Associate Member of Sri Lanka Institute of Directors (SLID), Member of the Chartered Professional Managers (CPM) Sri Lanka.

Positions Held

Functioned as the Head of Corporate Leasing for 10 years and Deputy General Manager – Marketing.

Experience

Over 27 years' experience in corporate and SME financing in the areas of credit, marketing, recoveries, branch development and operations.

Current Positions

Director of People's Micro-commerce Ltd, a fully-owned subsidiary of People's Leasing & Finance PLC.

Director Lankan Alliance Finance Limited Bangladesh

Head of Branch Network of PLC.

**MR. LIONEL FERNANDO****Senior Deputy General Manager – Strategic Planning**

Joined People's Leasing & Finance PLC in 1996.

Qualifications

ACA, Associate member of the IBSL. Post Graduate Diploma in Business and Financial Administration (CA Sri Lanka). Associate member of Certified Management Accountants of Sri Lanka (ACMA).

Experience

Over 33 years' experience in the Banking and Finance Industries, including People's Bank.

Positions Held

Served as Senior Deputy General Manager – Branch Operations.

Current Positions

Director/General Manager of People's Leasing Havelock Properties Ltd. Senior Deputy General Manager – Strategic Planning. Director of National Railway Museum (Guarantee) Ltd.

**MR. ROHAN TENNAKOON****Head of Operations**

Joined People's Leasing & Finance PLC in 1998

Qualifications

MBA (Colombo), MSc (Mgt.) – (Sri Jayewardenepura), BSc- Business Admin (Sri Jayewardenepura), AIB (Sri Lanka), FICM(SL), member APBSL, Licentiate of CA Sri Lanka.

Positions Held

Vice Chairman of the Finance House Association (FHA) of Sri Lanka and Project Chairman of the Sports Sub-Committee for the year 2015 and 2017. Served in panel representing the FHA in Chamber of Commerce. Served as Head of Risk at People's Leasing & Finance PLC and Head of Al-Safa Islamic Financial Services Unit. Served in the Executive Integrated Risk Management Committee, ALCO, permanent invitee on Board Integrated Risk Management Committee and Board Credit Committee.

33 years of experience in diversified fields such as Accounting, Manufacturing, Exports and Banking prior to joining the Leasing sector. Experienced in Marketing and Business Development, Operations, Branch Operations, Credit and Credit Administration, Islamic Financing and Risk and Control.

Current Positions

Head of Operations at People's Leasing & Finance PLC, Non-Executive, Non- Independent Director of the People's Insurance PLC, Serving ICT and Investment Board Sub Committees of People's Insurance PLC, Executive Credit Committee of PLC, Chairman of Finance Houses Association, Director of Leasing Association of Sri Lanka, Director of Sri Lanka Institute of Credit Management, Compliance Officer of the Credit Information Bureau of Sri Lanka member of the panel of Jury of SLIM National Sales Awards.

**MR. PRABATH GUNASENA****Deputy General Manager - ICT (Group)**

Joined People's Leasing & Finance PLC in May 1999.

Qualifications

MBA (University of Western Sydney), Diploma in Computer System Design – NIBM Sri Lanka. Project Management for Information Systems, Institute of Systems Science, National University of Singapore.

Experience

23 years' experience at People's Leasing & Finance PLC.

**MR. RANIL PERERA****Assistant General Manager – Risk & Control**

Joined People's Leasing & Finance PLC in October 1999.

Qualifications

MA in Regional Development and Planning (Colombo), MBA (Manipal), PG Diploma in Economic Development (Colombo), B.Com (Special) International Trade (Sri Jayewardenepura), part qualifications from the CIM (UK) and CA Sri Lanka.

Experience

Has over 23 years of experience at People's Leasing Group.

Positions Held

Served as Assistant General Manager – Recoveries at People's Leasing & Finance PLC.

Current Positions

Assistant General Manager – Risk & Control at People's Leasing & Finance PLC.

**MS. SUJEEVA RANASINGHE****Assistant General Manager – HR (Group)**

Joined People's Leasing & Finance PLC in February 2021.

Qualifications

LL.B - University of Colombo, Intermediate Banking Diploma Examination - IBSL.

Experience

Over 27 years' experience at a private commercial bank, with over 24 years experience in Human Resource Management.

Positions Held

Head of Human Resources at a private commercial bank.

Current Positions

Assistant General Manager – HR (Group) at People's Leasing & Finance PLC.

**MS. SHERINE DABARERA****Assistant General Manager – Legal**

Joined People's Leasing & Finance PLC in January 2022.

Qualifications

LL. M in International Business Law (Distinction) 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

Over 19 years of experience in legal, regulatory, and corporate affairs in diversified and multi-jurisdictional projects in telecommunication, investment, banking and finance sectors in Sri Lanka and the UK. Specialized in International Business Law, with a focus on Corporate Finance Law, Transnational Corporate Governance, Information and Communication Technology Law, Intellectual Property Law, and International Labour Law.

Positions Held

Served as the in-house corporate legal counsel at entity and group levels for over 15 years.

Current Positions

Assistant General Manager – Legal at People's Leasing & Finance PLC.

Accolades

The Best Performer – Gold Medal for Master of Laws in International Business Law 2021. (Awarded by the University of Staffordshire in collaboration with Asia Pacific Institute of Technology Sri Lanka).

**MR. NEIL THUSHANTHA****Assistant General Manager – Branch Network**

Joined People's Leasing & Finance PLC in March 2005.

Qualifications

B.Sc. (Agri) Special Degree (Majored in Agriculture Economics) with Second Class Honors Upper Division from University of Peradeniya. Part qualification of Chartered Institute of Management Accountants (CIMA), UK.

Experience

Over 24 Years of experience in Credit, Recoveries, Marketing, Fund Mobilization, Branch Operation & Branch Network Development.

Positions Held

Worked as an Assistant Vice President of a Non Banking Financial Institution for 08 years.

Current Positions

Assistant General Manager – Branch Network at People's Leasing & Finance PLC.

**MR. NALIN SILVA****Assistant General Manager – Recoveries**

Joined People's Leasing & Finance PLC in January 1997.

Qualifications

Completed Certificate Course in Hire Purchase and Leasing Financing-IBSL, Completed Management Development Programme - PIM, University of Sri Jayawardenapura.

Experience

Over 26 years' experience in Credit, Marketing, Recoveries, Branch and Branch Operations at People's Leasing & Finance PLC.

Positions Held

Served as Senior Manager – Branch Operations -North Western Province at People's Leasing & Finance PLC.

Current Positions

Assistant General Manager – Recoveries at People's Leasing & Finance PLC.

**MR. GANESAN THUSHYANTHAN****Assistant General Manager –
Branch Network**

Joined People's Leasing & Finance PLC
in September 2004.

Qualifications

BA (Hons) in Economics (Specialized
in Monetary Economics) - University of
Colombo, MA in Economics (Specialized in
Financial Markets) - University of Colombo,
Completed Certificate Course in Hire
Purchase and Leasing Financing-IBSL,
Completed higher diploma in computer
software engineering - London TEC
international.

Experience

Worked as Assistant Lecturer at Department
of Economics, University of Colombo (From
2002 to 2004).

Current Positions

Assistant General Manager – Branch
Network at People's Leasing & Finance PLC.

**MR. AMINDA RAJAPAKSHA****Assistant General Manager – Audit**

Joined People's Leasing & Finance PLC
in March 2005.

Qualifications

Having Bachelor of Commerce (Sp) Degree
at University of Sri Jayawardanapura.

Experience

Over 20 years of experience.

Current Positions

Assistant General Manager – Audit at
People's Leasing & Finance PLC.

Note - Profiles indicated as at 31 March 2023

CORPORATE GOVERNANCE



The Board remains committed to continuous improvement of the Company's governance systems and I would like to highlight some of the key priorities that occupied the Board's attention in the current financial year.

Amidst the backdrop of what has been an incredibly challenging year, we further reinforced governance and oversight systems, especially with regard to strengthening risk fundamentals.



CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

The People's Leasing & Finance PLC Board is committed to ensuring a strong enterprise-wide Governance framework that provides the essential foundation to improve transparency and build trust with our stakeholders while safeguarding the Company's current and future prospects.

That said, the Board remains committed to continuous improvement of the Company's governance systems and I would like to highlight some of the key priorities that occupied the Board's attention in the current financial year.

BOARD PRIORITIES FOR FY 2022/23

Amidst the backdrop of what has been an incredibly challenging year, we further reinforced governance and oversight systems, especially with regard to strengthening risk fundamentals. In this regard two new Board Sub committees were established - the Board Credit Committee to increase the level of scrutiny on the credit risk management framework and to assist the Board of Directors in reviewing and overseeing the overall lending process of the Company. The main mandate of the Board Investment Committee is to review/ evaluate investment opportunities of People's Leasing & Finance PLC and advise the Board in relation to such investments. Both Committees were placed under the direct purview of the Board Integrated Risk Management Committee.

Meanwhile with the Country in the throes of a severe financial crisis, our focus on reinforcing anti-bribery and anti-corruption principles were further intensified with more frequent training coupled with regular awareness building via the intranet and the learning management system.

Taking a major step towards improving our sustainability credentials, a new Sustainability Steering Committee was also established under the stewardship of our CEO.

In tandem with these developments, the Board also undertook and completed a review of the existing governance and reporting structures in place, resulting in a new organisation structure being implemented with several new positions and reporting lines introduced to improve oversight at both corporate and regional levels. The most notable change was at the corporate level, was the appointment of a COO for the first time in the Company's 27 year history. Our new COO - Mr. Udes Gunawardena who serves as the main anchor for operational oversight, reports directly to People's Leasing's CEO / GM, Mr. Shamindra Marcelline.

The performance annual review of Board and Board Sub Committees was successfully concluded with the Board being satisfied that the Board as a whole and its Committees functioned effectively in discharging their roles as per their respective mandates.

The Board with the assistance of the Compliance Officer carefully examined the new Corporate Governance Directive introduced under the Finance Business Act No. 05 of 2021 to assess if there were any actionable initiatives needed. I am pleased to report that thanks to our ongoing efforts to augment our governance systems through the early adoption of good governance principles, People's Leasing remains fully compliant with all mandates set out under the new directive.

BOARD DECLARATION

In conclusion, I wish to declare that the principles of good corporate governance are well integrated across People's Leasing & Finance PLC which has enabled the Company to comply with all applicable regular requirements. I wish to place on record that there were no reported incidents of non-compliance with regulations in the current financial year.

Moreover I wish to confirm that all Directors and employees of People's Leasing & Finance PLC have executed their duties and responsibilities in line with established policies and procedures and in keeping with the Company's guidelines for ethical business conduct.

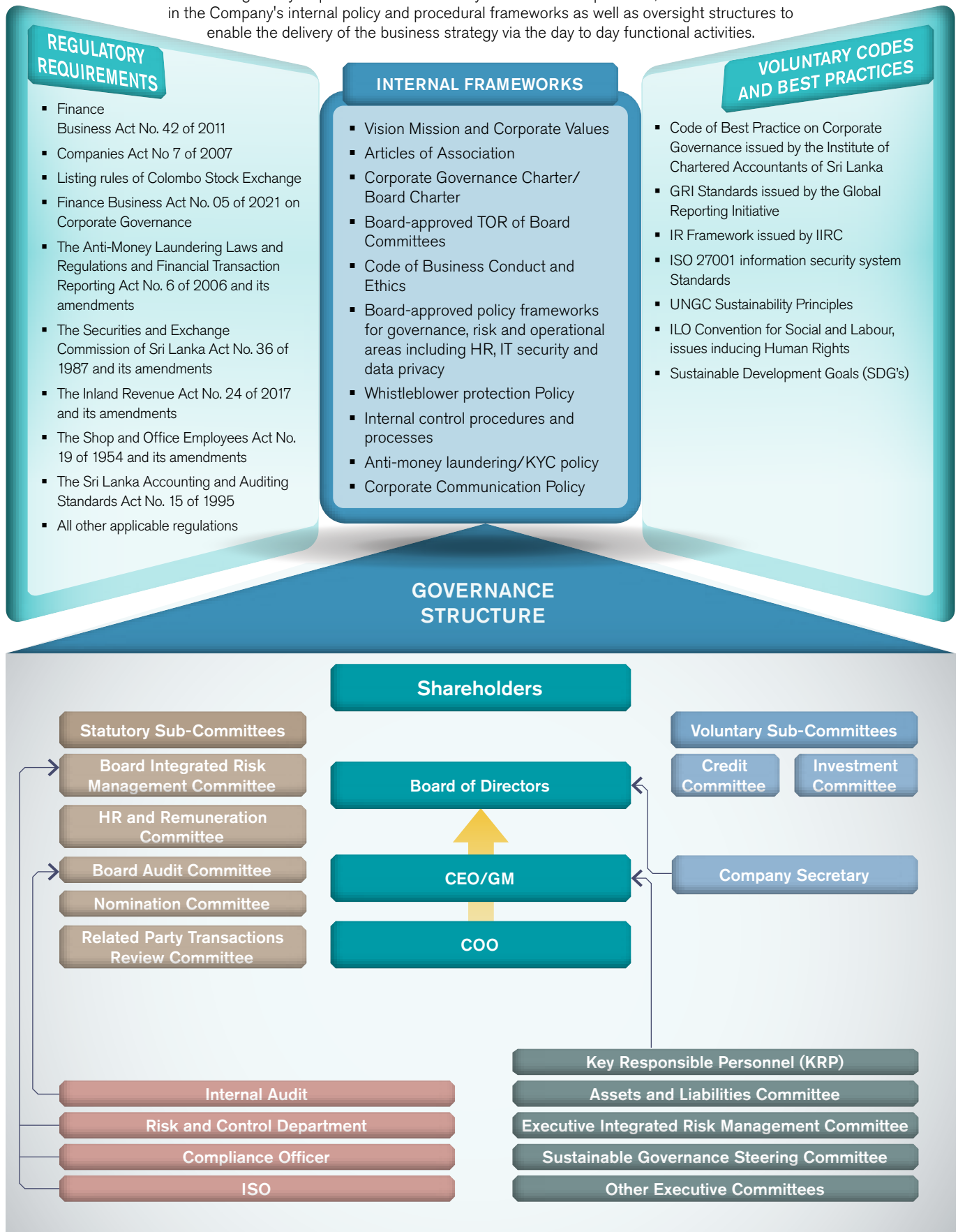
APPROACH TO CORPORATE GOVERNANCE

Our approach to corporate governance is designed to safeguard People's Leasing & Finance PLC's unique brand equity and industry leadership by ensuring the Company lives up to its purpose, while doing so in line with its core values of Economic Viability, Social Accountability and Environmental Responsibility.



GOVERNANCE FRAMEWORK AND STRUCTURE

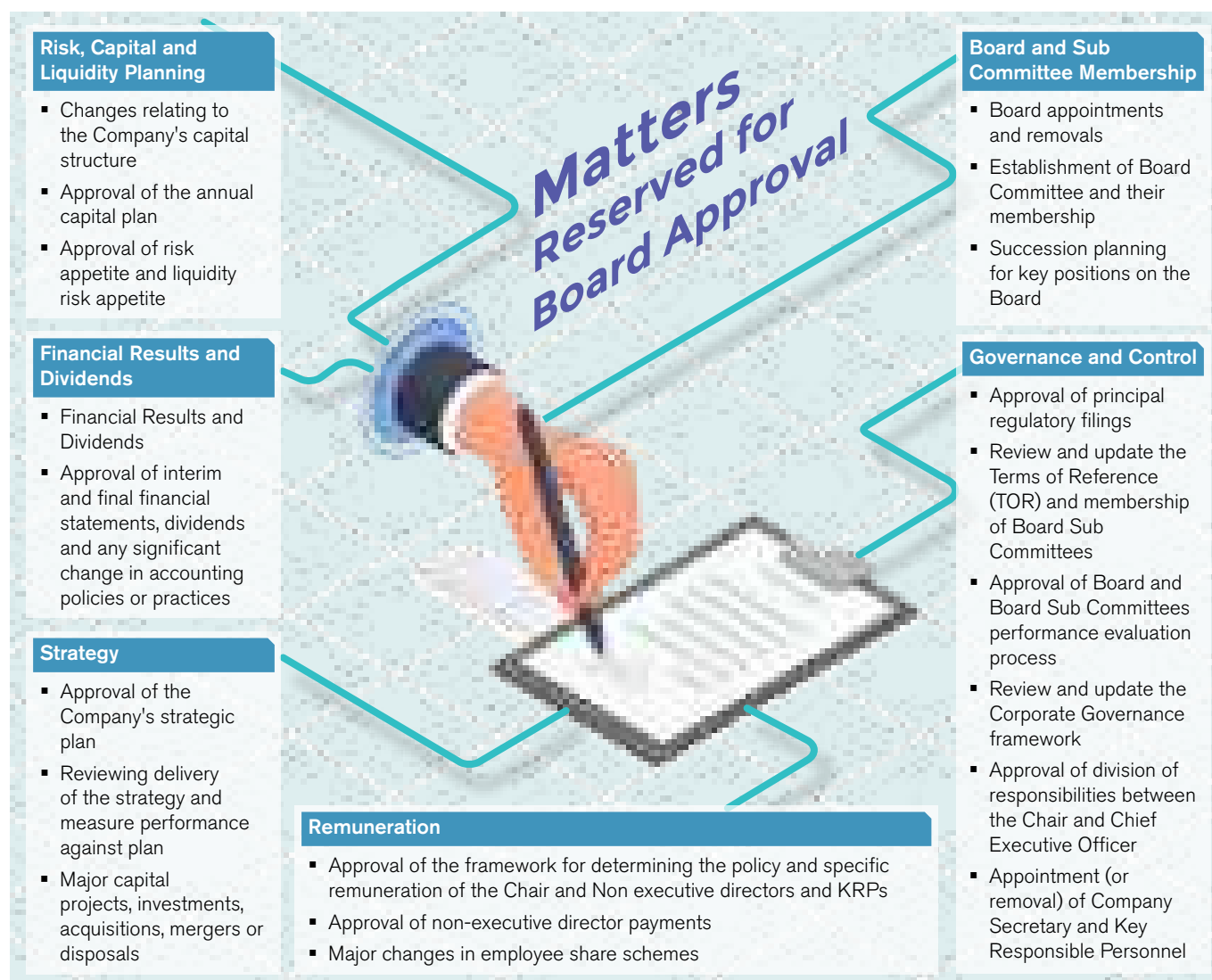
People's Leasing & Finance PLC has in place a robust Corporate Governance Framework that combines regulatory requirements and voluntary codes and best practices, which are embedded in the Company's internal policy and procedural frameworks as well as oversight structures to enable the delivery of the business strategy via the day to day functional activities.



THE BOARD

The People's Leasing Board has the overall responsibility for the management and oversight of the Company and its activities and as such is held accountable to shareholders and other stakeholders, to ensure that the Company is managed in a safe and sound manner.

As the highest governing body of the Company, the Board provides strategic and entrepreneurial leadership and sets the appropriate values and standards to align with People's Leasing's strategic vision and promote the principles of good governance. Apart from this, the Board remains the main authority responsible for proper governance and oversight of key aspects of the business. For this reason, several matters are expressly reserved for Board approval.



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.

As at the end of financial year, People's Leasing & Finance PLC's Board comprised entirely of Seven (7) Non-Executive Directors, of which, Three (3) are

Independent Non-Executive Directors thus ensuring the integrity and objectivity of decision making at the Board level.

Director's Independence is assessed in line with the criteria as set out in the Central Bank of Sri Lanka Finance Companies (Corporate Governance) Direction No. 05 of 2021, the Listing Rules of the CSE and any amendments thereof. It is mandatory for all

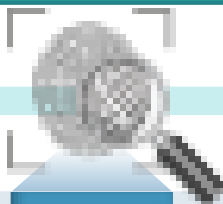
Non-Executive Directors to make an annual declaration to the Board stating any event that may affect their independence.

In addition the Board strives to maintain an appropriate mix of skills as well as age and gender diversity in its membership.

The Board Nomination Committee, reviews the composition on an ongoing basis and advises the Board on necessary changes to augment Board quality.

INDEPENDENCE

All the Independent Non-Executive Directors of the Board met the criteria for independence.



Definition

Independence is determined against regulation, including criteria as set out in the Central Bank of Sri Lanka Finance Companies (Corporate Governance) Direction No. 05 of 2021, Listing Rules of the CSE and any amendments thereof.

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.

7

Board Size

Appropriate board size promoting accountability and encouraging healthy, constructive debate and decision-making, while meeting regulatory requirements.

Board Composition

Independent Directors



Non-Executive Directors (including Chairman)



Gender Diversity



6

86%



1

14%

Independence

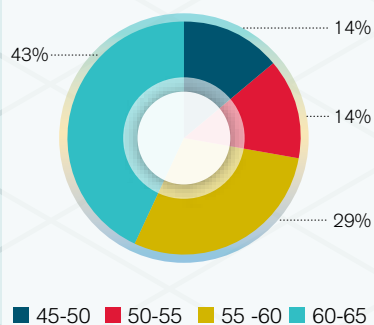
>42.9%

of the Board is independent

Age Diversity

Balanced in experience and expertise.

Age Diversity



Expertise

Experienced board; combining knowledge and skills relevant to the Group.

Legal



Marketing



Finance



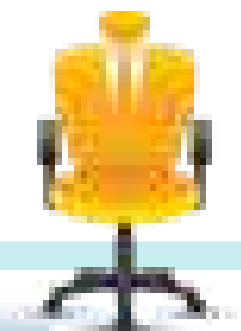
Banking



0 1 2 3 4
No of Directors →

BOARD REFRESHMENT

The Board is refreshed periodically through new appointments, retirement, resignation, and Re-election. Board refreshment allows for the introduction of members with new skills, insights, and perspectives, while retaining valuable industry knowledge and maintaining continuity.



Appointments

- The Nomination Committee makes recommendations to the Board of potential candidates to be appointed as Directors, having considered the combined knowledge, experience and diversity of the Board in relation to the Company's strategic plans and any gaps thereof. On approval by the Board, names are referred to the Central Bank of Sri Lanka (CBSL) for approval as a "fit and proper" person.
- The Nomination Committee recommends the names of the Directors for re-election by the shareholders at the next Annual General Meeting.
- Appointments are communicated to the CSE and shareholders through press releases and include a brief resume of the Director.

Mr. Pradeep Amirthanayagam was appointed as the Chairman of the People's Leasing and Finance Board with effect from 12th September 2022. Mr. Amirthanayagam functions as a non Independent Non-Executive Director/ Chairman.

Re-election/ Re-appointment

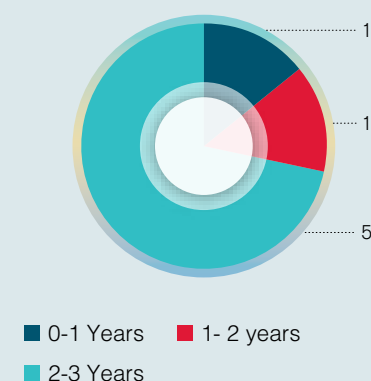
- Directors appointed during the year are eligible to stand for re- election by the shareholders at the next Annual General Meeting.
- The Nomination Committee recommends the Directors for re- election, and approval by the Board.
- A director appointed by the Board to fill a casual vacancy that has arisen since the previous AGM, shall offer himself or herself for re-election at the next AGM.

Ms. G.M.Roshini.PWijerathna was also appointed to the Board as a Non Executive Non Independent Director with effect from 21st April 2023.

Retirement/Resignation and Director Tenure

- Tenure of a Director is limited to a maximum term of nine (9) years and an age limit of up to seventy (70) years, whichever comes first in line with the provisions of the Finance Companies (Corporate Governance) Direction No. 5 of 2021 and amendments thereof. On an exceptional basis given the current pandemic, age limit can be extended upon prior approval of the CBSL.
- Resignations or removal, if any, of Directors are sent and reasons promptly informed to the CSE.

Board Tenure





DIRECTORS INTEREST, RELATED PARTY TRANSACTIONS, CONFLICT OF INTERESTS

All Board Directors are expected to exercise utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company. They are required to act in the Company's best interests at all times by disclosing real or perceived conflicts to the Board. As per regulations, all Directors on their appointment and thereafter annually, are required to declare their direct, indirect, beneficial and non-beneficial interests in any contract or proposed contract. Such matters are recorded in the Directors' Interests Register, which is available for inspection as needed.

Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed in Note 55 to the financial statements.

The Related Party Transactions Review Committee considers all transactions that require approval in line with the Company's Related Party Transactions Policy and in compliance with the relevant regulations. The total number of Board seats (including directorship in People's Leasing Group) held by each Director as of 31st March 2023 is listed below

Name of Director	Status of the Position	Board seats held in Listed Companies		Board seats held in Unlisted Companies	
		Executive Capacity	Non - Executive Capacity	Executive Capacity	Non - Executive Capacity
1. Mr. Michael Pradeep Amirthanayagam (Chairman)	Non Executive/ Non-Independent			Holmes Pollard & Stott (Pvt) Ltd	People's Micro Commerce Ltd/ Lankan Alliance Finance Limited
2. Mr. Rohan Pathirage	Non Executive/ Non-Independent				Lanka Alliance Finance Limited/ People's Micro-Commerce LTD/People's Leasing Havelock Properties Limited/ Peoples Travels Ltd/ Peoples Leasing Fleet Management Limited
3. Mr. Kurukulasuriya Canicious Joachim Clive Fonseka	Non Executive/ Non Independent				Peoples Leasing Property Development Ltd/ LankaPay Ltd
4. Mr. Chanura Jayanta Wijetillake	Non Executive/ Independent				
5. Mr. Upul Lakshman Asoka Wickramasinghe Bandara	Non Executive/ Independent				Litro Gas Lanka Ltd/ Litro Gas Terminal Lanka (Private) Ltd/ Buildmart Lanka (Pvt) Ltd
6. Mr. Mohammed Azzam Ali Ahamat	Non Executive/ Non-Independent		People's Insurance PLC		Lankan Alliance Finance Limited
7. Ms. Miriam Coralie Pietersz	Non Executive/ Independent		Bogala Graphite Lanka PLC/ RIL Properties PLC/ United Motors Lanka PLC/ Panasian Power PLC		Hemas Pharmaceuticals (Pvt) Ltd/Compass Advisory Services (Pvt) Ltd/Tambapanni Academic Publishers (Pvt) Ltd
8. Mr. S J M Marcelline	Chief Executive Officer		People's Insurance PLC		People's Micro Commerce Ltd/ People's Leasing Havelock Properties Limited/ Peoples Leasing Fleet Management Limited/ Peoples Leasing Property Development Ltd/ Lankan Alliance Finance Limited

Managing Conflict of Interest

As per the Code of Business Conduct and the Policy on Fitness and Propriety of Directors and Other Relevant Officers, Directors and KRPs are prohibited from using his or her position to divulge confidential or price- sensitive information, for personal benefit or benefit of any third party, whether financially or otherwise. Directors are required to notify the Board promptly of any conflicts of interest they may have in relation to items of business or other Directorships. Moreover a Director is expected to recuse himself/herself from participating in any meetings where the item in which he/she has an interest is being discussed.

Chairman of the Board and the Chief Executive Officer

The roles of the Chairman of the Board and that of the Chief Executive Officer (CEO) of People's Leasing are distinctly different and have been clearly segregated in the interest of independence, accountability and responsibility.

The current Chairman, Mr. Pradeep Amirthanayagam, was appointed to the Board as an Independent Non-Executive Director with effect from July 15 2022 and subsequently appointed as the non-Executive Independent Chairman on September 12, 2022. He was re designated as a Non Independent Non-Executive Director/ Chairman with effective from February 03, 2023. He takes the lead in ensuring the Board exercises its fiduciary duties in an effective and efficient manner. It is the responsibility of the Chairman to ensure all Directors receive accurate, clear and timely information regarding Board related matters. The Chairman is also required to demonstrate objective judgments and promote a culture of openness to encourage constructive challenge and active debate between all Directors.

The Board has delegated the management of the Company's day-to-day operations to People's Leasing's CEO - Mr. Shamindra Marcelline. The CEO is assisted by the Corporate Management team, is responsible for managing day-to-day operations and the coordination of overall business operations of the Company in line with the strategic direction outlined by the Board.

Chairman	Senior Independent Director (SID)	CEO/GM
Role Leads the Board, preserving good corporate governance and ensuring that the Board works effectively.	Role Further strengthens the independence of the board.	Role Is accountable for implementation of strategic plan and driving performance.
Responsibilities - Setting the Board's annual work plan and the agenda, in consultation with the Company Secretary - Building and maintaining stakeholder trust and confidence. - Ensuring effective participation of all Board members during Board meetings. - Monitoring the effectiveness of the Board.	Responsibilities - Acts as a sounding board for the Chair and, if and when appropriate, serves as an intermediary for the other Directors. - Chairs Board discussions on matters where the Chairperson may have a conflict of interest	Responsibilities - Appointing and ensuring proper succession planning of the corporate management team and assessing their performance. - Developing the Group's strategy for consideration and approval by the Board. - Developing and recommending to the Board budgets supporting the Group's long-term strategy. - Monitoring and reporting to the Board on the performance of the Group and its compliance with applicable laws and Corporate Governance principles. - Establishing an organizational structure for the Group which is appropriate for the execution of strategy. - Ensuring a culture that is based on the Group's values. - Ensuring that the Group operates within the approved risk appetite.



MEETINGS AND ATTENDANCE.

Board meetings are held at least once every month, or more often when needed. It is mandatory for all Directors to attend Board meetings, be it the regular Board meetings or ad hoc Board meetings.

A total of 12 scheduled Board meetings were held during the FY 2022/23, where close to 100% attendance was noted and the active participation of Directors in Board matters was seen.

GOVERNANCE OF MEETINGS

Before the Meeting

Setting the Date

- The dates for the Board meetings were set at the beginning of the year. The Board Meeting Schedule is communicated to all members before the start of the next calendar year.

Board Agenda

- Chairman sets the Board agenda, assisted by the Company Secretary.
- The agenda is prioritised and timed to ensure all items are discussed adequately.
- Agenda and Board Papers for Meetings are sent generally seven (7) days before the Meeting, allowing Members sufficient time to review same before the meetings.
- Monitoring the effectiveness of the Board.

During the Meeting

Quality of Information

- Directors are provided accurate, relevant, and timely information on which they base their decisions
- CEO/GM briefs the Board on the business operations, financial performance, industry trends and developments.
- Heads of Dept / KRP are invited to attend Board meetings to discuss relevant areas of business.

Responsibilities

- Management is open and transparent with the Board and brings to attention any matters of concern in a timeous manner.

Resolutions by Circulations

- Resolutions concerning business matters may be passed by circulation, within regulations.
- However, if a single Director deems it necessary that such resolution must be decided at a Board Meeting and not by circulation, the Chairman shall present the resolution to be decided at a Meeting.

After the Meeting

Minutes

- Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.
- Board minutes are circulated to Members within a reasonable time of the Meeting being held, in compliance with the Board Charter

Tracking Action

- All follow-up action required is tabulated by the Company Secretary and forwarded to the respective departments / committees for action.
- Action is tracked and a formal update compiled and included in the Board Pack for the next meeting.

GOVERNANCE OF MEETINGS

Supply of Information

The BoardPac is uploaded with the papers for discussion generally circulated seven (7) days in advance of a Board Meeting, provides comprehensive qualitative and quantitative information on matters to be raised at the Board Meeting. Further, Corporate Management and external experts make regular presentations regarding the business environment, strategy and operations through deep dive sessions that are held regularly on each business unit's performance supporting strategy development.

Access to Information

Directors have unrestricted access to Executive Management, organisation information, as well as resources required to facilitate discharge of their duties. Access to external specialist advice is available to directors at the Company's expense, co-ordinated through the Company Secretary. Copies of such advice obtained are circulated to Directors who request for it.

Knowledge Development

Directors are kept abreast of applicable legislation and regulation, relevant sector developments and changes in the risk and general business environment on an ongoing basis. Directors undertake training and professional development as they consider necessary, which requirements are coordinated through the Company Secretary.

Meeting of Independent Directors

In seeking to further strengthen good governance practices with regard to the independence and effectiveness of the Board, the Senior Independent Director (SID) meets with Independent Directors to discuss governance related matters. In FY 2022/23 the current SID - Ms. Coralie Pietersz met with Independent Directors on two separate occasions. Feedback regarding these meetings were provided to the Chairman and the Board of Directors.

Board Sub Committees

The Board delegates certain governance responsibilities to Board Sub Committees, which operate within clearly defined Terms of Reference. The Chair of the respective Committees are responsible for the effective operations of that Committee and the fulfilment of their duties as per the Board approved TOR's. The TOR's of Sub Committees are reviewed annually by the Board and updated as necessary to support

the Company's evolving needs. Active participation at Sub Committee meetings are expected for all Committee members, while the Committee Chair is responsible for keeping the Board apprised of any relevant developments discussed at Committee meetings.

Evaluating the Effectiveness of the Board and Board Sub Committees

Name of Director	Directorship Status	Meeting Attendance – Attended / Eligibility						Board Investment Committee ****	Board Credit Committee *****
		Board	Board Audit Committee	Board Integrated Risk Management Committee	Nomination Committee **	Related Party Transaction Review Committee	Human Resources and Remuneration Committee *		
1 Mr. Sujeewa Rajapakse (Chairman)- resigned w.e.f 12 September 2022	Non Executive/ Non-Independent	5/5							
2 Mr. Pradeep Amirthanayagam - appointed w.e.f 15 July 2022 (Chairman from 12 September 2022)	Non Executive/ Non-Independent	9/9							
3 Mr. Rohan Pathirage	Non Executive/ Non-Independent	12/12			6/6	4/4	6/6		
4 Mr. K.C.J. Clive Fonseka	Non Executive/ Non Independent	12/12		8/8				6/7	
5 Mr. Chanura J. Wijetillake	Non Executive/ Independent	12/12		8/8		4/4		7/7	4/4
6 Mr. U.L. Asoka W. Bandara	Non Executive/ Independent	12/12	11/11		6/6	3/4	6/6		3/4
7 Mr. Azzam A. Ahamat	Non Executive/ Non-Independent	12/12	9/11	7/8				7/7	
8 Ms. Miriam Coralie Pietersz	Non Executive/ Independent	12/12	11/11		5/6		6/4		
9 Mr. Ranjith Kodituwakku - Resigned w.e.f 3 February 2023	Non Executive/ Non-Independent	8/10							3/3
11 Mr. M.S.H. Gunawardana - Appointed w.e.f 28 November 2022 (Ceased w.e.f 21 March 2023)	Non Executive/ Non-Independent	1/4							

The effectiveness of the Board as a whole and its sub-committees are evaluated annually as per the procedure set out under the Corporate Governance Charter/ Regulatory Directions of the Company. Accordingly the process is led by the People's Leasing Board Chairman and administered by the Company Secretary, to enable individual Directors to rate the collective performance of the Board

against key drivers of effectiveness, covering Composition and Quality, Meetings and Procedures, Board Development, Strategy and Risk Management, Ethics, Compliance and Legal Framework, Management Relations and Board Succession Planning. A similar process followed for evaluating the performance of Board Sub Committees as well.

Results of the Board / Sub Committee evaluations are collated by the Company Secretary and presented to the Board for consideration and necessary action. The evaluations for FY 2022/23 were conducted in March 2023 and findings tabled to the Board in May 26,2023. The outcome of the appraisal indicated that the Board and its Committees functioned effectively in discharging their roles as per their respective mandates.

Directors Training

New Directors are provided access to an orientation pack facilitated through a digital platform which enable them to receive a comprehensive briefing on the connected rules and regulations including essential internal and external documentation. This ensures that they are adequately informed and equipped with the necessary knowledge about the Company and its operations. Directors are also regularly updated on changes in laws and regulations, tax laws and accounting standards from time to time.

Furthermore, new Directors are afforded the opportunity to meet with the Board, Key Responsible Personnel (KRP), and access to the Company Secretary. This interaction enables them to establish connections and gain valuable insights. Throughout their tenure, Directors are regularly invited to participate in strategic meetings, fostering continuous learning and keeping them abreast of economic, regulatory, and industry trends.

Moreover, 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.

Evaluating the Performance of the CEO

The performance of the CEO is assessed annually by the Board Nomination Committee based on the agreed goals and objectives for a particular financial year, set at the commencement of that particular year. This allows the Board to make recommendations to the Nominations, Human Resources & Remuneration Committee regarding revisions to the CEO's compensation.

Board Succession Planning

The Board, assisted by the Nomination Committee follows a formal selection and appointment Procedure for successors to the Board. This process aims to maintain continuity of leadership at the Board level and ensure that the Board has the relevant mix of skills and experience that to support the delivery of the Company's strategic plan.

The selection and appointment process adheres to the applicable rules, regulations, and regulatory directives, as well as the Company's Articles of Association. These procedures are executed based on the recommendations put forth by the Nomination Committee, aiming to address any identified gaps within the board.

Responsible and Fair Remuneration

As per the Company's Remuneration Policy, the Nominations, Human Resources & Remuneration Committees are responsible for making recommendations to the Board regarding the remuneration of KRPs and the Senior Management with due consideration to performance and risk factors involved in their respective job roles. Remuneration packages for KRPs are market competitive and designed to attract and retain eminent professionals with the requisite skills and experience. Remunerations of KRPs are reviewed and revised when needed based on the outcomes of the annual performance appraisal.

The Board was compensated in accordance with the regulatory directives and applicable regulations. Accordingly they receive a standard fee as a Director of the Board. Directors who serve on the Board Sub Committee receive an additional fee as recommended by the regulatory authority. Non-Executive Directors are not entitled to receive any performance related / incentive payments.

The aggregate remuneration paid to Directors in FY 2022/23 was Rs. 5.73 million.

Company Secretary

The Company Secretary functions in an advisory capacity to assist the Board in discharging their duties and responsibilities. The Company Secretary is further responsible for informing the Board about the latest legislation and regulations relevant to the Company. Directors have unrestricted access to the Company Secretary.

The Board is in charge of appointing / removing / evaluating performance of the Company Secretary. The current company Secretary - Ms. Shaalini Silva was appointed by the Board of People's Leasing & Finance PLC on July 15, 2021.

GROUP GOVERNANCE

PLC as the holding company exercises adequate oversight over its six subsidiaries while complying with the independent, legal, regulatory and governance responsibilities that apply to them

KEY BOARD RESPONSIBILITIES

Compliance and Best Practices

The Board has established a comprehensive Policy framework to ensure 100% compliance with all regulatory requirements applicable to People's Leasing & Finance PLC as well as the voluntary best practices adopted by the Company. The Company's Compliance Function plays an important role conducting routine checks and balances to verify compliance at all levels across the business. Apart from this, our External Auditors, Messrs. Ernst & Young, have independently verified the Company's adherence to procedures as set out in the Sri Lanka Related Services Practice Statement 4752 (SLRSPS 4752) issued by Institute of Chartered Accountants of Sri Lanka to meet the compliance requirement of the Corporate Governance directive.

Corporate Governance Compliance Summary



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 142 to 143
Central Bank of Sri Lanka (CBSL), Finance Companies (Corporate Governance) Direction No. 05 of 2021	Mandatory	Fully Compliant	Pages 146 to 170
Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary	Fully Compliant	Pages 143 to 145

There were no any incidents of non-compliance with laws and regulations during the reporting year.

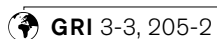
RISK MANAGEMENT AND CONTROL

The Board has implemented a robust risk management system including risk appetite limits, tolerance thresholds, policies and procedures to manage risk exposures in line with the Company's risk strategy. The Board exercises risk control and maintains oversight over the risk management framework via the Board Integrated Risk Management Committee (BIRMC).

In light of the turbulent operating environment in the current financial year, the Board tightened risk control mechanisms and further strengthened risk governance and oversight. In this regard, two new Board Committees were established - the Board Credit Committee (BCC) and the Board Investment Committee (BIC). In parallel, two new management level committees; MCC headed by the COO and the MIC headed by the CEO, were also established to assist the BCC and the BIC respectively.

Combined with Risk management, the Board formulates and implements effective internal controls to safeguard shareholder interests and the assets of the Company. These systems cover all controls, including financial, operational and compliance and are monitored and regularly reviewed for systems effectiveness by the Board. The Board Audit Committee assists in the discharge of its duties with regards to internal controls, supported by the Internal Audit Department. Details of the Internal Audit function and systems of internal control are explained in the Board Audit Committee Report given on pages 178 to 179.

The Board is satisfied with the integrity of financial information and the robustness of the internal controls and systems of People's Leasing & Finance PLC.



ETHICS AND INTEGRITY

Leading example to promulgate the culture of ethics and integrity at all levels across the business, the People's Leasing Board has established several mechanisms to foster a culture of ethics by prioritising compliance with laws, regulations as well as adherence to the Company's internal Code of Conduct in order to ensure Directors and employees carry out their duties in accordance with the highest standards of integrity and fairness at all times.

- **Anti-Bribery and anti-Corruption policy.** The purpose of the policy is to outline and explain the prohibitions against bribery, kickbacks and facilitation payments during the course of business and to highlight the specific compliance requirements relating to

these prohibitions. The Bribery and anti-Corruption framework applies to all Directors and employees without exception. Regular training is conducted to reinforce these principles among employees and Directors. Similarly business partners and third parties who act on behalf of the Company are also informed of and required to align with the guidelines set out under the Bribery and anti-Corruption policy.

- **Whistleblowing Policy.** The Whistleblowing Policy is designed as a channel for anonymous reporting of possible financial irregularities, inappropriate financial reporting, internal controls or other issues that may require internal investigation. Whistleblower complaints may be informed to one of four key personnel- Chairman of the Board Audit Committee, CEO/ GM, Head of Internal Audit or Head of HR. All Whistleblower complaints are escalated to the Board Audit Committee for investigation. The fact that the Whistleblower process is an anonymous channel of reporting prevents two communications during the investigation process. Employees are made aware of the Whistleblowing process through special awareness sessions conducted regularly. Full details regarding the Whistleblower policy and the modalities of its operation is also made available on the intranet.

- **Gift Policy.** The purpose of this policy is to regulate offering and receiving business courtesies and gifts by employees of the Company. This policy aims to establish greater uniformity in the gifting culture by setting standard thresholds for gifts that are gifted or received by employees and is applicable to gifts given or received within the Company as well as from third parties. The policy applies to all permanent employees, including Directors of People's Leasing & Finance PLC.
- A dedicated Compliance Officer at People's Leasing & Finance PLC ensures adherence to all relevant laws and regulations.

Ethics Policies

- Code of Conduct
- Anti-Bribery and Anti-Corruption Policy
- Whistle Blowing Policy
- Gift Policy
- Related Party Transaction Policy
- Policy on Managing Conflict of Interest
- Corporate Communication Policy
- Anti-money laundering Policy / KYC Policy
- Selection and appointment of Directors and Senior Management (KRPs)



INFORMATION TECHNOLOGY AND CYBER SECURITY GOVERNANCE

The Board appreciates that information technology can create opportunities to unlock value in the business. On this basis, the People's Leasing Board remains strongly committed to invest in necessary IT infrastructure and digital systems to give the Company a competitive edge over peers. Equally importantly the Board invests extensively in cyber risk management systems in order to safeguard the Company's digital operating systems and data assets.

The Board discharges its responsibility for Information Technology and Cyber Security Governance via a Board approved digital strategy and Policy Framework. Operating under the delegated authority of the Board, People's Leasing Group's ICT Department is responsible for implementing the digital strategy, while the Company's ISO (Information Security Officer) provides oversight for the implementation of IT Policies and procedures to protect the Company's data networks.

IT Security Policies

- Information Security Policy
- Anti-Virus Policy
- Cyber Security Management Policy
- E-mail Usage Policy
- Policy for Payment Related Mobile Application
- Supplier Relationship Management Policy
- Information Backup Policy

ASSURANCE

The Board seeks independent assurance to support the integrity of information for internal decision making and of the Company's external reports. The Board Audit Committee (BAC) on behalf of the Board reviews the plans and work outputs of both external and internal auditors, while coordinating activities to enforce the principles of combined assurance.

SUSTAINABILITY GOVERNANCE AND REPORTING

The People's Leasing Board remains fully committed to deliver sustainable value creation for its stakeholders. In the changing business context the Board reviews sustainability risk to determine Material Matters and implement appropriate management approaches to address the associated impacts, while the CEO / GM operates under the delegated authority of the Board works to ensure Material Matters are integrated into the strategic and business plans and that management approaches have been communicated to help operational teams to drive these plans on a day-to-day basis. The Company progress on sustainable value creation in the current financial year is depicted through the Capital Management Reports from page 66 to 117.

Sustainability Topics	Related Capital	Page
Economic Sustainability	Financial Capital	Pages 66 to 79
Environment	Natural Capital	Pages 112 to 117
Labour Practices	Human Capital	Pages 90 to 99
Society	Social and Relationship Capital	Pages 100 to 111
Customer Satisfaction	Social and Relationship Capital	Pages 100 to 111
Shareholder Identification, Engagement and Effective Communication	Value to Investors	Pages 73 to 79

Meanwhile, as a further expression of its commitment to sustainability best practices, the People's Leasing Board has sought the early adoption of the Guidelines on Sustainable Finance Activities for Licensed Finance Companies issued by the CBSL in November 2022. Toward this end, the Board established a new Sustainability Steering Committee headed by the CEO / GM to oversee the implementation of the guideline.

GENDER DIVERSITY

The Board has always recognised the invaluable contribution of women building a progressive nation. Accordingly, People's Leasing has established policies that promote equal opportunity, a safe workplace, flexible working arrangements and various other female empowerment initiatives, all in a bid to encourage greater female participation in the workforce. In recent years, the Board has also placed special emphasis on promoting females in leadership roles.

% of female representation in the category

BOARD

2 (2021-22 - 1)

KRP

3 (2021-22 - 3)

SENIOR MANAGEMENT

6 (2021-22 - 6)

MIDDLE MANAGEMENT

4 (2021-22 - 4)

LINE MANAGEMENT

15 (2021-22 - 23)

EXECUTIVES

111 (2021-22 - 119)

STAKEHOLDER ENGAGEMENT

The Board is of the opinion that engaging openly and in an upfront manner with external and internal stakeholders helps to build trust and also gain deeper insights regarding their expectations of the Company. Towards this end, the Board has directed the CEO / GM to work with the respective management teams to mobilize appropriate strategies to proactively engage with stakeholders. For more details, please refer to the Stakeholder Engagement Section on pages 30 to 35.

COMMUNICATIONS WITH SHAREHOLDERS

The Board has established multiple channels to engage with shareholders including the Annual General Meeting (AGM), the annual report, interim financial statements, notification of key events through announcements in the CSE and a dedicated investor relations tab on the corporate website

The annual report encourages shareholders to comment or make suggestions to the Board through the Company Secretary, with all significant issues and concerns raised by Shareholders referred to the Board for appropriate action.

The outline to the Board-endorsed Communication Policy report is given on the page 177. Please refer for more information.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) serves as a platform to afford shareholders the opportunity to raise questions directly with the Board / KRPs. Notice of the AGM, the Annual Report including financial statements and any other resolution together with the corresponding information and voting procedures are set before the shareholders at the AGM, are circulated to shareholders a minimum 15 working days prior to the AGM allowing for all the shareholders to review the documentation and attend the AGM. The digital version of the Annual Report is also made available on the corporate website under the Investor Relations Tab.

The next AGM of People's Leasing & Finance PLC is scheduled to be held on June 30, 2023 and all Shareholders are encouraged to be present to exercise their voting rights.

1.10 APPENDIX I - COMPLIANCE WITH THE CONTINUING LISTING REQUIREMENTS SECTION 7.10 ON CORPORATE GOVERNANCE RULES FOR LISTED COMPANIES ISSUED BY THE COLOMBO STOCK EXCHANGE.

Rule No.	Subject	Requirement	Complied	Reference within the Report	Page
7.10.1(a)	Non-Executive Directors (NED)	At least 2 or 1/3 of the total number of Directors on the Board whichever is higher should be NEDs	✓	Board Composition	131 to 132
7.10.2 (a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	✓	Board Composition	131 to 132
7.10.2 (b)	Independent Directors (ID)	Each NED should submit a signed and dated declaration of his/her independence or non- independence	✓	Directors Independence	131 to 132
7.10.3 (a)	Disclosure relating to Directors	The Board shall annually determine the independence or otherwise of the NEDs, and	✓	Directors Independence	131 to 132
		Names of each IDs shall be disclosed in the Annual Report (AR)		Board Profiles	120 to 123
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met	✓	Not Applicable	
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	✓	Board Profiles	120 to 123
7.10.3 (d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE	✓	Board Profiles	120 to 123
7.10.4 (a-h)	Criteria for defining Independence	Requirements to be an Independent Director	✓	Directors Independence	131 to 132
7.10.5	Remuneration Committee (RC)	A listed company shall have a Remuneration Committee	✓	HR and Remuneration Committee	180 to 181
7.10.5 (a)	Composition of Remuneration Committee	RC Shall comprise of NEDs, a majority of whom will be independent. One NED shall be appointed as Chairman of the committee by the Board of Directors	✓	HR and Remuneration Committee	180 to 181
7.10.5. (b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of Executive Directors	✓	HR and Remuneration Committee There were no Executive directors on the Board during the year 2022/2023	180 to 181
7.10.5. (c)	Disclosure in the Annual Report relating to Remuneration Committee	- Names of Directors comprising the RC - Statement of Remuneration Policy - Aggregated remuneration paid to Executive and Non-Executive Directors - Should be included in the Annual Report	✓	HR and Remuneration Committee	180 to 181
7.10.6	Audit Committee (AC)	The Company shall have an AC	✓	Board Audit Committee Report	178 to 179

Rule No.	Subject	Requirement	Complied	Reference within the Report	Page
7.10.6 (a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors, a majority of whom are Independent	✓	Board Audit Committee Report	178 to 179
		CEO, COO, CFO, Compliance Officer any other Senior management or employee may attend meetings upon the invitation	✓		
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body	✓		
7.10.6 (b)	Audit Committee Functions	Should be as outlined in the Section 7.10 of the Listing Rules	✓	Board Audit Committee Report	178 to 179
7.10.6 (c)	Disclosure in Annual Report relating to Audit Committee	a) Names of the Directors comprising the Audit Committee	✓	Board Audit Committee Report	178 to 179
		b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	✓		
		c) The Annual Report shall contain a Report of the Audit Committee in the prescribed manner	✓		
9.3.2	Related Party Transactions Review Committee	a) Details pertaining to Non-Recurrent Related Transactions Party Transactions	✓	There were no Non-Recurrent transactions that exceeded the threshold during the Financial year 2022/23.	182 to 183
		b) Details pertaining to Recurrent Related Party Transactions	✓		
		c) Report of the Related Party Transactions Review Committee	✓	Note 55 to the Financial Statements	324
		d) Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	✓	Report of the Related Party Transactions Review Committee Annual Report of the Board of Directors on the Affairs of the Company	182 to 183

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 2017.

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	137
A.1.2	Roles and Responsibilities of the Board	✓	Governance Framework	130
A.1.3	Act in accordance with laws of the Country Seek Independent professional advice	✓	Corporate Governance	129 to 170
A.1.4	Access to advise and services of the Company Secretary	✓	Company Secretary	138
A.1.5	Independent judgment	✓	Board Composition	131 to 132
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	✓	Meetings and Attendance	137
A.1.7	Calls for resolutions by at least 1/3rd of Directors	✓	Meetings and Attendance	137
A.1.8	Board induction and Training	✓	Corporate Governance	138

Code Ref.	Requirement	Complied	Reference within the Report	Page
A.2	Chairman and CEO	✓	Clear Roles and Responsibilities	135
A.3	Chairman's role in preserving good corporate governance	✓	Clear Roles and Responsibilities	135
A.4	Availability of financial acumen	✓	Board Composition/ Board Profile	131 to 132
A.5	Board Balance	✓	Board Composition	
A.5.1	The Board should include sufficient number of NEDs	✓	Board Composition	
A.5.2	If the Board includes only 3 NEDs, they should be independent	N/A		
A.5.3	Independence of Directors	✓	Director Independence	131 to 132
A.5.4	Annual declaration of independence by Directors	✓	Director Independence	
A.5.5	Annual determination of independence of NEDs	✓	Director Independence	
A.5.6	Alternate Directors	N/A		
A.5.7 & A.5.8	Senior Independent Directors	✓	Clear Roles and Responsibilities	153 to 154
A.5.9	SID Annual meeting with NEDs	✓	Meetings and Attendance	137
A.5.10	Recording of dissent in minutes	✓	Meetings and Attendance	137
A.6	Supply of Information	✓	Supply of Information	136
A.7	Appointments to the Board and Re-election	✓	Board Refreshment	133
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference	✓	Nomination Committee Report	184 to 185
A.7.2	Annual assessment of Board composition	✓	Board Refreshment/ Board Appraisal	133
A.7.3	Disclosures on appointment of new directors	✓	Annual Report of the Board of Directors on the Affairs of the Company	171 to 176
A.8	Directors to submit themselves for re-election/ re-appointment	✓	Annual Report of the Board of Directors on the Affairs of the Company	171 to 176
A.9	Appraisal of Board and sub-Committee Performances	✓	Board and Sub-committee Appraisal	148
A.10	Annual Report to disclose specified information regarding Directors	✓	▪ Board Profiles	120 to 123
			▪ Meetings and Attendance	137
			▪ Directorships in Other Companies	134
			▪ Membership in Sub-committees	137
A.11	Appraisal of the CEO	✓	Appraisal of CEO/GM	138
B. Directors				
B.1	Establish process for developing policy on executive and director remuneration.	✓	Responsible and Fair Remuneration There were no Executive Directors on the Board of the Company during the year 2022/23 and therefore, the necessity to consult the Chairman and/ or CEO /GM on their remuneration did not arise.	138
B.2	Level and Make Up of Remuneration	✓	Responsible and Fair Remuneration	138
B.3	Disclosures related to remuneration in Annual Report.	✓	▪ HR and Remuneration Committee	180 to 181
	▪ Remuneration Policy statement ▪ Aggregate Board remuneration paid		▪ Responsible and Fair Remuneration	138

Code Ref.	Requirement	Complied	Reference within the Report	Page
C. Relations with Shareholders				
C.1.	Constructive use of the AGM and Other General Meetings	✔	Constructive use of the Annual General Meeting (AGM)	177
C.2.	Communication with shareholders	✔	Board of Directors Communication Policy report	
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.	
D. Accountability and Audit				
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects	✔	Corporate Governance - Communication with Shareholders	177
D1.1	Balanced Annual Report	✔	Corporate Governance - Communication with Shareholders	177
D.1.2	Balanced and understandable communication	✔	Relations with Shareholders	177
D.1.3	CEO/CFO declaration	✔	Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	220
D.1.4	Directors Report declarations	✔	Annual Report of the Board of Directors on the Affairs of the Group	171 to 176
D.1.5	Financial reporting -statement on board responsibilities,	✔	Directors' Responsibility for Financial Reporting	217
	Statement on internal control	✔	Directors' Statement on Internal Control	219
D.1.6	Management Discussion and Analysis	✔	Capital reports	66 to 117
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 Report	✔	Directors' Interest in Contracts with the Group	134
D.2.	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	✔	▪ Risk Management and Internal control	139
			▪ Report of the Audit Committee	178 to 179
			▪ Directors' Statement of Internal Control	219
			▪ Risk Review	193 to 213
D.3.	Audit Committee	✔	Audit Committee Report	178 to 179
D.4	Related Party Transactions Review Committee	✔	Related Party Transactions Review Committee report	182 to 183
D.5	Code of Business Conduct and Ethics	✔	Code of Conduct and Ethics	89
D.6	Corporate Governance Disclosures	✔	Corporate Governance Report	129 to 170
E/F. Institutional and other investors				
	Institutional and other investors,	✔	Relations with Shareholders	177
G. Internet of Things and Cyber security		✔	Information Technology and Cyber Security	140
H. Principles of Sustainability Reporting		✔	Delivering stakeholder value	140



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.	The Board plays an active role in setting the strategic objectives of the Company, ensuring that it focuses on converting the Company's Mission and Vision into action. The strategic objectives of the Company are stated on the Vision and Mission statements of the Company and corporate values are embedded in the Code of Business Conduct and Ethics which have been communicated to employees at all levels. 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. While the Board has delegated the task of implementing the set goals/ objectives to the Management of the Company, the Board constantly monitors and reviews the Company's performance, vis-à-vis targets, being proactive in identifying any setbacks.
1.2	Business Strategy and Governance Framework	
1.2. a	Approving and overseeing the implementation of the FC's overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment.	The 2021 – 2026, five-year business strategy (Corporate Strategic Plan) was approved by the Board in March 2021. The strategy and execution thereof is regularly reviewed by the Board. The Annual budget, derived from the business strategy is approved, and monitored monthly, by the Board.
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 committee 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.	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. The posts of the Chairman and the Chief Executive Officer (CEO) of the Company are separate ensuring the balance of power and authority.
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.	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 organizational cultural values are deeply embedded at all levels. Furthermore, the Board of Directors has approved a Code of Conduct that applies to all employees. The Code of Conduct is used to translate general values into concrete policies and guidance, thereby shaping the behaviour of individuals within the organization. The Company's recognition of the importance of acting with integrity is a key aspect highlighted in the Code of Conduct.

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 utilization, accurate record-keeping and reporting, addressing concerns about accounting and financial reporting, reporting instances of illegal or unethical behaviour, preventing discrimination and harassment, ensuring health and safety, and enforcing disciplinary measures, among others.
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 been revised and improved in accordance with Finance Business Act Direction No. 05 of 2021 and adopted by the Board of Directors effective April 26th, 2022, and its efforts in the fiscal year ended March 31st, 2023, which appear on page 177.
1.4	Risk Appetite, Risk Management, and Internal Controls	
1.4. a	Establishing and reviewing the Risk Appetite Statement (RAS) in line with Company's business strategy and governance framework.	The Board approved Risk Appetite Statement (RAS) is in place which is in line with Company's business strategy and governance framework.
1.4. b	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	Risk indicators and monitoring pertaining to Credit Risk, Market Risk, Operational Risks, and other residual risks are discussed and appropriate mitigating actions are recommended at the BIRMC meeting.
1.4. c	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically.	The Board has the overall responsibility for ensuring that the Company maintains an adequate level of internal control and for reviewing its effectiveness. The Board Audit Committee and BIRMC on behalf of the Board undertakes the detailed monitoring and reviewing of the internal controls and reports to the Board on its findings regularly. The Management Information Systems (MIS) are reviewed by the Board for accuracy and integrity of the same through review of MIS Procedure Manual Outline/ Guideline of the Company.
1.4. d	Approving and overseeing Business Continuity and Disaster Recovery Plan for the Company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	Board approved comprehensive Business Continuity and Disaster Recovery Plan (BCP) is in place. BCP is being reviewed by the BIRMC and the current status is updated at meetings.
1.5	Board Commitment and Competency	
1.5. a	All members of the Board shall devote sufficient time to dealing with the matters relating to the affairs of the Company.	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 Non-Executive Directors who possess 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. 1/3 of Directors are independent with adequate skills, knowledge and expertise

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.	Market experts and professional services are occasionally enlisted to share new information. The Company Secretary communicates any relevant training programs to the Board for participation Directors are encouraged to actively engage in programs, sessions, and seminars specifically designed to enhance their subject knowledge. This opportunity allows them to deepen their understanding and proficiency in their roles.
1.5. d	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Boards as a whole and that of its committees and maintain records of such assessments.	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 2023. Each member of the Board carried out a self-assessment of his/her effectiveness as well as the Board Committees. The full results of the Board evaluations were analysed by the Company Secretary and the findings were presented to the Board in May 2023.
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 2022/23.
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.	The Board Approved key functions/ responsibilities of the KRPs and Senior management have been defined and approved by the Board and included in their respective job descriptions and KPIs. The respective delegated authority limits of the Chief Executive Officer and the Corporate Management have also been defined by the Board.
1.6. c	Ensuring the senior management possesses the necessary qualifications, skills, experience, and knowledge to achieve the FC's strategic objectives.	The job description (JD) approved by the Board of Directors includes the key responsibilities, skills, qualifications, and competencies required of the specific position. During the recruitment process, the Company's expected set of skills and competencies is determined. A candidate is evaluated and verified during the interview process in accordance with the recruitment policy. Their experience and qualifications are validated through an affidavit and declaration submitted to the CBSL. During the on boarding process, physical documents/ confirmations are also verified and obtained from candidates. KRPs and Senior management will go through the HR & Nomination Committee approval and fit & proper assessment of CBSL

Section	Corporate Governance Principle	Status of Compliance
1.6. d	Ensuring there is appropriate oversight of the affairs of the Company by senior management.	To safeguard better governance practices, the affairs of the Company are reviewed and monitored by the Board of Directors through the CEO. To ensure better management, development, and effective performance of the Company, KRPs make regular presentations to the Board on matters under their purview.
1.6. e	Ensuring the FC has an appropriate succession plan for senior management.	The Board approved succession plan is in place for all the KRPs. Further identification of a talent pool based on the existing succession Plan and the Company's future needs is in place. Identified 2nd and 3rd Tiers which are redesigned into the succession Plan on a need basis.
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/GM, 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 KRP 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.	A Board approved Governance Framework and Communication policies are in place. The Company operates within the Governance Framework and the laws and directions issued by the regulator.
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.

Section	Corporate Governance Principle	Status of Compliance
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.
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.	All members of the Board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields.
3.2	The number of directors on the Board shall not be less than 7 and not more than 13.	Complied The Board has eight directors which is within the statutory requirement.
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.	The period of service of all Directors of the year 2022/23 was below nine years.
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 (1/4) 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 2023.
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.

Section	Corporate Governance Principle	Status of Compliance
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 organization 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.	
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
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.	Complied During the year, the Board comprised of Three Independent Non- Executive Directors. The composition of the Board of Directors is published on pages 131 to 132 of the Annual Report.
3.7. b	Independent Directors appointed shall be of the highest calibre, with professional qualifications, proven track records, and sufficient experience.	All Independent Non-Executive Directors of the Company are of the highest calibre with professional qualifications, a proven track records, and sufficient experience in the given fields. A brief profile of their expertise and experience is given on pages 120 to 123.
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

Section	Corporate Governance Principle	Status of Compliance
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 organization, in which any of the other directors of the FC is employed or a director;	Complied
3.7. c.viii	Director is an employee or a director or has a direct or indirect shareholding of 10% or more of the voting rights in a Company, which has a transaction with the Company as defined in direction 12.1(c), or in which any of the other directors of the Company has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC.	Complied
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 hold directorship on 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 2022/23, 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 Articles of Association of the Company and the Corporate Governance Charter provides for the general, procedure for selection and appointment of 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 (2) new appointments made during the year.

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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
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.	The Chairman, Mr. M. P Amirthanayagam was re designated as the Non Independent, Non- Executive Director with effective from 3rd February 2023 upon his appointments to the Subsidiaries of the Company. Hence, Ms Coralie Pietersz, an Independent Non-Executive Director, functions as the present Senior Independent Director of the Company to ensure a greater level of independence, and the Senior Director serves as a liaison between other directors and shareholders. The performance of the Chairperson has been evaluated by the Senior Independent Director and the Non-Executive Directors for the financial year 2022/23
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.	
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 Company Secretary prepares the agenda in consultation with the Chairman, as this function has been delegated to the Company Secretary by the Chairman The Board approved communication policy is in place for communication with all stakeholders including depositors, creditors, shareholders, and borrowers. Chairman Evaluates the performance of its board members and CEO.
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	

Section	Corporate Governance Principle	Status of Compliance
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.	
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.	
6.4. j	Annual assessment of the performance and the contribution during the past 12 months of the Board and the CEO.	
6.5	Responsibilities of the CEO 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/GM, the apex Executive of the Company, is delegated by the Board with the authority of detailed planning and implementation of the strategic objectives and policies of the Company and day-to-day operations of the Company in accordance with appropriate risk parameters. The role of the CEO/GM is detailed in the Corporate Governance Charter of the Company. Furthermore, the CEO's responsibilities to the Company are determined by the Nomination Committee and the Board-approved Job Description.
6.5. b	Establishing a management structure that promotes accountability, and transparency throughout the FC's operations, and preserves the effectiveness and independence of control functions;	
6.5. c	Promoting, together with the Board, a sound corporate culture within the FC which reinforces ethical, prudent, and professional behaviour.	
6.5. d	Ensuring the implementation of a proper compliance culture and being accountable for accurate submission of information to the regulator.	
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 12 times for the financial year 2022/23 and obtaining the Board's consent via circulation was kept to a minimum of 29 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.

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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 2022/23, no such incidents occurred.
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.	Complied Mr. M.S.H.Gunawardana ceased to be a Director of the Company in terms of the Finance Business act section 7.8 of the Corporate Governance direction
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 137 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.
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.	Minutes of the Board meetings with all submissions to the Board are maintained for a minimum period of 10 years.

Section	Corporate Governance Principle	Status of Compliance
8.6	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following: (a) a summary of data and information used by the Board in its deliberations; (b) the matters considered by the Board; (c) fact-finding discussions and the issues of contention or dissent including contribution of each individual director. (d) the explanations and confirmations of relevant parties which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations; directions. (e) the Board's knowledge and understanding of the risks to which the Company is exposed and an overview of the risk management measures adopted; (f) the decisions and Board resolutions.	The Company Secretary records the proceedings of the meetings and the decisions taken there at in sufficient detail so as to satisfy all the requirements specified in this rule.
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Minutes are available for the inspection of the Directors. A Board approved procedure is available to inspect 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 Committees and the Management with clearly defined mandates and authorities, while preserving its accountability.
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	Board sub-committees are in operation.
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	
	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.	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 Committee

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.	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 - Meetings shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	There were 11 BAC meetings and 8 BIRMC meetings held during the year 2022/23, which comply with the requirements. Please refer 'Directors' Attendance and Committee Memberships' table given on page 137 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 sub-committees are disclosed on pages 178 to 192 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 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, 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 pages 178 to 192 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 sub-committees consist of Board members and the performance, duties, and functions of all sub-committees are disclosed on pages 178 to 192 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.	When necessary, the Chairs and members of the Board's sub-committees will be taken into consideration for rotation.
10.2	Board Audit Committee (BAC) The following shall apply in relation to the Board Audit Committee.	
10.2. a	The Chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	The Chairman of the Audit Committee, Ms Coralie Pietersz was appointed to the Board with effect from 1 March 2020 as a Non-Executive Independent Director. She is an Associate Member of the Institute of Chartered Accountants in England and Wales and a Fellow member of The Institute of Chartered Accountants of Sri Lanka. She has over 25 years of extensive experience at senior level in auditing, finance, accounting in several industries in both private and public sectors.

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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 are Independent.
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 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 2023 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 ensure that non-audit services provided 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.

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	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. 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.	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. The Committee has reviewed the Company's Annual and Quarterly Financial Statements prepared for disclosure, before submission thereof to the Board for approval.
	viii. The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	Audit Committee met with the External Auditors and provided them opportunity to discuss material issues, problems or reservations arising from audits without the presence of any other directors/senior management/employees.
	ix. The BAC shall review the External Auditor's Management Letter and the Management's response thereto within 3 months of submission of such, and report to the Board.	During the year, the Board Audit Committee reviewed the External Auditor's Management Letter and the Management's responses thereto.
10.2. e	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls	The Board has the overall responsibility for ensuring that the Company maintains an adequate level of internal control and for reviewing its effectiveness. The Board Audit Committee and BIRMC on behalf of the Board undertakes the detailed monitoring and reviewing of the internal controls and reports to the Board on its findings on a quarterly basis. The Management Information Systems (MIS) are reviewed by the Board for accuracy and integrity of the same through review of MIS Procedure Manual Outline/ Guideline of the Company.
10.2. f	The BAC shall ensure that the Senior Management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non- compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to the Internal Audit function of the Company.	BAC monitors this through regular reporting from the Internal Audit Department.
10.2. g	Internal Audit function	
	i. The Committee shall establish an Independent Internal Audit function, either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the Company's internal control, risk management, governance systems and processes	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.	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. 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. The BAC shall take the following steps with regard to the Internal Audit Function of the Company:	

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	(i) Review the adequacy of the scope, functions and skills and resource s of the Internal Audit Department, and satisfy itself that the department has the necessary authority to carry out its work;	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 2022/23
	(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 annual compliance review 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 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 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.	In April 2022, the TOR of BIRMC was revised in line with the Finance Business Act (Corporate Governance) Direction No. 05 of 2021. The Committee Membership was thereby amended by defining three Non- Executive Directors as Committee Members and other officers, including CEO/GM, Chief Risk Officer as participants on invitation. Head of Internal Audit, key risk owners of subsidiaries and the Compliance Officer also attended Integrated Risk Management Committee meetings on invitation. Refer the "Board Integrated Risk Management Committee Report" on pages 186 to 188 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.

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10.3. c	The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, compliance and technology to the Company at least once on two monthly basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.	The Integrated Risk Management Committee assesses all risks, i.e., credit, market, liquidity, operational and strategic risks through appropriate risk indicators established for the Company and the subsidiary companies. Risk assessment is also carried out on a Company basis and the group basis wherever possible. 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.
10.3. d	Developing the Company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision-making and establishing the means to raise risk issues and strategic concerns throughout the FC.;	The Company's risk appetite is developed through a Risk Tolerance Limit Statement, which articulates the individual and aggregate level and types of risk that the Company will accept or avoid, in order to achieve its strategic business objectives. The Risk Appetite and tolerance limits are monitored via the Risk Dashboard and includes quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation, compliance risks as well as money laundering risk are also discussed at the meetings.
10.3. e	The BIRMC shall review the Company's risk policies including RAS, at least annually.	All risk policies including the RAS are reviewed by the BIRMC annually.
10.3. f	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Assets and Liabilities Committee (ALCO) of the Company reviews and monitors the liquidity risk and the market risk based on the risk tolerance levels (risk limits) established by Board Integrated Risk Management Committee. The Management Credit Committee (MCC) has been formed with the purpose of reviewing and recommending/approving credit facilities, procedures related to credit administration and credit processes. The IT Steering Committee (ITSC) has been formed to provide support, advice and guide to ensure delivery of IT project outputs, review information security programmes, and other IT related policies and procedures. The Committee reviewed the adequacy and effectiveness of the functions carried out by the ALCO, MCC and ITSC by reviewing the annual self-assessments performed against their TORs.
10.3. g	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	BCP has been reviewed by the BIRMC and the position is updated at meetings.
10.3. h	BIRMC shall annually assess the performance of the compliance officer and the CRO.	BIRMC assessed the performance of the Head of Compliance and Head of Risk.
10.3.i	Compliance function	
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.

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10.3. i.ii	For a Company with an asset base of more than Rs. 20 bn, a dedicated Compliance Officer considered to be Senior Management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	An experienced Compliance Officer has been appointed.
10.3. i.iii	For FCs with an asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	Not applicable.
10.3. i.iv	The responsibilities of a compliance officer would broadly encompass the following:	
	i) Develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements;	Board approved policies and procedures are in place.
	ii) Ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture;	Board approved Compliance policy is in place and available on the intranet which is accessible by all employees of the Company.
	(iii) Ensures that reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;	Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards.
	(iv) Understand and apply all new legal and regulatory developments relevant to the business of FC;	The Company implements all new legal and regulatory developments that are applicable to its business.
	v) Secure early involvement in the design and structuring of new products and systems, to ensure that they conform to regulatory requirements, internal compliance, and ethical standards	Board approved new product policy is available to streamline the process of designing or redesigning a product in the Company.
	vi) Highlight serious or persistent compliance problems and where appropriate, work with the management to ensure that they are rectified within an acceptable time-frame, and	Compliance Audits are carried out periodically and action is taken to rectify if deviations are noted.
	vii) Maintain regular contact and a good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with the highest integrity	With the regulators, a positive working relationship is upheld. There is maintenance of timely reporting and communications.
10.3. j	Risk management function	
10.3. j.i	BIRMC shall establish an independent risk management function responsible for managing risk- taking activities across the FC.	The Company has established an Independent Risk Management function.
10.3. j.ii	For FCs with an asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO, considered to be senior management, shall carry out the risk management function and report to the BIRMC periodically.	A separate department for Risk Management Function is established, which is headed by the CRO at Senior Management level and reported to the BIRMC.
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.

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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: 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 periodically. 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 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 Board of Directors have the ultimate responsibility for the risk management of the Company. Minutes of the BIRMC meetings were tabled at the subsequent Board meeting and the Chairman of BIRMC briefs the main Board, on significant issues raised and decisions taken at the committee meetings, enabling the Board to make correct decisions.
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 Non-Executive Directors and two third of the directors are independent. Subcommittee reports are appeared on pages 178 to 192 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 policy for the selection, nomination, appointment, and election 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 Articles of Association of the Company and the Corporate Governance Charter provides for the general, procedure for selection and appointment of 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 (2) new appointments made during the year.

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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 3 Independent director appointed
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 page 120 to 123.
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 180 to 181)
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.

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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 incentivize 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 organizational structure, segregation of duties, clear management reporting lines, and adequate operating procedures in order to mitigate operational risks.	The Board Audit Committee assists the Board in assessing the adequacy and the integrity of the Internal Controls System and the Management Information System and the financial reporting processes of the Company. Internal Audit Department helps the process by carrying out audits to assess the internal controls over financial reporting and management information systems.
11.2	A proper internal control system shall: a) promote effective and efficient operations; b) provide reliable financial information; c) safeguard assets; d) minimize 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.	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' Responsibility Statement on Internal Controls over Financial Reporting included in the Annual Report', and their opinion is submitted to the Board.
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 mechanism is in place in this regard.
12.1. c	The business transactions with a related party that is covered in this Direction shall be the following: i. Granting accommodation; ii. Creating liabilities to the FC in the form of deposits, borrowings and any other payable; iii. Providing financial or non-financial services to the FC or obtaining those services from the FC. iv. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to sharing proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	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. All related party transactions have been disclosed in the Financial Statements.

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12.2	The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises. - Directors and senior management. - Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC. - 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 - Directors and senior management of legal persons in paragraph (b) or (c). - Relatives of a natural person described in paragraph (a), (b) or (d). - Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest.	Complied The Board is well aware of the requirement of identification of related party transactions and a Board approved Related Party Transaction Policy is in place which discusses categories of related parties, and aids the Company to avoid any conflicts of interest that may arise from any transaction of the Company.
12.3	The Committee shall ensure that the FC does not engage in 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: - Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FC's regulatory capital, as determined by the committee. - Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counter-party; - Providing preferential treatment, such as favourable terms, that extends beyond the terms granted in the normal course of business with unrelated parties; - Providing or obtaining services to or from a related party without a proper evaluation procedure; - 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	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: - Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FC's regulatory capital, as determined by the committee. - Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counter-party;	Complied

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12.3 (Contd.)	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
13.	GROUP GOVERNANCE	
13.1	Responsibilities of the FC as a Holding Company.	The Company has 6 subsidiaries including one in Bangladesh. The Company exercises adequate oversight over its subsidiaries while complying with the independent legal, regulatory and governance responsibilities apply to them. It also ensure the differences in the operating environment including the legal & regulatory requirements for each company
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 Peoples 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.	The Company has an internally developed Code of Conduct for its directors and this Code covers the areas of conflict of interest, accurate accounting and record keeping, confidentiality of information, fair dealing, protecting and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour, etc. Further, the Code of Conduct is available for all employees including Corporate and Senior Management. This Code focuses mainly on the following areas: 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.
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.	The Company maintains records of breaches of the Code of Conduct. If any breach of the Code of Conduct is reported, the disciplinary procedure is implemented and subsequent actions are taken as per the gravity of such incidents.
14.3	A FC shall establish a Whistle Blowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confident manner and without the risk of reprisal. The BAC shall review the policy periodically.	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	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; - Identify circumstances that constitute or may give rise to conflicts of interests. - Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest. - 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. - 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. - Identify those responsible for maintaining updated records on conflicts of interest with related parties, and - Articulate how any non-compliance with the policy is to be addressed.	On managing conflicts of interest, the Company's Code of Conduct, RPT Manual Share Trading Policy, is in place, and these policies are reviewed on a regular basis.
16.	DISCLOSURES	
16.1	The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that at least the following disclosures are made in the Annual Report of the FC.	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. Directors responsibilities statement given page 217.
	- Financial Statements- In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, - A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. - A statement of responsibility of the Board in preparation and presentation of financial statements.	This is being disclosed in the "Annual Report of the Board of Directors on the state of affairs of the Company" appearing on pages 171 to 176 of the Annual Report.
	- Chairperson, CEO and Board Related Disclosures - Name, qualification and a brief profile. - Whether executive, non-executive and/or independent director. - Details of the director who is serving as the senior director, if any. - The nature of expertise in relevant functional areas. - Relatives and/or any business transaction relationships with other directors of the Company. - Names of other companies in which the director/ CEO concerned serves as a director and whether in an executive or non-executive capacity. - Number/percentage of board meetings of the FC attended during the year; and - Names of board committees in which the director serves as the Chairperson or a member.	Declarations were obtained from the Board of Directors of the Company and there were no business relationships with other Directors of the Company disclosed. Board of Directors Profiles were given in the pages 120 to 123. Meeting attendance refer to the page no 137.

Section	Corporate Governance Principle	Status of Compliance
	iii. Appraisal of Board Performance An overview of how the performance evaluations of the Board and its committees have been conducted	A process is in place for the annual self-assessments of Directors to be undertaken by each Director and the records of such assessments are maintained by the Company Secretary. The summary of the self- assessment is submitted to the Board enabling Directors to discuss relevant matters if any.
	iv. Remuneration - A statement on the remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation) - The aggregate values of remuneration paid by the FC to its directors and senior management.	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. All employee's annual promotions, increments, bonus are directly in relation with the employee's performance, contribution, commitment, professional conduct and behaviour. The remuneration structure of the staff, Senior Management and Executive Directors shall be in line with the business strategy, objectives, values, long term interest, cost structure of the Company, incorporating prevention of conflict of interest in particular incentives embedded within the remuneration structures that does not incentivize employees to take excessive risk or act in self-interest. The Board was compensated in accordance with the regulatory directives and applicable regulations. HR & remuneration committee reviews such payments regularly. Aggregate values of remuneration paid for appears in the page no 138.
	v. Related Party Transactions - The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board. - Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital. - The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC.	Declaration was obtained from the Board of Directors of the Company and there is no business relationships with other Directors of the Company. The nature of relationship if any between the Chairperson and the CEO and the relationship among members of the Board. Total of net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FCs core capital. Refer the page 322.
	vi. Board Appointed Committees The details of the chairperson and members of the board committees and attendance at such meetings.	Please refer Board Sub committee Reports and the 'Directors' attendance and Committee Memberships' tables are given on page 137 of the Annual report.
	vii. Group Structure - The group structure of the FC within which it operates. - The group governance framework	The Company is a fully owned subsidiary of Peoples Bank. The Company fulfils its own legal and governing obligations.
	viii. Director's Report - A report, which shall contain the following declarations by the Board - The FC has not engaged in any activity, which contravenes laws and regulations. - The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested. - The FC has made all endeavours to ensure the fair treatment for all stakeholders, in particular the depositors.	Given on page 174 of the Annual Report.

Section	Corporate Governance Principle	Status of Compliance
16.1 viii. Contd.	▪ 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 page 174 of the Annual Report.
	ix. Statement of Internal Control ▪ A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. ▪ The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. ▪ A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. ▪ A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions.	Given on page 219 of the Annual Report. No such circumstance arose during the year under review
	x. Corporate Governance Report ▪ Shall disclose the manner and extent to which the Company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction.	The Corporate Governance Report is set out on pages 129 to 170 of the Annual Report of the Company. The Company has obtained an independent assurance report from the External Auditors over compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance.
	xi. Code of Conduct ▪ FC's code of business conduct and ethics for directors, senior management and employees. ▪ The Chairperson shall certify that the Company has no violations of any of the provisions of this code.	A Board approved Code of Conduct for directors and for all employees are in place. 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.
	xii. Management Report ▪ Industry structure and developments ▪ Opportunities and threats ▪ Risks and concerns ▪ Sustainable finance activities carried out by the Company ▪ Prospects for the future	Please refer 'Management Discussion and Analysis' on pages 52 to 112 and CEOs Review on pages 23 to 26.
	xiii. Communication with Shareholders ▪ The policy and methodology for communication with shareholders. ▪ The contact person for such communication.	The Board approved Communication Policy is in place which covers all stakeholders including Depositors, Creditors, Shareholders, and Borrowers. The Board of Directors, officers, and employees comply with the policy in order to ensure effective communication for the best interests of all stakeholders. The Company Secretary shall communicate with the shareholders through the Annual report, Quarterly Reports, and by notices issued to the shareholders. Please refer the report on page 177 of the Annual Report of the Company.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Annual Report of the Board of Directors on the Affairs of the Company is presented as required by Section 168 of the Companies Act No. 07 of 2007. It also provides information required by the Finance Business Act No. 42 of 2011 and Directions issued thereunder, the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Listing Rules of the Colombo Stock Exchange.

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 2023 and the Auditors' Report on these Financial Statements conforming to all statutory requirements. This report was approved by the Board of Directors on 02 June 2023.

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 5 of this Annual Report. In achieving the Vision and Mission, all Directors and employees conduct their activities to the highest level of ethical standards and integrity, as set out in the Company's Code of Business Conduct and Ethics.

2.2 Principal Business Activities

The Company's principal business activities comprise providing finance leases, term loans, Islamic finance, margin trading, factoring, gold loans and the issuance of debt instruments and mobilisation of public deposits. The Company had six subsidiaries as at 31 March 2023 and the nature of business activities of these subsidiaries are described in "About Us" Section on pages 5 to 6 and in Accounting Policies on page 231. The Company and its subsidiaries have not engaged in any activities which contravene any laws or regulations during the year under review.

2.3 Changes to the Group Structure

There has been no change to the Group structure during the financial year under consideration.

2.4 Branch Network

The total branch network of the Company as at 31 March 2023 comprised 111 fully-fledged branches.

2.5 Review of Operations

An overall assessment of the Company's financial position and performance during the year 2022/23, with comments on financial results and special events that took place, is contained in the Chairman's Message on pages 20 to 22, the Chief Executive Officer's Message on pages 23 to 26, and the Management Discussion and Analysis on pages 51 to 117 of this Annual Report. These reports form an integral part of the Annual Report of the Board of Directors on the Affairs of the Company. Segment-wise contribution to Group revenue, results, assets and liabilities is disclosed in Note 53 to the Financial Statements on pages 318 to 319 of this Annual Report.

2.6 Future Outlook

The Company's outlook based on the challenges, opportunities and developments in the global market as well as in the Sri Lankan market is set out in the 'Strategy' section on pages 39 to 41 and at the end of 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 Assistant General Manager- Finance and the Chief Executive Officer with the approval of the Chairman and a Director, have been prepared in accordance with the Sri Lanka Accounting Standards laid down by CA Sri Lanka and in compliance with the requirements of Companies Act No. 07 of 2007, appear on pages 221 to 350 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 Company. In this regard, the Board of Directors wishes to confirm that the Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows have been prepared in conformity with the requirements of SLFRSs and LKASs as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011 and Directions issued thereunder and the Code of Best practices on Corporate Governance issued by CA Sri Lanka.

The 'Statement of Directors' Responsibilities' is provided on page 217 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.30,196.59 million (Rs. 23,881.53 million in 2021/22) and Rs. 33,406.92 million (Rs. 25,926.79 million in 2021/22) respectively for the year ended 31 March 2023. A more descriptive analysis of the interest income is given in Note 6.1 and 6.1.1 to the Financial Statements on page 239.

Performance and Appropriations

The Company and the Group recorded a net profit of Rs. 3,017.64 million and Rs. 3,459.13 million respectively for the financial year 2022/23 (Rs. 4,659.01 million and Rs. 4,818.17 million in 2021/22). This represents a decline by 35% and 28% of the Company and Group profit compared respectively to the previous year.

Details of the Company's performance and appropriation of profit are tabulated as follows.

Company	2022/23 Rs. Million	2021/22 Rs. Million
Profit before income tax	4,341.76	6,650.09
Income tax expense	1,324.12	1,991.08
Profit for the year	3,017.64	4,659.01
Profit brought forward from previous year	19,481.61	17,159.78
Profit available for appropriation	22,499.25	21,818.79
Appropriations		
Dividend paid for previous/ current year	(943.60)	(2,179.93)
Surcharge tax	(1,947.17)	-
Other comprehensive income	99.22	25.70
Transfers to reserves	-	(182.95)
Total appropriation	(2,791.54)	(2,337.17)
Unappropriated profit carried forward	19,707.71	19,481.61

GRI 3-3, 207-1, 207-2, 207-3, 207-4

Provision of Taxation

Profits earned during the first and second six-month periods are subject to income taxes at rates of 24% and 30%, respectively. Financial services were subject to an 18% VAT rate, and from October 1, 2022, the Social Security Contribution Levy (SSCL) rate of 2.5% was implemented for the fiscal year 2022–2023; the 2.5% rate was in effect for the final six months of the current year.

Accordingly, the current year income tax expense of the Company is Rs. 1,324.12 million, and a comprehensive note on income tax expense and deferred tax asset or liability of the Company and the Group disclosed in Notes 17 and 44 respectively, to the Financial Statements.

Property, Plant and Equipment, Right of use Assets and Intangible Assets

The total capital expenditure incurred on property, plant and equipment (including capital work in progress) of the Company and the Group in the year ended 31 March 2023 amounted to Rs. 253.25 million and Rs. 234.43 million respectively (Rs. 535.42 million and Rs. 457.16 million in 2021/22).

The total additions to right of use assets of the Company and the Group in the year ended 31 March 2023 amounted to Rs. 161.31 million to Rs. 191.17 million respectively (Rs. 239.44 million and Rs. 238.11 million in 2021/22).

In the year ended 31 March 2023, the Company and the Group invested Rs. 7.68 million and Rs. 12.78 million respectively to acquire intangible assets. (In 2021/22, the Company invested Rs. 10.32 million and the Group invested Rs. 12.84 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 292.

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 289 to 295.

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 292 of this Annual Report and the net book values of freehold land and buildings owned by the Company and the Group as at 31 March 2023 as included in the Financial Statement was Rs. 723.54 million and Rs. 4.32 million respectively.

The Company engages independent professional valuers for revaluation of its freehold land and buildings as specified by the Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by CBSL.

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in the Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by CBSL. The assessment of immovable properties is carrying out by independent professional valuers as required by the said direction issued by CBSL.

The assessed fair value of the immovable properties does not consider for measurement of regulatory provisions for bad and doubtful debts as per Direction No 03 of 2006 and subsequent amendments thereto issued by CBSL.

Investments

Details of investments held by the Company are disclosed in Notes 22, 23, 24, 27, 28 and 29 on pages 262 to 265 and 282 to 286 to the Financial Statements.

Equity

Stated Capital

The Stated Capital of the Company and the Group as at 31 March 2023 amounted to Rs. 18,015.56 million, compared to Rs. 17,071.96 million as at 31 March 2022. Consequent to final dividend for the financial year 2021/22 paid by way of scrip dividend, the stated capital increased by Rs. 943.60 million.

Reserves

The total reserves of the Company and the Group as at 31 March 2023 stood at Rs. 21,776.51 million and Rs. 26,393.44 million respectively. During the financial year under review Rs. 150.88 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 228 to 229 and in Notes 46 to 48 to the Financial Statements.

Debt Securities Issued

The details of debt securities issued are given in Note 37 and more comprehensive analysis of the Company's debentures is set out in Note 37.2 to the Financial Statements.

Capital Adequacy

Tier 1 capital ratio and total capital ratio of the Company computed as per the Finance Business Act Direction No. 03 of 2018 Capital Adequacy Requirement issued by the Central Bank of Sri Lanka stood at 24.45% and 25.30% respectively as at 31 March 2023. The information on minimum capital requirement is given on page 312 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 221 to 223.

4.2 Auditors' Report

The Report of the Auditor on the Financial Statements of the Company and the Group is given on pages 221 to 223.

4.3 Auditors' Remuneration

Auditors were paid the following sums by the Company and the Group for audit and related services as well as for non-audit services including tax related services:

Fees	Company		Group	
	2022/23 Rs. Million	2021/22 Rs. million	2022/23 Rs. Million	2021/22 Rs. million
Audit and related services	7.03	7.38	14.60	14.44
Non-audit Services	1.40	1.32	1.40	1.32

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

(Section 168 (1) (d))

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 231 to 350. The significant changes to accounting policies adopted if any, in the preparation of the Financial Statements are given in Note 3.4 on page 234 to 235.

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 120 to 123 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 137 to 138.

6.3 Other Directorships/Significant Positions of Directors

Information of the other directorships/ significant positions of the present Directors of the Company are given on pages 120 to 123.

6.4 Resignations and Appointments

Mr. Michael Pradeep Amirthanayagam was appointed as a Non-Executive, Independent Director of the Company with effect from 15 July 2022.

Mr. Sujeewa Rajapakse resigned as Chairman from the Board with effect from 12 September 2022. With the resignation of Mr. Sujeewa Rajapakse, Mr. Michael Pradeep Amirthanayagam was appointed as the Independent Non-Executive Chairman with effect from 12 September 2022 and Mr. Amirthanayagam was re-designated as a Non-Independent, Non-Executive Chairman/ Director on 3 February 2023.

Mr. Ranjith Kodithuwakku Non-Independent, Non-Executive Director resigned from the Board with effect from 03 February 2023.

Mr. Sanath Hemathkumar Gunawardana was appointed as a Non-Executive, Non-Independent Director on 28 November 2022 and ceased to hold the Directorship in terms of section 7.8 of the Finance Business Act No. 5 of 2021 with effect from 21 March 2023.

Ms. G. M. Roshini P. Wijerathna was appointed as a Non Independent Non Executive Director on 21 April 2023. In terms of Article 27(3) of the Articles of Association of the Company, Ms. Wijerathna who has been appointed to the Board since the last Annual General Meeting and being eligible offers herself for re-election at the forthcoming Annual General Meeting.

6.5 Independence of Directors

In accordance with the Finance Companies (Corporate Governance) Direction No. 5 of 2021, Section A 5.4 of Code of Best Practice on Corporate Governance and Rule 7.10.2(b) of the Colombo Stock

Exchange (CSE) Listing Rules, Ms. M. C. Pietersz, Mr. U.L.A.W. Bandara and Mr. C. J. Wijetillake who are Independent Non-Executive Directors of the Company, have submitted signed and dated declarations as per the specimen given in appendix 7A of continuing listing requirement of CSE.

The Board has designated Ms. M. C. Pietersz as a Senior Independent Director in order to ensure compliance with Section 6.3 of Finance Companies (Corporate Governance) Direction No. 5 of 2021

6.6 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.

6.7 Directors' Remuneration

Directors' fees and emoluments paid by the Company and the Group for the year ended 31 March 2023 was Rs. 6.02 million and Rs. 16.08 million respectively. Comparative figures are given in Note 15 to the Financial Statements.

6.8 Interests Register/Directors' Interest in Transactions

In compliance with the Companies Act No. 07 of 2007, the Company maintains an Interests Register, which is available for inspection. The Directors of the Company have made general declarations of their interests in transactions of the Company as per Section 192 (2) of the Companies Act No. 07 of 2007. Details of the transactions disclosed therein are given on pages 320 to 321 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.

6.9 Directors' Interest in Shares

The Directors have disclosed to the Board of their shareholding in the Company and any acquisitions or disposals thereof in compliance with Section 200 of the Companies Act No. 07 of 2007. The Directors' individual shareholdings along

with the Chief Executive Officer's individual shareholding in the Company are given in the section titled 'Value to Investors' on pages 73 to 79 of this Annual Report.

6.10 Meetings

The details of Board meetings and Board subcommittee meetings are presented in the Corporate Governance Report on page 137 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 73 to 79 of this Annual Report.

7.1 Equitable Treatment to Shareholders

The Company has at all times ensured that all shareholders are treated equitably.

7.2 Dividends on Ordinary Shares

The final dividend for the financial year 2021/22, which was approved by the shareholders at the Annual General Meeting (AGM) on September 7, 2022, was paid in the form of a scrip dividend during the financial year 2022/23. Further, Company has not paid any dividends for the financial year 2022/23.

8. DONATIONS

(Section 168 (1) (g))

Total amount of donations made by the Company during the accounting period.

During the financial year 2022/23, the Company made donations (including CSR) amounting to Rs. 6.58 million (Rs. 29.40 million in 2021/22). The Company's Corporate Social Responsibility 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 110 to 111 and pages 112 to 117 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 corporate governance are maintained across the Organisation.

In terms of the Finance Business Act Direction No. 05 of 2021 a policy on Communication with all stakeholders was

formulated during the year governing the different participants in the Company – such as the depositors, shareholders, borrowers/creditors and other stakeholders.

The Corporate Governance Charter was reviewed to ensure that the Company is in compliance with the recommendations of the Code of Best Practices on Corporate Governance issued by CA Sri Lanka, the Listing Rules of the Colombo Stock Exchange (CSE) and the Finance Companies (Corporate Governance) Directions No. 05 of 2021

A Comprehensive Anti Money Laundering Policy/Whistle Blower Policy etc are in place to ensure best practices are embraced by the Company in conducting its operations. The Company at all times endeavours to ensure fair treatment to all stakeholders, in particular the depositors.

Chairman's Affirmation on the Code of Business Conduct and Ethics

The Chairman affirms that People's Leasing & Finance PLC has introduced a Code of Business Conduct and Ethics where the Company-wide procedure is set for disseminating, monitoring and compliance with the Code of Business Conduct.

The Directors declare that:

1. The Company has not engaged in any activity which contravenes laws and regulations.
2. The Company has made all endeavours to ensure the equitable treatment of shareholders.
3. The business is a going concern.
4. Effectiveness of and successful adherence to internal controls and risk management is practiced by the Company. The measures taken in this regard are set out in the Corporate Governance Report on pages 129 to 170 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.

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.

9.3 Statutory Payments

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments due to the Government, other regulatory institutions and in relation to the employees have been made in time.

9.4 Environmental Protection

The Directors confirm that to the best of their knowledge the Company and the Group have not engaged in any activity which is detrimental to the environment.

9.5 ESG Reporting

Environmental, social and governance considerations can affect a Company's ability to execute its business strategy and create value. The Company's Annual Report should contain sufficient information on ESG risks and opportunities that are recognised, managed, measured and reported as set out on page 16.

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 176.

11. STAKEHOLDER MANAGEMENT AND INTEGRATED REPORTING

The Company has taken several measures to manage its valued stakeholders, including customers, employees, investors, suppliers and community, in portraying its value creation process. Aspects of economy, environment and social impacts have also been addressed adequately in the reporting process. These capital management reports are presented under Management Discussion and Analysis on pages 51 to 117 of this Annual Report.

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 315.

13. HUMAN RESOURCES

The Company has adopted an absolutely non-discriminatory Employment Policy which respects individuals and provides career opportunities irrespective of gender, race or religion.

As at 31 March 2023, a total of 2,114 persons were in employment (2,245 persons as at 31 March 2022) with the Company.

14. INTERNET OF THINGS AND CYBERSECURITY

(Code of Best Practice G.1,G.2,G.3)

The Board confirms that the Company has appointed an Information Security Officer (ISO) with sufficient expertise and authority and allocated regular and adequate time on the Board meeting agenda for discussions on cyber-risk management. Related information is set out in the Corporate Governance Report on page 140.

15. EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are disclosed in Note 57 to the Financial Statements on page 350.

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	✓	120 - 123
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year	✓	6, 231
7.6 (iii)	Information on 20 largest shareholders at the end of the year	✓	77
7.6 (iv)	The public holding percentage	✓	73
7.6 (v)	Directors' and Chief Executive Officer's holding in shares	✓	78
7.6 (vi)	Information pertaining to material foreseeable risk factors	✓	195 - 213
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	✓	289 - 293
7.6 (ix)	Number of shares representing the stated capital as at the end of the year	✓	74
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and related information	✓	75
7.6 (xi)	Ratios and market price information on equity,debt,change in credit rating	✓	73 - 78

Rule Ref.	Information Required to be Disclosed	Status of Compliance	Page Reference
7.6 (xii)	Significant changes in the Company's or subsidiaries' fixed assets.		289 - 292
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 practice in term of Rules 7.10.3, 7.10.5c. and 7.10.6 c. of Section 7 of the Listing Rules		142 - 143
7.6 (xvi)	Related Party Transaction exceeding 10% of the equity or 5% of the total assets of the entity		320 - 326

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 D1.4)

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 2023, the Management has assessed the existing and anticipated effects of COVID-19 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, 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 27th Annual General Meeting will be held as a Hybrid meeting from the Boardroom of People's Leasing & Finance PLC Head Office, 10th Floor, No.1161, Maradana Road, Colombo 08 on 30th June 2023 at 2.30 p.m. Notice of the meeting relating to the 27th Annual General Meeting is provided on page 380 of this Annual Report.

By order of the Board of Directors



Coralie Pietersz
Director



M P Amirthanayagam
Chairman



Shaalini Silva
Company Secretary

02 June 2023
Colombo

BOARD OF DIRECTORS COMMUNICATION POLICY REPORT

The Board of Directors is committed to maintaining effective communication channels with Shareholders and other stakeholders and values the inputs and insights of all such including lenders, creditors, shareholders, borrowers and other interested parties.

Moreover the Board acknowledges the importance of timely communication with shareholders to inform them about the Company's performance, strategic direction, and governance practices. The Board-approved Corporate Communication policy which has been developed in line with the applicable rules and regulations, serves as a basis of achieving these objectives.

This report outlines the enactments of the Corporate Communication Policy, revised and improved in line with the Finance Business Act Direction No. 05 of 2021 and adopted by the Board of Directors with effect from 26th April 2022.

As outlined in the Corporate Communication Policy, the Board provides various channels for shareholders to engage with the Company, such as Annual General Meetings, Extra ordinary General Meetings, Circulars, disclosures made via the Stock exchange etc from time to time. The Board encourages shareholders to make use of these mechanisms and welcomes their feedback and suggestions for improvement.

In order to fulfil its goal for external Communication with potential shareholders/ Investors, the Company employs a variety of communication tools, including Road Shows, Internet, Media, Investor Presentations, Wire Services, Publications, Brochures, Leaflets, and Advertising.

In addition, the Board ensures the corporate website is fully updated and easily accessible to its stakeholders.

Board approved policies, including the Code of Conduct are in place to support ethics, business integrity and professional behaviour, along with the Whistle Blowing Policy to manage conflicts of interest and unethical business practices.

The Board Secretary is assigned to receive and review the written communications intended for the Board and its Sub Committees or any individual Board Member or Management team. The Secretary is required to promptly bring to the attention of management, the Chairman and the Board of Directors any communication from stakeholders pertaining to legal, ethical, or compliance concerns, or any other matter deemed to be potentially significant to the

Company. Communications of a personal nature and unrelated to Board functions, junk mail and mass mailings, business solicitations, opinion survey polls or any other communications, deemed by the Board Secretary to be immaterial to the Company, are disregarded. In this regard, the Board Secretary may communicate with the sender for any further clarification.

Stakeholders and other interested parties can communicate with the Board as a whole, the Independent Directors, or any individual member of the Board or any Board Committee.

All such written communications should be mailed to the undersigned;

Ms. Shaalini Silva

Company Secretary
Peoples Leasing & Finance PLC
1161, Maradana Road
Colombo 10

In addition, the Company has also appointed a dedicated Customer Complaint Officer and an Information Officer to ensure fair accessibility to all its stakeholders.

Mr. Omal Sumanasiri - Head of Finance, functions as the Investor Relations Officer of the Company.

The Board remains committed to effective communication and welcomes feedback from shareholders and stakeholders on further enhancing its communication practices. The Board will continue to evaluate and adapt its communication policy to meet the evolving stakeholder expectations and best practices.

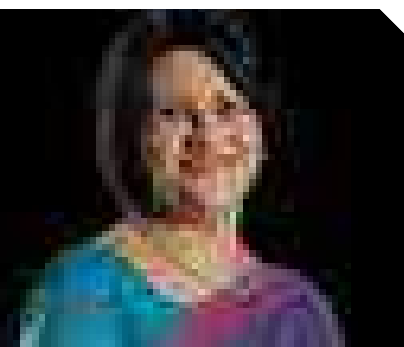


Ms. Shaalini Silva

Company Secretary
02 June 2023

BOARD AUDIT COMMITTEE REPORT

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 31.03.2023. This Report was approved by the Board of Directors.

COMPOSITION

The Board Audit Committee comprised two Independent Non- Executive Directors and one Non Independent Non- Executive Director which is in line with the composition 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	Board status
Ms. Miriam Coralie Pietersz - Chairperson of the Committee	Independent Non- Executive Director
Mr. U. L. Asoka W. Bandara	Independent Non- Executive Director
Mr. Azzam A. Ahamat	Non Independent Non- Executive Director

The profiles of the members are given on pages 120 to 123 of the Annual Report.

Mr. Udesh Gunawardena, Head of Internal Audit and the Secretary to the Board Audit Committee has been promoted as Chief Operating Officer of the Company and Mr. Aminda Rajapaksa has been appointed as Assistant General Manager of Internal Audit with effect from 12th January 2023. Mr Aminda Rajapaksa functions as the Secretary to the Board Audit Committee.

MEETINGS

The Committee held eleven (11) meetings during the financial year ended 31st March, 2023. 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 Messrs. Ernst & Young participated in two (02) meetings during the year. The Chief Executive Officer, Chief Operating Officer and other members of the senior management of the Company attended the meetings by invitation from time to time on a needs basis.

Attendance at the meetings during the year under review was satisfactory.

Committee member	Attendance
Ms. Miriam Coralie Pietersz	11/11
Mr. U. L. Asoka W. Bandara	11/11
Mr. Azzam A. Ahamat	09/11

ACTIVITIES OF THE COMMITTEE DURING THE FINANCIAL YEAR 2022/23

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 is set out in the Terms of Reference of the Committee, which is reviewed annually to address any developments in Committees functions and concerns.

The Committee has the explicit authority to investigate into any matter, unrestricted access to records, data, and reports and to the management and the staff, to obtain information considered necessary for the discharge of duties. The Committee is also authorized to obtain external professional advice at the Company's expense and to form and delegate authority to sub-committees.

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, Finance Business Act No. 42 of 2011, the Companies Act No. 7 of 2007, Sri Lanka Accounting & Auditing Standards Monitoring Board Act No.15 of 1995, rules and regulations of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka and Central Bank of Sri Lanka Directions.

The Committee reviewed and discussed the Company's interim and annual financial statements, assessed the acceptability of accounting principles, significant estimates and judgments, reviewed the profit reconciliation based on CBSL directions and LKAS/SLFRS and the impact of dividend declarations to the prudential ratios, in discharging their oversight responsibilities.

The Committee reviewed the Impairment Policy Manual including the assessment of adequacy of provision for Expected Credit Loss (ECL) recognized in the financial statements

External Audit

National Audit Act No. 19 of 2018, requires the Auditor General to carry out the audit by himself or any person authorized by the Auditor General. Accordingly, the Auditor General informed the Company of the appointment of Messrs. Ernst & Young to assist the Auditor General in performing the external audit for the FY 2022/23. 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 engagement of the External Auditor.

The Committee met the external auditors in two occasions during the financial year and discussed the audit plan, scope and the methodology proposed to be adopted in conducting the annual audit. The Committee had two meetings with the external auditors without management being present to discuss any issues encountered during the audit. The opportunity was provided to the external auditors to raise material issues, problems or reservations that they may wish to discuss further, with the Audit Committee, in the absence of Key Management Personnel.

The Committee reviewed the policy for non-audit services provided by the Auditors, with a view to ensuring that such functions do not fall within the restricted services and that the provision of such services do not impair the independence and objectivity of External Auditors, who are appointed to assist the Auditor General.

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 carries out the internal audit function and reports to the Audit Committee. The Committee ensured that the internal audit function is independent of the activities it audits and ensures that the department has the necessary authority to perform its work independently.

The annual internal audit plan is reviewed by the Committee before commencement of the financial year and assesses the adequacy of resources for the department to provide uninterrupted assurance service.

The Internal Audit Manual which is reviewed annually to address any developments in operational functions and procedures. The Internal Audit Manual was last reviewed and approved by the Board in March 2023.

The Company's Internal Audit Department carried out, regular reviews and inspections of business units. Internal Information system audit examines and evaluates company's information technology infrastructure, information security strategies and practices, governance, policies, procedures and operational processes against recognized standards, best practices or well established polices.

The Company's Internal Audit Department carried out, on-site and off-site inspections of business units. The significant findings and recommended remedial action were reported to the Committee for deliberation. The Committee evaluated the recommendations and followed up on the implementation of such recommendations. The Committee also met the internal auditors in the absence of executive management.

REGULATORY COMPLIANCE

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 LKASs/ SLFRS) and 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 implementation of the recommendations of Statutory Examination Reports of the Central Bank of Sri Lanka together with the management response thereto.

INTERNAL CONTROLS

The Committee assisted by the Internal Audit Division assesses the adequacy and effectiveness of the Company's internal controls. The Committee also reviewed the observations and recommendations of the External Auditors and the management responses thereto.

The report on internal controls 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 channel for the 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.

Any employee, who observes or notices any improper or illegal activity or unethical practices in the Company or receives credible information of the same is encouraged to report such activity.

The Committee further improved the arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters.

All appropriate procedures are in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means.

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.



Coralie Pietersz

Independent Director Chairperson
Board Audit Committee

24 May 2023

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

 GRI 2-19, 2-20

The Committee reviewed the organisational structure of the Company to assess its effectiveness in implementing the respective business strategies and achieving the Company's 5-year plan.



The HR & Remuneration Committee functions as a Sub Committee of the Board of Directors established to assist the Board in fulfilling oversight responsibilities ensuring that the remuneration practices comply with the regulatory and other legislative requirements. The Committee is pleased to present its report for the year ended 31st March 2023.

COMPOSITION AND ATTENDANCE

The Committee currently consists of three non-executive board members, the majority of whom are Independent Directors (Profiles of the members are given in to the pages 120 to 123).

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the Committee.

The Committee met seven (7) times during the year under review. When necessary, the Chief Executive Officer and the AGM HR attended Committee meetings by invitation.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

NOMINATION COMMITTEE

No.	Name of the Director	Executive	Non- Executive	Independent	Non-independent	No of Meetings Attended
1	Mr. U. L. Asoka W. Bandara - Chairman		✓	✓		7/7
2	Mr. Rohan Pathirage		✓		✓	7/7
3	Ms. Miriam Coralie Pietersz		✓	✓		7/7

SCOPE OF THE COMMITTEE

The Human Resource and Remuneration Committee functions as a Board Sub-Committee in order to assist the Board of Directors in fulfilling its oversight responsibility;

- Reviewing and approving the principles, parameters and governance of the Company's remuneration framework ; and
- Reviewing and approving the remuneration of Directors, and Key Responsible Persons' (KRPs) including setting the overall Remuneration Policy; and
- Determining and periodically reviewing the payments/allowances made to Non-Executive Directors in line with and within the parameters of the regulatory authority.
- Satisfying itself that remuneration practices comply with the regulatory and other legislative requirements; and
- Satisfying itself that remuneration framework is in line with the 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.

TERMS OF REFERENCE

Terms of Reference ('TOR') sets out the functions of the Committee in line with the new Finance Business Act direction No. 5 of 2021 on Corporate Governance. The TOR is reviewed annually by the Board.

OBJECTIVES OF THE COMMITTEE

The Objective of the Committee is to ensure that equitable human resource policies and practices are adopted by the Group and a robust remuneration framework is in place to attract, retain and motivate high calibre Key Responsible Personnel (KRP)/Employees who contribute positively to achieving the Company's strategic goals. It includes structuring a performance based incentive scheme for KRPs, CEO and Senior Management and setting performance related formulae which are relevant, stretching and designed to enhance stakeholder value.

REMUNERATION POLICY

Aligning with the principles of good governance, our remuneration policy reinforces our desired culture and encourages behaviour consistent with our values while motivating the employees to deliver and sustain high levels of performance supporting achievement of our strategic priorities.

The Committee oversees the reward strategy of the Company to ensure that the employees are rewarded based on their performance, skills, experiences and level of responsibility enabling the Company to retain the right people to deliver on the strategy. Wherever relevant, the committee encourages the participation in industry specific remuneration Surveys to bring objectivity and unbiased methodology in arriving at multiple salary scales

The performance driven bonus policy has been initiated to consider employee contributory factors and recognition when determining compensation levels for each staff category.

ACTIVITIES 2022/23

During the year, the HR & Remuneration Committee reviewed the organizational structure to align with the evolving business landscape and strategic direction of the Company. Accordingly the recruitment policies and procedures were reviewed and revised to conform to the new requirements of the Company.

Recruitments were considered on academic and professional qualifications in terms of the provisions in the Finance Business act No. 42 of 2011 and the direction No. 6 of 2021 in assessing the fitness and propriety of the KRPs.

Committee has also reviewed the company's performance and evaluated the effectiveness of its human resources and remuneration policies and practices. The Committee also further assessed the performance and remuneration of the company's senior management team and the corporate Management on par with the market norms.

The Committee worked closely with management to ensure that the Company's response to the economic crisis was consistent with its values and priorities and that the safety and well-being of employees remained a top priority. Accordingly the staff compensation policies have been reviewed to ensure fair methodology for any adjustments.

SUCCESSION PLANNING

The Company is currently on a transformation path with a need to carefully plan succession within the Company. The Committee has provided direction and reviewed the Succession Plan for the Company which has been approved by the Board of Directors. The Committee is and has been supportive of proposals within policy, to address the succession requirements of the company.

A Job rotation and Transfer policy enabling staff secondments within inter companies have been designed to provide opportunity and exposure for employees to further their career paths and goals within the Group.

CONCLUSION

The Committee recommends that the Board of Directors continue to focus on attracting, retaining, and developing talented employees and promoting a culture of diversity, equity, and inclusion. The Committee believes that a strong and effective human resources strategy is critical to the company's long-term success.

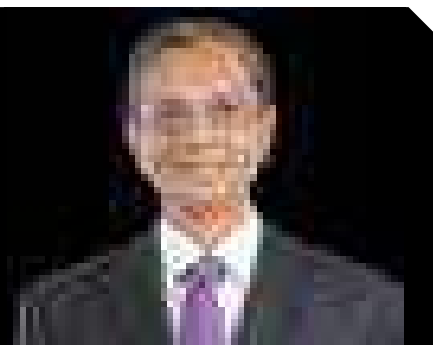

U.L. Asoka W. Bandara

Chairman to the Committee

02 June 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

When reviewing these transactions, the Committee considered whether they have been conducted on an arm's length basis and on terms that were no less favourable to the Company than those that could have been obtained from an unrelated third party.



Related Party Transaction Review Committee is a sub Committee of the Board established to review and recommend all proposed related party transactions between the Company and its related parties as part of its ongoing commitment to transparency and sound Corporate Governance. The Committee is pleased to present its report for the year ended 31st March 2023.

COMPOSITION AND ATTENDANCE

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 120 to 123).

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the Committee.

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.

RELATED PARTY TRANSACTIONS POLICY

The Company has a Board-approved Related Party Transactions Policy ('the Policy') in place, which defines categories of persons who shall be considered 'related parties' in accordance with the applicable rules and regulations, including the Listing Rules, Directions, and LKAS 24 of Sri Lanka Accounting Standards. The Policy establishes a procedure to ensure that the company does not engage in transactions with related parties in a way that gives such parties "more favourable treatment."

Related Party Transaction Policy sets out the Self declarations to be obtained from each Director and KRPs of the Company to identify the parties related to them on an annual basis.

The Code of Business Conduct and Ethics of the Company requires each member of the Board to determine whether he/she has a potential or actual conflict of interests arising from personal relationships, external associations and interest in 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.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

No.	Name of the Director	Executive	Non- Executive	Independent	Non-independent	No of Meetings Attended
1	Mr. Chanura J. Wijetillake - Chairman		✓	✓		4/4
2	Mr. Rohan Pathirage		✓		✓	4/4
3	Mr. U. L. Asoka W. Bandara		✓	✓		3/4

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.

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 9.1 and 9.4 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

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 & the Policy on staff secondments were carefully reviewed and revised to align with the evolving needs of the business.

RELATED PARTY TRANSACTIONS DURING 2022/23

The Committee reviewed Related Party Transactions of the Company during the period of 01 April 2022 to 31 March 2023 and has thus complied with the rules pertaining to Related Party Transactions as set out in Section 9 of the Listing Rules of the CSE. The Company has not entered into any transactions as contemplated in Sections 9.1.1, 9.1.2 and 9.3.2 (a) of the Listing Rules of the CSE.

All transactions entered into by the Company which fall under section 9.3.2 (b) of the Listing Rules have been disclosed in Note 55 to the Financial Statements on pages 320 to 326.

AUTHORITY

The recommendations of the Committee are reported to the Board to take final decisions on the matters where necessary. The Committee is authorized 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 declaration by the Board of Directors that no related party transaction falling within the ambit of the Listing Rules Section 9 was entered into by the Company during the year 2022/23 is contained in the annual report of the Board of Directors on the affairs of the Company on pages 171 to 176.

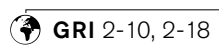


Chanura J. Wijetillake

Chairman of the Committee

02 June 2023

NOMINATION COMMITTEE REPORT



The Committee assessed the skills, experience, diversity, and independence of current Board members and identified any gaps that needed to be filled.



The Nomination Committee is a standing committee of the Board of Directors that is responsible for determining the strategy and policy in relation to terms and conditions of engagement of the Directors, Key Responsible Persons (KRPs) and Senior Management and identifying and designating Senior Management who are in a position to influence policy, direct activities and exercise control over business operations and risk management. The Committee is pleased to present its report for the year ended 31st March 2023.

COMPOSITION AND ATTENDANCE

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 120 to 123).

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the Committee.

The Committee met six (6) times during the year under review.

When necessary, the Chief Executive Officer and Compliance Officer, as well as the AGM HR attended Committee meetings by invitation.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

OBJECTIVE OF THE COMMITTEE

The Committee periodically conducts a review of the Board's structure, size, and composition, and provides recommendations to the Board for any necessary changes in light of the company's strategy, objectives, and performance. Additionally, the Committee advises the Board on the selection of new Board members and Key Responsible Personnel. To ensure impartiality, Committee members abstain from participating in any decision-making related to their own appointment.

NOMINATION COMMITTEE

No.	Name of the Director					No of Meetings Attended
		Executive	Non- Executive	Independent	Non-independent	
1	Mr. U. L. Asoka W. Bandara - Chairman		✓	✓		6/6
2	Mr. Rohan Pathirage		✓		✓	6/6
3	Ms. Miriam Coralie Pietersz		✓	✓		5 /6

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 and direction No. 06 of 2021 on Fitness and Propriety. The TOR is reviewed annually by the Board.

SCOPE OF THE COMMITTEE

The Nomination Committee will function as a Board Sub-Committee in order to assist the Board of Directors in fulfilling its oversight responsibility;

- To determine the strategy and policy in relation to terms and conditions of engagement of the Directors and Senior Management; and
- To 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 ; 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.
- The Chairman of the Committee shall discuss with the independent members and provide feedback to the Chairman of the Board on board effectiveness and annual Board evaluations
- Monitor compliance with the Corporate Governance Statutory Guidelines.
- Establish the process for conducting the review of the GM/CEO performance annually.

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 2022/23

During the year, the Nomination Committee reviewed;

- The composition and structure of the Board of Directors and its committee's performances. The Committee also assessed the skills, experience, diversity, and independence of current Board members and identified any gaps that needed to be filled.
- The Committee reviewed the corporate Governance Charter in terms of new CBSL direction 5 of 2021 and the new Board Charter was adopted in line with such direction
- The organizational structure was reviewed by the Committee
- Assessment of fitness and propriety of Board Members/CEO/KRPs/Consultant
- Assessed the Board Evaluation for the year 2022/23
- Reviewed promotions in line with the new organizational structure

The Committee believes that these measures will help ensure the ongoing renewal and effectiveness of the Board and management team.

CONCLUSION

Nomination Committee wishes to support the Board in 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 and Company reflects the desired diversity and its opportunities.



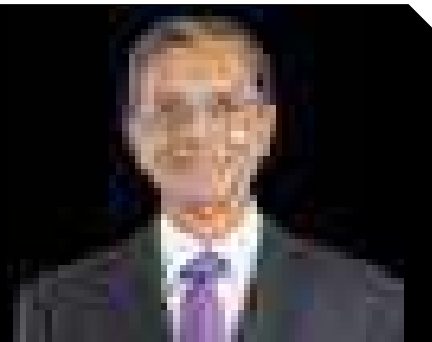
U L Asoka W Bandara

Chairman of the Committee

02 June 2023

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

In progressing towards achieving well accepted risk management standards - Basel II Pillar 2 requirements, the Company developed the ICAAP during the period under review.



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 April 2022, the Committee revised the TOR in line with the Corporate Governance Direction No.5 of 2021 issued by the Central Bank of Sri Lanka, changes in the governance structure and the operating environment. 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.

Name of the BIRMC Member	Directorship Status
Mr Chanura J. Wijetillake	Committee Chairman (Non-Executive, Independent Director)
Mr K. C. J. C. Fonseka	Committee Member (Non-Executive, Non-Independent Director)
Mr Azzam A. Ahamat	Committee Member (Non-Executive, Non-Independent Director)
Ms Roshini Wijerathne w.e.f. 27.04.2023	Committee Member (Non-Executive, Non-Independent Director)
Mr Ranil Perera	Committee Secretary/Chief Risk Officer

We welcome Ms Roshini Wijerathne to the BIRMC who was appointed in April 2023.

REGULAR ATTENDEES BY INVITATION

- Chief Executive Officer/ General Manager
- Chief Operating Officer
- Chief Risk Officer
- Head of Branch Network
- Head of Operations
- Compliance Officer
- Key Management Personnel from PLC Subsidiaries
 - Chief Executive Officer - People's Insurance PLC (PI)
 - Senior Manager – Head of People's Micro-commerce Limited
 - Officer-in-charge of People's Leasing Fleet Management Limited
 - Chief Executive Officer – Lankan Alliance Finance Limited
 - Director – People's Leasing Property Development Limited
 - Director – People's Leasing Havelock Properties Limited

COMPOSITION

The BIRMC comprised the following members and whose profiles are given on pages 121 to 123.

Attendance at Board Integrated Risk Management Committee					
No.	Name of the Director	Executive	Non - Executive	Independent	No of Meetings Attended
1	Mr Chanura J. Wijetillake – Committee Chairman		✓	✓	8/8
2	Mr K. C. J. C. Fonseka – Committee Member		✓	✓	8/8
3	Mr Azzam A. Ahamat – Committee Member		✓	✓	7/8

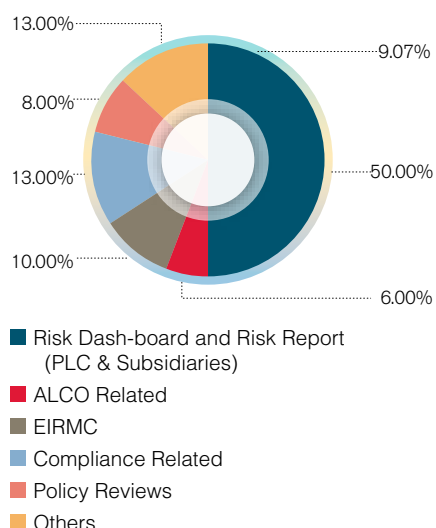
REPORTING TO THE BOARD

Minutes of the Committee which include the deliberations and conclusions reached were submitted to the subsequent BIRMC meeting for confirmation and adoption. All minutes of the meetings were formally approved by the Committee Chairman. Approved Minutes were also submitted to the Board seeking their views, concurrence and/or specific directions.

ACTIVITIES

The BIRMC effectively assisted the Board of Directors in performing its oversight function in relation to the internal/external risks faced by the Company in carrying out its business operations. All key risks tracked through Key Risk Indicators (KRIs) on a monthly basis are reviewed by the Committee at its meetings.

Key Areas of Discussion and Time allocated



INTEGRATED RISK MANAGEMENT

Development of Internal Capital Adequacy Assessment Process (ICAAP)

In progressing towards achieving well-accepted risk management standards - Basel II Pillar 2 requirements, the Company developed the ICAAP during the period under review.

The Committee reviewed the ICAAP document and made recommendations thereon.

The Committee reviewed the Policies and Manuals submitted including the following;

- Post Disbursement Review Policy
- Stress Testing Policy
- Customer Compliant and Grievance Handling
- Procedure Manual of Self-e cash product

- Fixed Deposit Procedure Manual
- Outsourcing Policy
- IT policies and procedures
- The Committee reviewed the new products and services;
 - Minor's FD product
 - Western Union Money Transfer Service
- The Committee reviewed the risk register quarterly, which was reported in line with the Corporate Governance Direction no. 5 of 2021.
- The Committee quarterly reviewed and deliberated on the Branch Risk Rating Assessment. Further, the Committee reviewed and approved the amendments proposed to the Branch Risk Rating Methodology.
- Reviewed the quarterly risk reports (Risk Dash-board/Risk Indicator reports) of PLC and its subsidiary companies. All participants at meetings were actively encouraged to review all risks comprehensively and also to undertake analyses going beyond the requirement of regulations.
- The Committee reviewed the ALCO meeting minutes/highlights and EIRMC meeting minutes/ highlights and discussed the concerned matters and proposed necessary action.
- Reviewed the Key Performance Indicators of the Chief Risk Officer and made recommendations.

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
- The Committee reviewed stress tests to assess the impact of the increase in the level of loss ratio with the increase of objective evidences 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/ violations noted.

LIQUIDITY AND MARKET RISK

- At the beginning of the year, the Committee particularly focused on managing liquidity and market risk in response to tightened market liquidity and rising interest rates.
- Reviewed the highlight reports/minutes of ALCO meetings submitted to the Committee in assessing the effectiveness of liquidity and market risk management.
- Reviewed the adequacy of liquid assets maintained and 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 key operational risk indicators established in respect of Human Resources and Frauds and deliberated on the 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 Business Continuity Policy, made recommendations, and emphasised the rolling out of Branch BCPs.

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.
- Reviewed minutes of IT Steering Committee and deliberated on the action items therein, especially on the development of the core IT system.
- Reviewed amendments proposed to the Terms of Reference of IT Steering Committee and made recommendations.
- The Committee reviewed the arrangements for the proposed Cyber Security Insurance Policy.
- 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 Compliance Policy and Anti Money Laundering Policy and recommended for the Board approval.
- Reviewed quarterly group compliance reports which include the summary of compliance status of all subsidiaries of PLC.
- 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 together with the 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)

- During the period under review, 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.

Lankan Alliance Finance Limited (LAFL) - (PLC's Bangladesh Subsidiary)

- BIRMC quarterly reviewed the Risk Dashboard reports submitted by LAFL.
- CEO of LAFL participated in BIRMC meetings through video conferencing to explain the operations of the Company and risk mitigating strategies.
- The Committee reviewed the future strategies of the Company.

Property Development Subsidiaries

- The Committee reviewed the Risk Indicator reports submitted by People's Leasing Property Development Limited and People's Leasing Havelock Properties Limited.
- The Committee reviewed the operations of these companies including occupancy details.

The Risk and Control Department coordinated with the aforementioned subsidiaries of People's Leasing and briefed the Committee on the relevant information through various risk indicators and additional information.

Others

- Worked with the Senior Management closely and made decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.
- Supervised the procedures of Integrated Risk Management responsibilities pertaining to risk management strategies, policies and processes.
- Recommended corrective action to mitigate the effects of specific risks at levels beyond the risk tolerance levels approved by the Board and on the basis of Company's policies, regulatory and supervisory requirements.

During the year under review, the BIRMC extended its support in line with the risk appetite and tolerance framework and also by reviewing and recommending policies, manuals and products to the Board, and in the execution of overall business strategy emphasising the upside and downside risks which can have an impact on the Company and the Group.



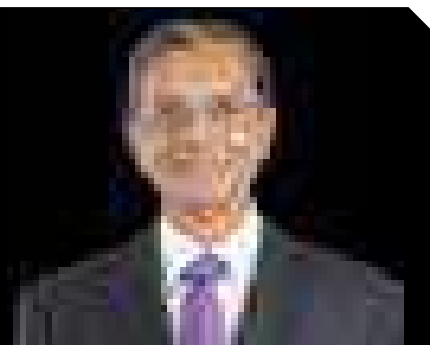
Chanura J. Wijetillake

Chairman of the Committee

02 June 2023

BOARD CREDIT COMMITTEE

It was decided to appoint a Management Level Credit Committee to serve as an Intermediary level Credit Authority to enable deeper scrutiny particularly on significant high risk and complex credit applications.



The Board Credit committee is a voluntary Committee formed by the company in order to oversee the Credit Functions as well as to assist the Board of Directors in reviewing and overseeing the overall lending process of the Company. The management Credit Committee makes necessary recommendations to the Board Credit Committee (BCC). BCC was formed on 24th March 2022 to be effective from 1st April 2022 and the first meeting was convened on 2nd June 2023. The Committee is pleased to present its report for the year ended 31st March 2023.

COMPOSITION AND ATTENDANCE

The Committee currently consists of three non-executive board members, the majority of whom are Independent Directors (Profiles of the members are given in to the pages 120 to 123).

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the Committee

The Committee met four times during the year under review.

The Chief Executive Officer of the Company is a permanent invitee of the committee and when necessary SM Corporate Finance, Head of Risk, AGM – Recoveries as well as the Acting Head of Credit attended Committee meetings by invitation.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

SCOPE OF THE COMMITTEE

- Consider and recommend to the Board of Directors on the overall Credit Strategy and Credit Policy of the Company
- Consider and recommend to the Board of Directors on Manuals and lending guidelines related to Credit including any changes required from time to time
- Review and recommend the appropriate portfolio mix/ diversification by considering Market Conditions/ Economic Climate of the Country, Risk Appetite, Regulatory Requirements and Risk Return Tradeoff.
- Sanction of Credit Proposals – The Committee shall consider and approve/decline credit proposals within its delegated credit approving authority limits
- Review and make suitable recommendations to the Board on the Credit Proposals that are beyond its delegated credit approving authority limits
- Review of 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.
- Evaluate 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.
- Consider and approve 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 including periodical review of the same

BOARD CREDIT COMMITTEE

No.	Members of the Committee	Non- Executive	Independent	Non-independent	No of Meetings Attended
1	Mr. Ranjith Kodituwakku – Chairman (Ceased w.e.f 3rd Feb 2023 upon his resignation)	✓		✓	3/4
2	Mr. Chanura J. Wijetillake	✓	✓		4/4
3	Mr. U.L.A.W.Bandara	✓	✓		3/4
4	Ms. Roshini Wijerathna – appointed w.e.f 27th April 2023	✓		✓	

TERMS OF REFERENCE

The Board Approved Terms of Reference ('TOR') sets out the functions of the Committee

SCOPE OF THE COMMITTEE

- Review and approve the Credit scoring Model to evaluate the Credit Risk or the Probability of Default of the Borrowers and review 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.

CONCLUSION

The Committee recognizes the value of a strong credit culture and is committed to ensuring that the company's credit management policies and practices remain at the highest level. Furthermore, the Committee believes that the committee recommendations will help to ensure the Board's and management team's credit and lending objectives effectively.



Chanura J. Wijetillake

Committee Chairman (pro tem)

02 June 2023

AUTHORITY

The recommendations of the Committee are brought to the notice of the Board to make a final decision. The Committee is authorized to obtain professional advice as and when required at the expense of the Company.

ACTIVITIES 2022/23

During the year, the Committee formed the Management Credit Committee as an Intermediary level Credit Authority with the primary goal of intensifying credit scrutiny through consensus decision making, particularly on significant high risk and complex credit. The committee suggested revising delegated credit limits at the regional level as a proactive measure to reduce credit deterioration and centralize for better management.

Furthermore, the Committee recommends that the Board of Directors maintain a strong and diverse loan portfolio while closely monitoring credit risk.

BOARD INVESTMENT COMMITTEE

It was decided to appoint a Management Level Investment Committee in order to review the Company's investment portfolio and assess its performance on an ongoing basis.



The Board Investment Committee is a voluntary Committee of the Board of Directors formed to oversee the company's investment activities and strategic direction. The management Investment Committee makes necessary recommendations to the Board Investment Committee (BIC) on potential investment opportunities. BIC was formed on 27th December 2021 and the first meeting was convened on 12th January 2022. The Committee is pleased to present its report for the year ended 31st March 2023.

COMPOSITION AND ATTENDANCE

The Committee currently consists of three non-executive board members (Profiles of the members are given in to the pages 120 to 123).

The Company Secretary of People's Leasing & Finance PLC functions as the Secretary to the Committee.

The Committee met Seven times during the year under review. The first formal meeting of the Committee was held on 12th January 2022.

When necessary, the Chief Executive Officer, Chief Manager- Finance, Senior Manager – Corporate Finance and Manager Strategy attended Committee meetings by invitation.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

SCOPE OF THE COMMITTEE

The Board Investment Committee would be responsible for reviewing/ evaluating the potential investment opportunities of the Company and advising the Board in relation to such investments.

- To establish the Company's investment strategy to be in line with the Company's Vision and Mission and review annually.
- To assess whether such investments are in line with Investment Policy Statement.
- To evaluate high profile investment opportunities or investments that has a substantial impact to the business structure of PLC. They include 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.

BOARD INVESTMENT COMMITTEE

No.	Members of the Committee	Executive	Non- Executive	Independent	Non-independent	No of Meetings Attended
1	Mr. K.C.J. Clive Fonseka - Chairman		✓		✓	6/7
2	Mr. Chanura J. Wijetillake		✓	✓		7/7
3	Mr. Azzam A. Ahamat		✓		✓	7/7

TERMS OF REFERENCE

The Board Approved Terms of Reference ('TOR') sets out the functions of the Committee.

AUTHORITY

The recommendations of the Committee are brought to the notice of the Board to make a final decision. The Committee is authorized to obtain professional advice as and when required at the expense of the Company.

ACTIVITIES 2022/23

During the year, the Board Investment Committee has formed the Management Investment Committee in order to review the company's investment portfolio and assessed its performance in order to identify the potential investment opportunities.

The Committee also evaluated the effectiveness of the company's investment policies and strategies and made recommendations for adjustments as necessary.

The Committee has worked closely with management to ensure that the company's investment decisions are informed by comprehensive research and analysis, and that the portfolio is positioned to capture opportunities while managing risk effectively.

During the year the committee approved the Investment policy statement by setting investment thresholds for the Company.

Further, the committee reviewed and revised the Treasury Policy and Procedure Manual.

Based on its review the Committee believes that the proposed policies and strategies are aligned with the company's risk tolerance, financial objectives, and market conditions.

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 Fonseca

Chairman of the Committee

02 June 2023

COMPLIANCE RISK MANAGEMENT

Compliance and Regulatory Risk refers to the potential risk to the Company resulting from the failure to comply with applicable laws, rules and regulations, internal policies, codes of conduct and standards of good practice that could result in regulatory fines, financial losses, and / or disruptions to business activities and reputational damage.

COMPLIANCE AND REGULATORY RISK MANAGEMENT APPROACH

The Compliance Risk Management Framework of People's Leasing & Finance PLC (People's Leasing) establishes the control environment to determine the Company's compliance with both internal and external requirements encompassing the Company's internal policies and standards of conduct as well as laws and regulations applicable to various aspects of the business. The framework is designed to provide comfort that the regulatory compliance requirements are continuously monitored and implemented as needed.

ROLE OF THE COMPLIANCE FUNCTION

The Compliance function plays a key role in facilitating, overseeing compliance risk management activities within the Company. The Compliance function is tasked with assessing the Company's compliance with external regulations and internal policies on an ongoing basis and reporting these findings directly to the BIRMC.

COMPLIANCE CULTURE

The Company's culture and the shared values plays a key role in managing Compliance and Regulatory Risk. For this reason, the Company has put in place a range of conduct policies and procedures to make employees aware about conducting themselves appropriately in day-to-day situations and during unexpected occurrences.

KEY DEVELOPMENTS FOR FY 2022/23

In the year under review, a new Compliance Hotline was established to enable employees to report potential risks directly to the Compliance department. The activities of the Compliance function were also further streamlined with dedicated officers assigned to manage specific compliance risk areas.

Meanwhile in an efforts to further strengthen the Compliance management across the Company, the following formal policies and procedures were implemented;

- Compliance Policy Manual
- Share Trading Policy
- Outsourcing Policy
- RPT Policy & Manual
- AML Policy
- AML Procedure & Guidelines

The Company also continues to invest in technology systems for the purpose of collecting information, and monitoring of internal and external compliance. During the year, People's Leasing began the GoAML implementation, a fully integrated Anti Money Laundering software solution developed specifically for use by Financial Intelligence Units (FIU's)



LEADERSHIP

- Provides adequate funding and staffing for the compliance
- Ensures to do a performance evaluation with the department

PRINT-ASSESSMENT PROGRAM(S)

- Map defined laws and regulations to applicable line of business and shared service functions
- Establish Common risk language, definitions and tolerance levels
- Develop methodology to prioritise and identify high-risk compliance areas of focus
- Align the risk-assessment program with other components of the compliance of the program

COMPLIANCE TRAINING

- Conduct risk focused compliance training assessments
- Develop training plans, both at the enterprise and line of business/ shared service levels
- Develop role-based training programs as appropriate
- Conduct training sessions

POLICIES AND PROCEDURES AND RELATED CONTROLS

- Develops and maintains formalised regulatory compliance risk policies, procedures and related controls documentation
- Anchor policies, procedures and related controls documentation to regulatory guidance as appropriate

GOVERNANCE

- Establish clear roles and responsibilities
- Set and maintain a "culture of compliance"
- Establishes and maintain library of applicable regulatory requirements and/or governance and management compliance

REGULATORY INTERACTION AND COORDINATION

- Maintain an enterprise-wide view of recent and planned examination activities and findings
- Determine communication protocols with the regulations
- Establish a standard process to receive and respond to regulatory inquiries

REPORTING AND COMMUNICATION

- Identify reporting requirements develop dashboards, and critical key risk indicators
- Provide ongoing and periodic reporting to senior management and the Board, Regulators and Internal Audit
- Establish compliance communication plan and frequency for critical messaging
- Establish formal communication protocols to escalate identified regulatory compliance issues to responsible parties

INTERNAL CONTROLS

- Ensure to develop internal policies, manuals, circulars and guidelines
- Corroborates on system controls and system screening

COMPLIANCE TECHNOLOGY

- Develop detailed compliance requirements
- Evaluate technology platforms and leverage existing infrastructure where possible
- Identify and document critical technology platforms leverage by compliance



RISK MANAGEMENT REVIEW

OVERVIEW

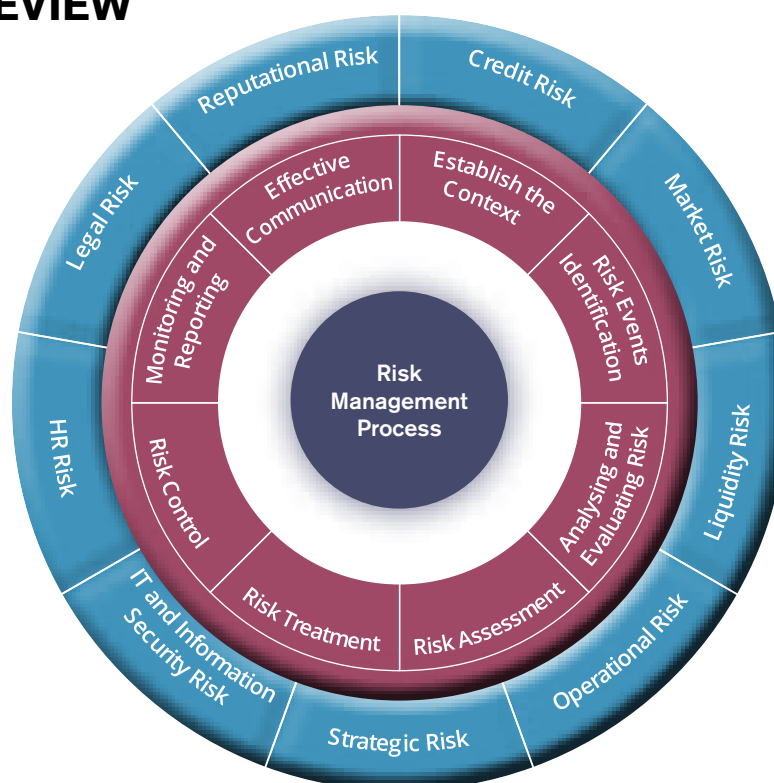
As a financial institution, risk is inherent in People's Leasing & Finance PLC's business activities. As the main custodian of Risk Management, the Board has adopted an enterprise-wide approach to support prudent risk-taking to enable the business model to support the Company's strategic objectives. The purpose of the Enterprise Risk Management (ERM) approach is to address all key risks that could have a potential negative impact on the earnings, capital, and liquidity of the Company. The success of the ERM process is anchored by a strong risk governance structure and supported by a fully fledged risk management framework comprising tolerance limits, policies and procedures, appropriate management information systems, along with internal controls and risk testing tools.

RISK UNIVERSE

Our risk universe represents the risks that are material to the Company's business as a financial service provider. A highly disciplined risk management process ensures all material risks are identified, well understood, accurately measured, controlled and proactively managed in order to safeguard the Company's financial strength and reputation as well as retain the public trust in the People's Leasing brand.

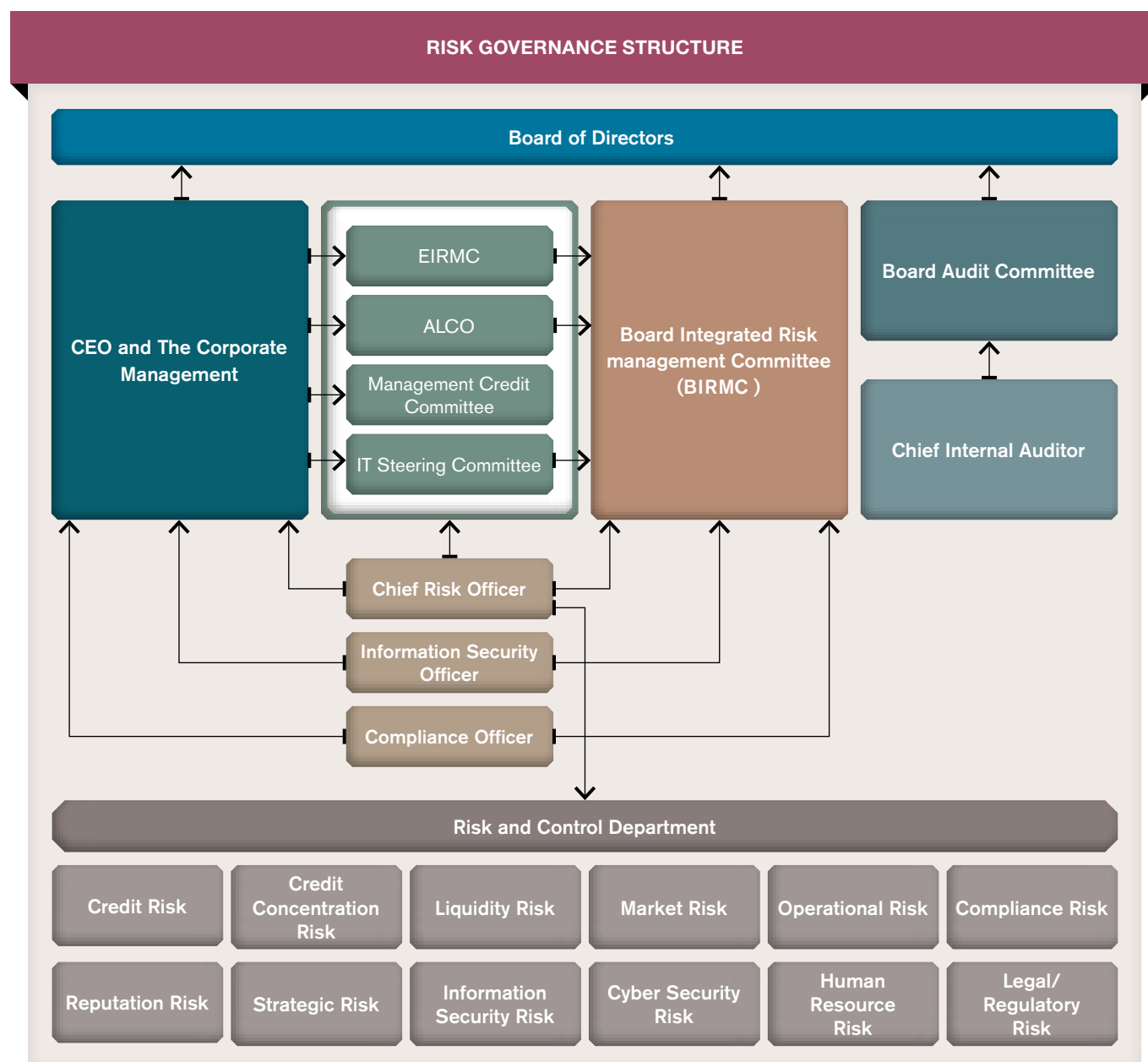
RISK MANAGEMENT PROCESS

The Risk Management Process is based on a clear understanding of the various risks the Company faces, followed by systematic assessment, measurement and continuous monitoring in the form of risk dashboards against the predetermined risk appetite approved by its Board. The risk management process at People's Leasing comprises an eight point cycle that starts with establishing the context, identifying risk events, analysing and evaluating risk, assessing risk, risk treatment, followed by monitoring and control of risk and finally risk reporting to disseminate risk information to all appropriate internal stakeholders.



Process Element	Description
Establish the Context	Involves defining the scope for the risk within the context of the Company's strategic objectives. Clearly defined parameters help to identify risks that affect the achievement of those objectives. The impact of external macro factors are considered for their impact on the Company's strengths and weaknesses or ability to create opportunities and threats that could influence the Company's objectives.
Risk Events Identification	Potential risks arising from internal and external events which affect achieving the Company's objectives are identified in a timely manner. Risk identification is performed through brainstorming sessions, incident reporting, Branch level self-risk assessments, internal audit report findings, using tools such as PEST analysis, Scenario Analysis, etc.
Analysing and Evaluating Risk	Risk analysis involves the assignment of an overall rating, likelihood and consequence of risk events and evaluating existing controls and determining the effectiveness of these controls as risk mitigants. Identified risks need to be analysed for dependencies to address risks in an integrated manner. Quantitative tools and qualitative information are used to effectively analyse and evaluate risks.
Risk Assessment	This process involves assessing risks in terms of the likelihood and impact on Company earnings and capital to mitigate any potential risks. Stress tests are performed for all major categories of risks to gain understanding of impact on earnings and capital in the case of risk materialisation.
Risk Treatment	Risk avoidance, risk reduction, risk acceptance and risk sharing/transferring are the risk treatment options available and appropriate risk responses are selected to align with the risk appetite. In selecting the most appropriate risk response, the cost of implementing each activity and benefits are considered.
Risk Control	This element includes establishing key control processes and practices including limit structures, provisioning requirements and reporting standards.
Monitoring and Reporting	Monitor controls and adherence to risk tolerance limits and risk appetite provide early warning of control or appetite breaches. Reports are made available to BIRMC, EIRMC, Management Credit Committee and the corporate management on potential risk exposures, concentrations and risk-taking outcomes.
Effective Communication	This involves effectively communicating information in a broader sense, flowing down, up and across the Company. Also, the Company ensures that information flows amongst above activities in the risk management process.

RISK MANAGEMENT REVIEW



KEY ROLES AND RESPONSIBILITIES

Board Oversight for Risk

The Board of Directors of People's Leasing is the ultimate authority responsible for management of Risk. In this capacity, the Board sets the Company's risk strategy and risk appetite boundaries for all key risk categories. As main custodian responsible for risk management, the Board determines guidelines for the management and control of the Company's key risks and for ensuring appropriate risk policies and limits are established for all important risk areas.

Role of Committees in Risk Management

The Board Integrated Risk Management Committee (BIRMC) is the main Committee that assists the Board in executing its risk management responsibilities. As per the Terms of Reference set out by the Board, the main role of the BIRMC is to engage in proactive risk monitoring and reporting to the Board. The BIRMC is also tasked with 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.

Other Board level committees involved in risk management duties are the Board Audit Committee, the Board Credit Committee (BCC) and the Board Investment Committee (BIC). The BCC and BIC were both newly established voluntarily by the Board recent years.

BOARD LEVEL COMMITTEES

Board Integrated Risk Management Committee (BIRMC)	Board Audit Committee (BAC)
Chaired By: Non-Executive, Independent Director	Chaired by: Non-Executive, Senior Independent Director
Members: Three Non-Executive, Non-Independent Directors	Members: Two Non-Executive Directors
Regular invitees included: CEO/GM, COO, CRO, Head of Branch Network, Head of Operations, Compliance Officer, Chief Internal Auditor, Representative officers of People's Leasing subsidiary companies	Invitees included: Key Management Personnel, External Auditors
Key Functions: Reviewing the overall risk profile of the Company/Group	Key Functions: Overseeing financial reporting, internal controls and monitoring auditor independence
Meeting Frequency: Every two months	Meeting Frequency: Every two months
Reporting: Minutes of the BIRMC meeting to the Board Detailed report of the BIRMC is given on pages 186 to 188)	Reporting: Minutes of the BAC to the Board (Detailed report of the BAC is given on pages 178 to 179)
Board Credit Committee (BCC)	Board Investment Committee (BIC)
Chaired By: Non-Executive Director	Chaired by: Non-Executive Director
Members: Two Non-Executive Independent Directors, One Non-Executive Non-Independent Director	Members: Two Non-Executive Non- Independent Directors
Key Functions: Review Credit Functions	Key Functions: Review and recommend investments options
Meeting Frequency: As deemed appropriate, At least quarterly	Meeting Frequency: Quarterly
Reporting: Non Mandatory Detailed report of the BCC is given on pages 189 to 190)	Reporting: Non Mandatory (Detailed report of the BIC is given on pages 191 to 192)

There are also several executive level committees involved in risk management, these include the Asset and Liability Committee (ALCO), the Executive Risk Management Committee (EIRMC), the IT Steering Committee (ITSC) and the Management Credit Committee (MCC).

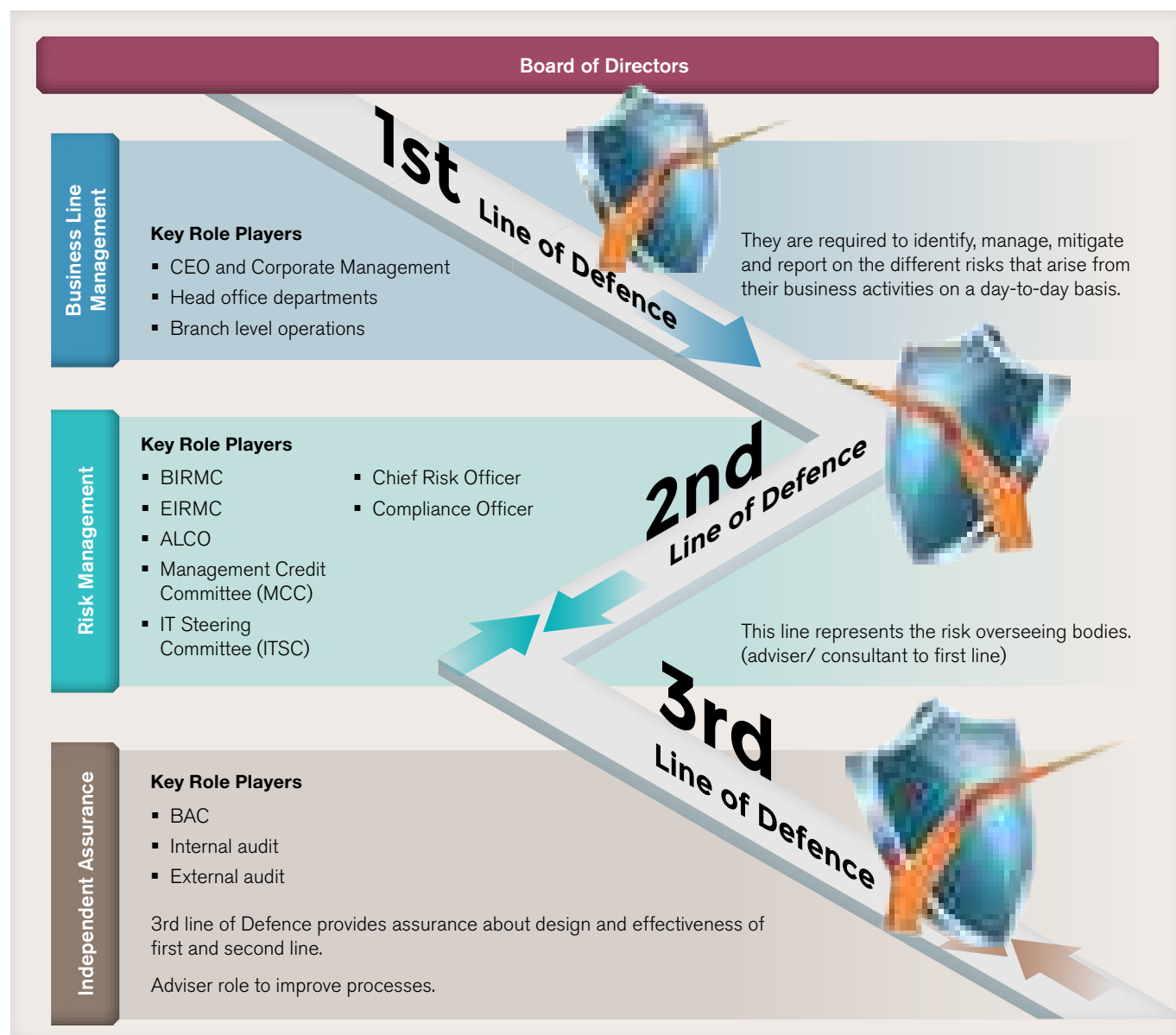
The Board updated the Terms of References of the MCC and ITSC in the current financial year to include the Chief Risk Officer as a permanent member of the Committees.

EXECUTIVE LEVEL COMMITTEES

Asset and Liability Management Committee (ALCO)	Executive Integrated Risk Management Committee (EIRMC)
Chaired By: CEO/GM	Chaired by: Chief Risk Officer
Members: COO, Head of Branch Network, Head of Operations, Head of Risk, Head of Credit, Head of Finance, Head of Treasury, Head of FD and Savings, AGM Branch Network and Product	Members: Members of Corporate management, Compliance Officer
Key Functions: Reviewing treasury, asset and liability functions of the Company	Regular Invitees Included: Chief Managers - Operations
Meeting Frequency: Monthly, Special meetings conducted for urgent matters	Key Functions: Reviewing credit related risks and operational risks
Reporting: Minutes of the meeting to the Board and a report of meeting Highlights on a quarterly basis to the BIRMC	Meeting Frequency: Monthly, Special meeting conduct whenever required
	Reporting: Recommendations to the CEO/GM Meeting Highlights quarterly to the BIRMC
Management Credit Committee (MCC)	IT Steering Committee (ITSC)
Chaired By: COO	Chaired by: CEO/GM
Members: Head of Credit, Head of Operations, Head of Branch Network, Chief Risk Officer (Non-voting) Non-Permanent Members: AGM - Legal, SM - Margin Trading, SM - Corporate Finance	Members: DGM - ICT, Information Security Officer (ISO), Divisional Heads of ICT - (Network/Server Management/Software/ Hardware/ New Business Development), Chief Risk Officer, Head of Operation, Compliance Officer
Key Functions: Reviewing and recommending/approving credit facilities, procedures related to credit administration and credit processes.	Regular Invitees Included: Information System Auditor, Head of Product Development and Digital Channel
Meeting Frequency: Daily on a pre-agreed time schedule	Key Functions: Providing support, advice, guide to ensure delivery of the project outputs, review information security programs, and other IT-related policies and procedures
Reporting: Recommendations of credit proposals to CEO/GM, BCC and Board of Directors	Meeting Frequency: Every two months and whenever necessary for urgent requirements
	Reporting: Minutes of ITSC to the BIRMC

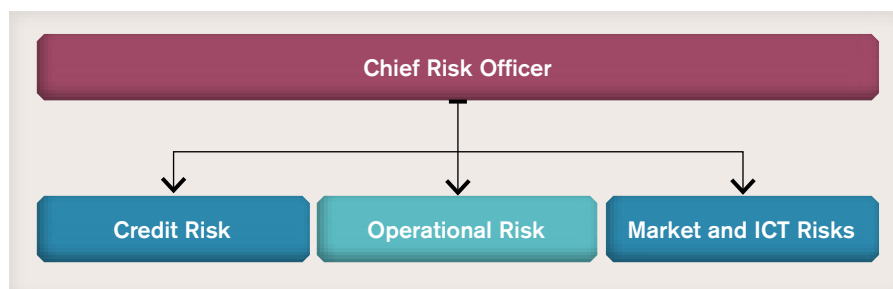
THREE-LINES-OF- DEFENCE

The three-lines-of-defence has been mobilised for the management of risk in the day to day operations.



ROLE OF THE RISK AND CONTROL DEPARTMENT

People's Leasing has a dedicated Risk and Control Department which supports the Board and Board Committees in discharge of their duties related to risk management. The department, headed by the Chief Risk Officer has the functional responsibility for identifying, assessing risks that could impact achievement of our strategic objectives, including by monitoring early warning signs, forecasting potential for future losses. The Risk and Control Department is also responsible for ensuring risk mitigation strategies are implemented in line with the Board approved risk management framework.



RISK AWARENESS CULTURE

The Board sets the tone from the top via policies and procedures that promote the risk awareness culture, while managers of business units are held accountable for ensuring these policies, procedures and standards are implemented and adhered to, without exception. The Risk and Control Department undertakes continuous training and other capacity building initiatives to reinforce the risk awareness culture at all levels of the business.



MANAGING KEY RISKS IN FY 2022/23

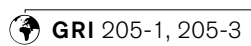
RISK DISCUSSION FY 2022/2023

The fallout from the unprecedented economic contraction during the first half of 2022 created major uncertainties from fuel shortages, power outages to widespread scarcity of key imported raw materials and other essentials and the highest interest rates in more than a decade. The situation was further exacerbated by tight market liquidity conditions following Sri Lanka's sovereign rating downgrade. Meanwhile inflation reached runaway levels due

to the combined impact of the sharp depreciation of the Sri Lanka rupee against the USD, and the release of pent up demand pressures emanating from the lagged impact of monetary accommodation in the recent past. With most sectors of the economy affected by one or more of these challenges, private sector credit demand decelerated in the first three quarters of the financial year. The construction and transport sectors in particular were more severely affected.

The stringent new tax regime introduced in early 2023 further added to the pressure.

As a direct consequence of these factors, Credit Risk remained at elevated levels as borrowers found it difficult to service their loans due to the contraction in business activities, especially in the construction and transport sectors.



Environment	Risk Type	Trend	Risk Indicator	Unit	Appetite	31.03.2023	31.03.2022
I	Credit Risk	↑	Non-performing ratio (gross)	%	<5	10.15	8.78
			Three months overdue ratio (gross)	%	<10	5.69	8.42
			Profit and loss charge ratio (on profit)	%	<20	15.85	12.33
			NPL/Impairment Coverage ratio	%	<75	84.03	81.90
I	Credit Concentration Risk	↔	Single/group borrower limit	Rs. billion	As per CBSL	Complied	Complied
			HHI score	Points	<0.4	0.23	0.23
I	Liquidity Risk	↑	Liquid assets ratio	%	>100	379.44	148.88
			Maturity mismatch ratio (up to one year)	%	>-45	7.68	(22.84)
			Facilities granted from stable sources	%	<150	86.50	101.59
			Liquid assets to short-term liability ratio	%	>30	1160.62	232.33
			Maximum single depositor concentration	%	<5	1.59	4.53
			Exposure to bulk deposits (over Rs.50 million)	%	<20	10.13	20.54
E	Market Risk	↑	Interest rate sensitivity	%	<6	1.12	(1.92)
			Repricing gap ratio	%	>-20	13.76	4.07
I	Operational Risk	↑	Frauds detected (value as a percentage of operational expenses) - FY 2022/23	%	<0.5	0.56	0.16
			Unsatisfactory audits as a percentage of total audit reviews) - FY 2022/23	%	<15	0.01	3.13
			Staff turnover ratio (annual)	%	<15	12.20	9.84
			Cost to income ratio	%	<50	52.64	43.74
E	Regulatory Risk	↔	Capital adequacy ratios				
			Tier 1 capital ratio	%	>10	25.76	18.76
			Total capital ratio	%	>14	26.61	19.67
I	Strategic Risk	↑	Capital funds ratio	%	>12.5	39.42	37.53
			Return on equity ratio	%	>15	7.68	12.74
			Return on assets ratio	%	>3.5	2.47	3.85
			Net interest margin	%	>7.5	7.35	8.11
E	Investment Risk	↔	Gearing ratio	Times	<7	3.15	3.41
			Equity Investment Ratio	%	<4.5%	0.51	0.06
			Non-Trading & Strategic Investments	%	<12.5%	9.63	9.10
I	Information Security Risk	↑	Information Security incident Management	Checked by ISO		Checked	Checked
			Business Continuity Management – ICT			Checked	Checked
			Access Management	Periodic user access review		Complied	Complied

I Internal E External

There were no incidents of corruption reported in the reporting financial year. However 0.56% of operations were assessed for risks related to corruption.

Key Risk Management Initiative in FY 22/23 - Development of ICAAP

Taking an important step to strengthen the Company's Capital Management efforts, the People's Leasing Board decided to voluntarily adopt the Internal capital Adequacy Process (ICAAP) in FY 2022/23. The purpose of the ICAAP is to document the process for assessment of the Company's capital adequacy against pillar I risks as well as significant risks

under pillar II of the Basel Capital Accord. ICAAP helps the Company's efforts to understand and assess risks it is exposed to during the course of business and mobilise appropriate mitigation action in order ensure adequate current and future capital necessary to support the Company's operations considering those risks. Pillar-I risks are measured using a

standardised approach for Credit Risk and Basic Indicator Approach (BIA) for measuring capital requirements related to operational risk. In assessing additional risks covered under Pillar-II, suitable models were introduced based upon existing information and industry best practices.

CREDIT RISK

Credit risk is defined as the potential loss arising from the customers' failure to meet contractual obligations as and when they fall due. For People's Leasing, Credit risk occurs primarily as a consequence of lending activities - granting of loans and advances to individuals, SME's and corporates.

Credit Risk consists of three major components; Default Risk, Credit Concentration Risk and Recovery Risk.

Default Risk Management

The process of managing Default Risk begins at the Credit Evaluation stage. The Board approved Credit Policy sets out the main criteria for granting credit facilities, including authorised limits for evaluation of credit proposals. 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 being a permanent member of the Management Credit Committee, involves in the evaluation process.

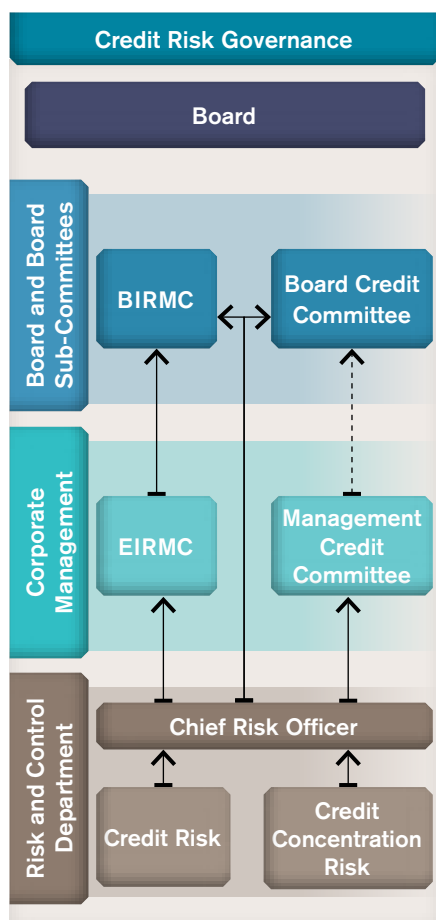
Meanwhile the Post Disbursement Review Policy mandates the Risk and Control Department to perform an independent monthly post disbursement review based on random sampling of credit facilities granted within a month of disbursement. All identified gaps/deviations are communicated to appropriate authority levels (Branch Managers, RMs/Zonal AGMs, Head of Branch Network, Chief Operating Officer and Chief Internal Auditor) 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 and vehicle valuers to obtain independent collateral valuations of properties/vehicles.

Concentration Risk Management

Concentration Risk is managed as per the Board approved Risk tolerance thresholds for Sector/Asset Class. Given the highly volatile economic conditions during the year new product-wise tolerance limits were introduced in FY 2022/23. The Risk and Control Department is tasked with reviewing Concentration Risk and reporting findings to the EIRMC and the BIRMC.

Recovery Risk Management

The Company has established clear recovery structures both at branch level and at the Head Office. At the Head Office, the Special Recovery Unit monitors recovery based on the early warning information and results of stress tests performed by the Risk and Control Department, while the Legal Recovery division handles litigation cases.



Steps taken by the Board to Strengthen Credit Risk Management in FY 2022/23

Changes to the Credit Policy

- Strengthened the credit criteria used in the Credit Evaluation Process
- Brought in amendments to comply with the CBSL Direction No.1 of 2020 - classification and measurement of credit facilities

Changes to the Post Disbursement Review Policy

- Enhanced the sample cover to be reflective of the population of credit review
- Reviewed the sample selection criteria

Oversight procedures

- Appointed the CRO as a permanent member of the Management Credit Committee to bring greater scrutiny for high value facilities
- Mandatory review of all credit proposals above branch limit by the Central Credit Department

Monitoring mechanism

- Independent review of impairment assessment

Monitoring and Reporting Protocols for Credit Risk

Credit Risk Monitoring Criteria

- Post disbursement
- Concentration limits
- Arrears, NP, Impairment, Infectious, Disposal Loss
- Top 30 customers

Credit Risk Reporting Frequency

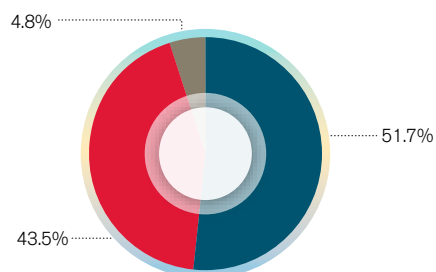
- Executive Integrated Risk Management Committee Meeting **(Monthly)**
- Board Integrated Risk Management Committee Meeting **(Every two months)**
- Management Credit Committee Meeting **(As and when required)**
- Board Credit Committee Meeting **(Quarterly)**
- Worry Watch Monitoring Meeting **(Monthly)**

Maximum Exposure

Audited	2022/23	2021/22
	Maximum Exposure Rs.000's	Maximum Exposure Rs.000's
Maximum Credit Exposures		
Gross loans and receivables	124,687	161,162
Provisions for impairment		
Individual Impairment	(2,146)	(1,655)
Collective Impairment	(8,264)	(8,263)
Net Loans & Receivables	114,278	151,274
Fair Value of loans & receivables	122,796	161,878

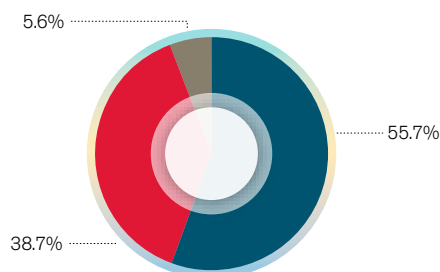
Credit Risk Update - FY 2022/23

Product Concentration 2023

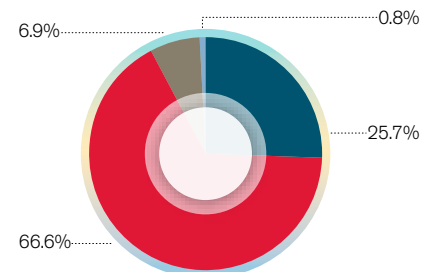


■ Lease ■ Loan ■ Islamic Products

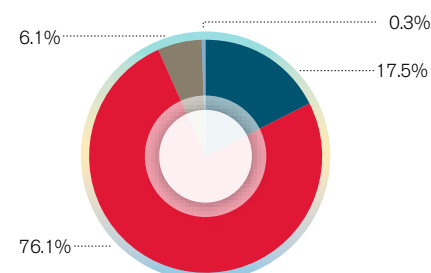
Product Concentration 2022



Concentration By Size of Advance 2023



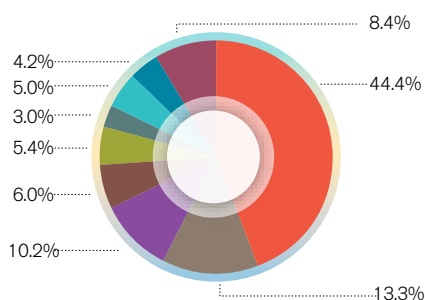
Concentration By Size of Advance 2022



■ Rs. < 1 Mn ■ Rs. 10Mn to Rs. 100Mn
■ Rs. 1Mn to Rs. 10Mn ■ Rs. > 100Mn

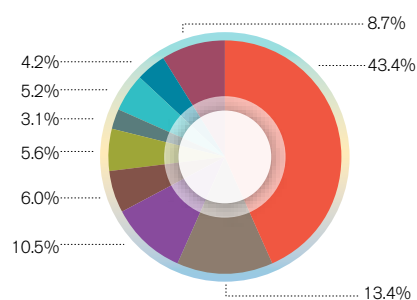
GEOGRAPHIC CONCENTRATION

Geographic Concentration 2023



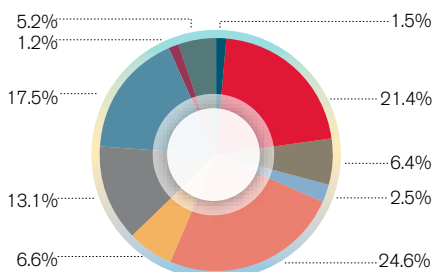
■ Western Province ■ Northern Province
■ Southern Province ■ North Central Province
■ Central Province ■ Eastern Province
■ Sabaragamuwa Province ■ North Western Province
■ Uva Province

Geographic Concentration 2022



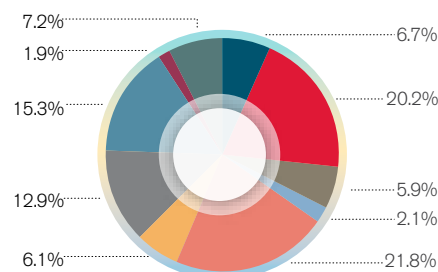
CONCENTRATION BY SECTOR

Concentration By Sector 2023

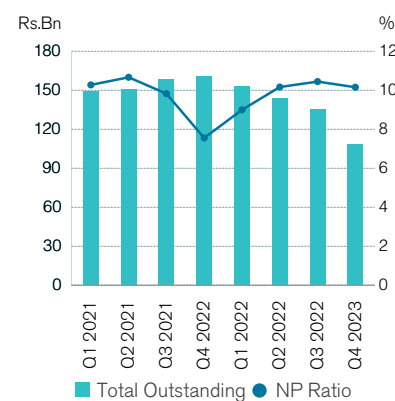


■ Financial Services ■ Construction
■ Agriculture ■ Traders
■ Manufacturing ■ Services
■ Tourism ■ Industry
■ Transport ■ Others

Concentration By Sector 2022



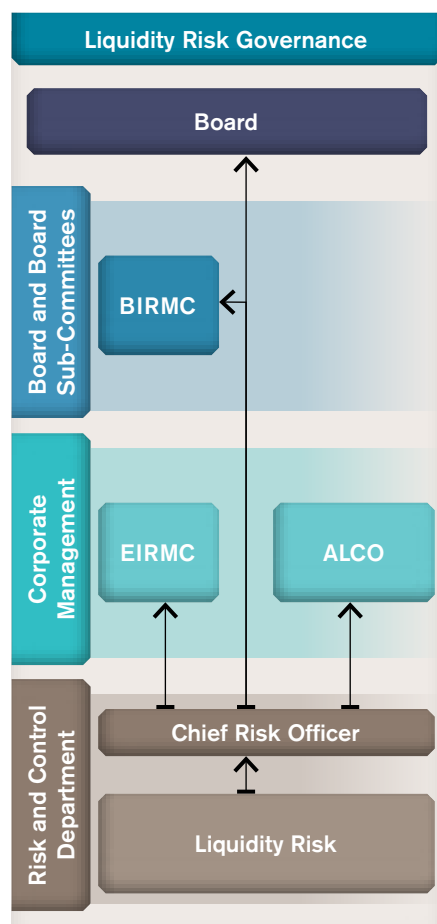
NP Ratio and Total Outstanding



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 is inherent to the People's Leasing's business and results from the mismatch in maturities between assets and liabilities.

The management of liquidity risk is based on the Board approved Treasury Policy and Procedures, the Contingency Plan as well as the Regulatory Minimum Liquid Asset requirements of the CBSL.



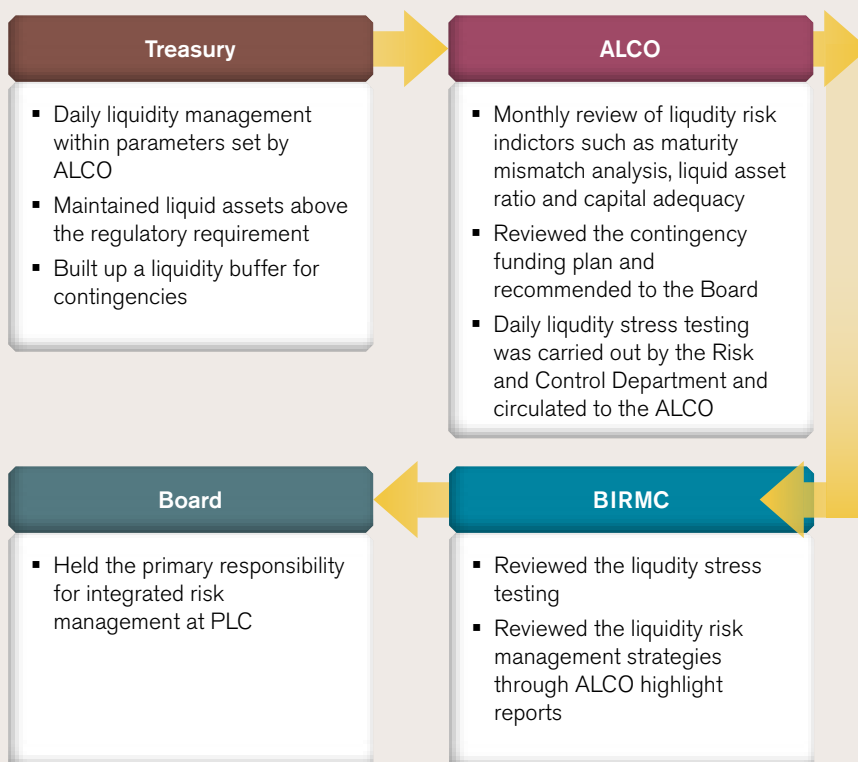
Liquidity Risk Monitoring Criteria

- Daily monitoring of Treasury limits against parameters set by the ALCO and regulatory requirements
- Daily stress testing to monitor liquid assets
- Adequacy of Contingency Plans

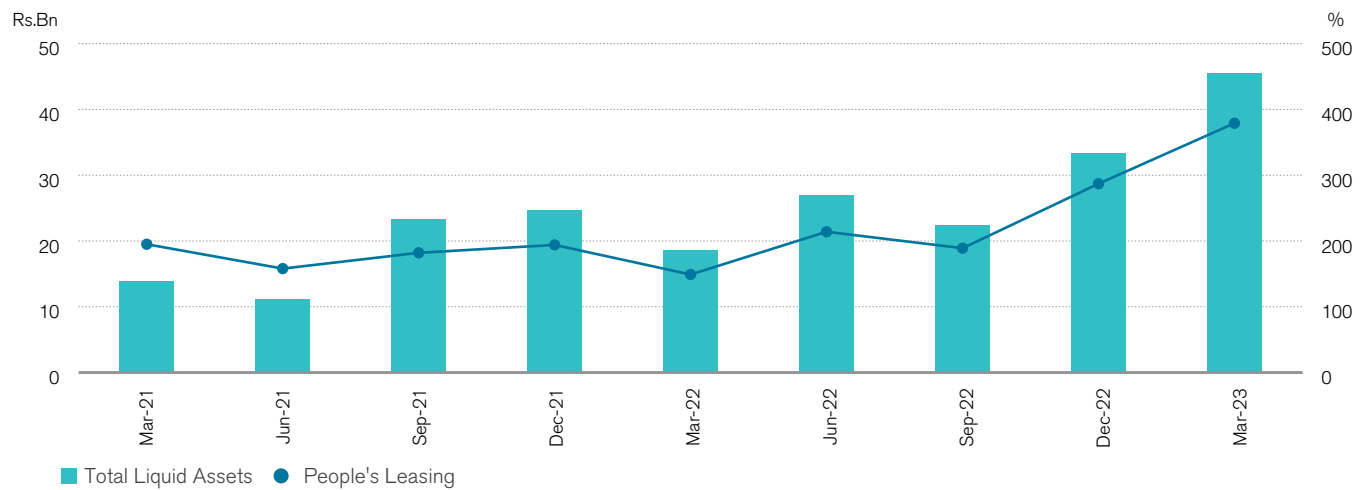
Steps taken by the BIRMC to Strengthen Liquidity Risk Management in FY 2022/23

- Reviewed and approved the Contingency Funding Plan
- Reviewed the effectiveness of liquidity risk management

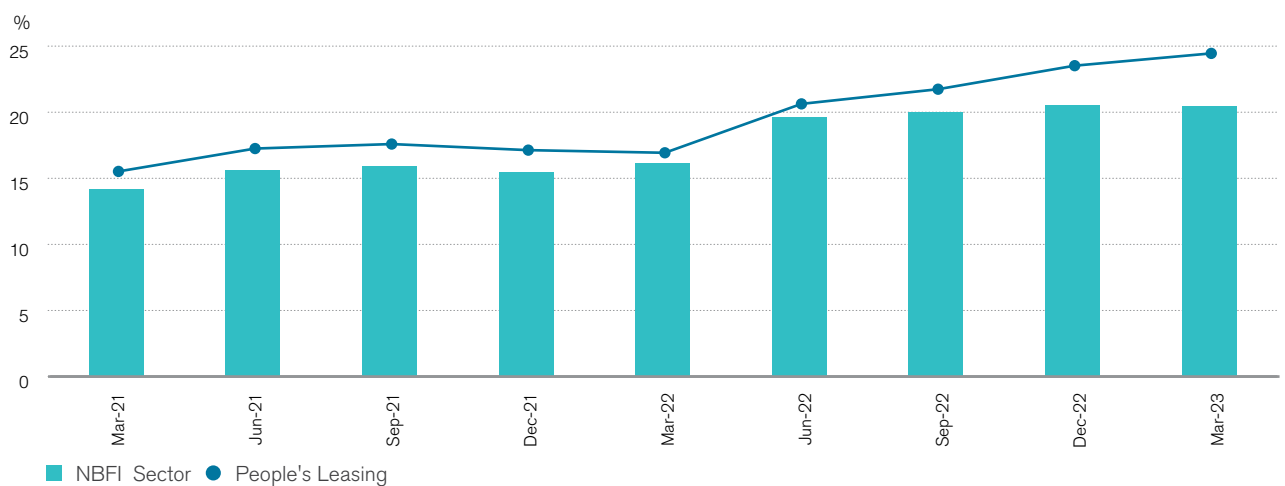
Continuing Measures in place



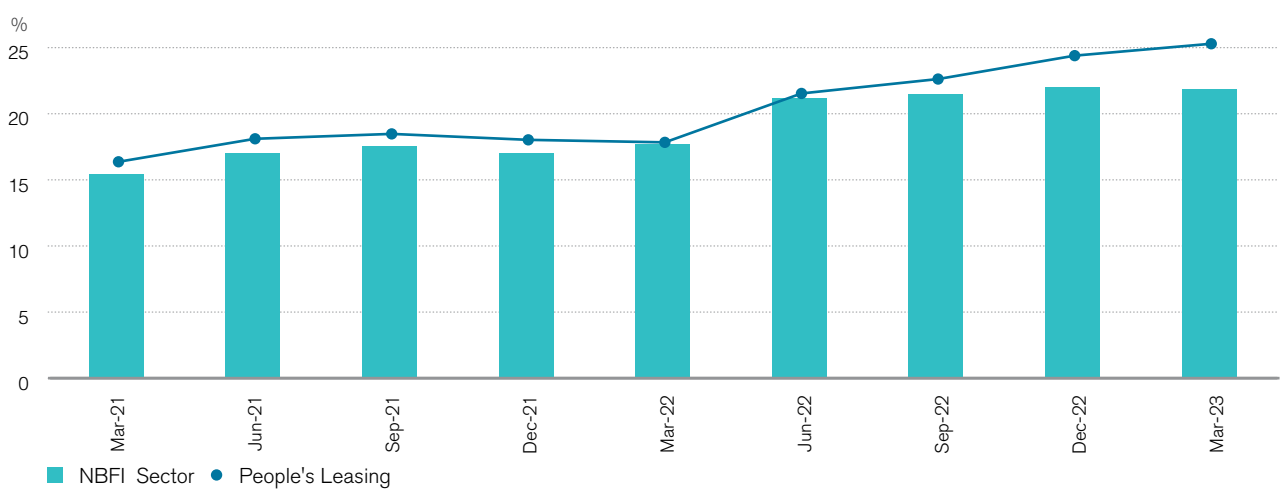
Total Liquid Assets to Liquid Asset Ratio



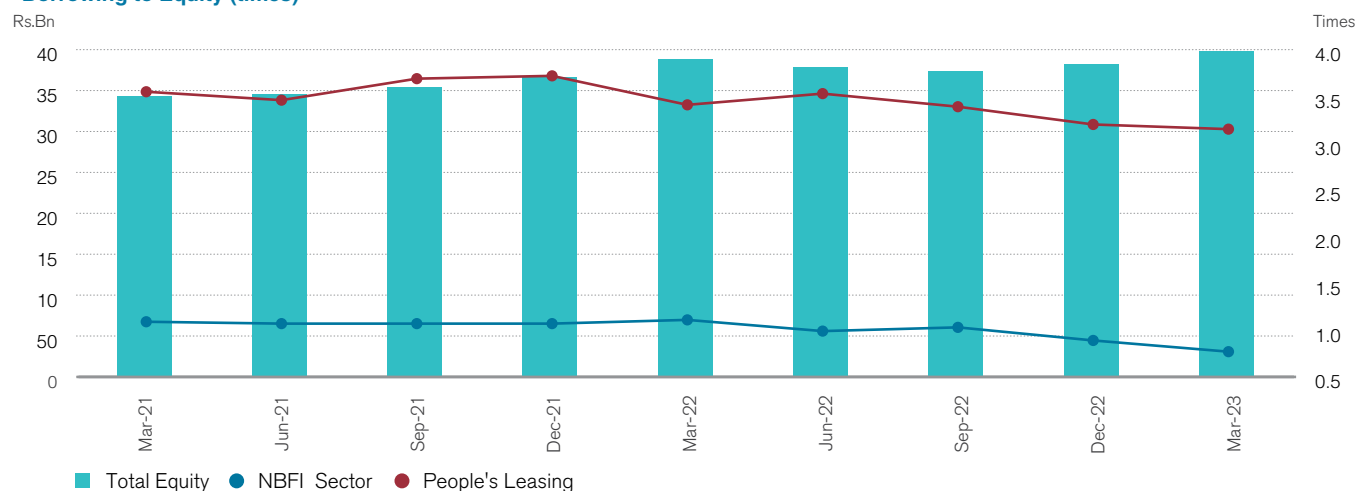
Core Capital to Risk Weighted Assets



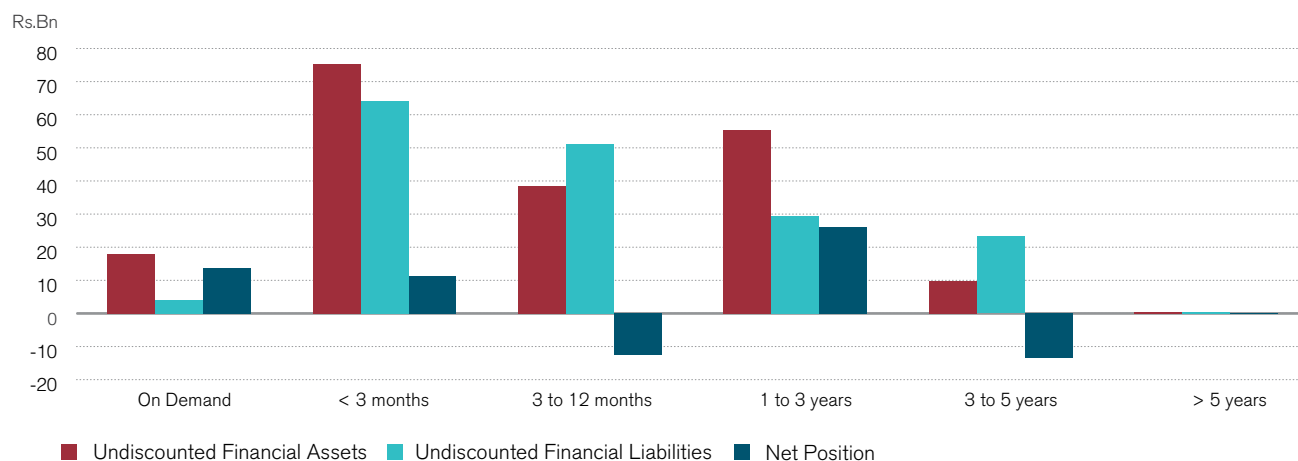
Capital Base to Risk Weighted Assets



Borrowing to Equity (times)



Maturity Profile of Undiscounted Financial Assets and Liabilities

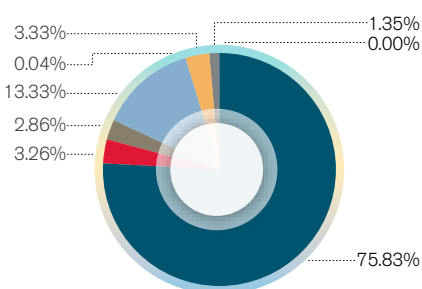


STRESS TEST FOR LIQUID ASSETS

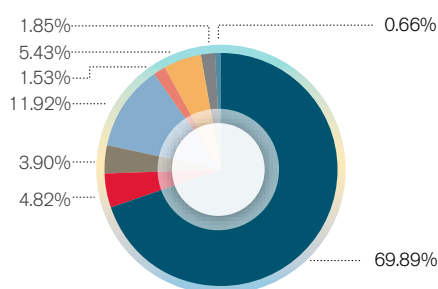
Stress Test for Liquid Assets
(Immediate withdrawal of deposits)

Scenario	10%	15%	20%
Liquid asset ratio	313%	273%	229%
Fall in liabilities (Rs. million)	11,762	17,643	23,523
Revised liquid assets (Rs. million)	33,726	27,846	21,965
Revised required liquid assets (Rs. million)	10,791	10,191	9,591

Funding Divesification 2023

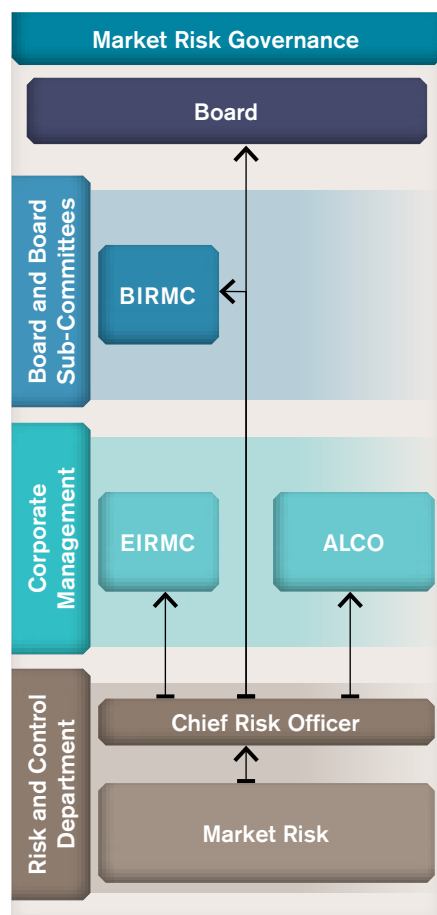


Funding Divesification 2022



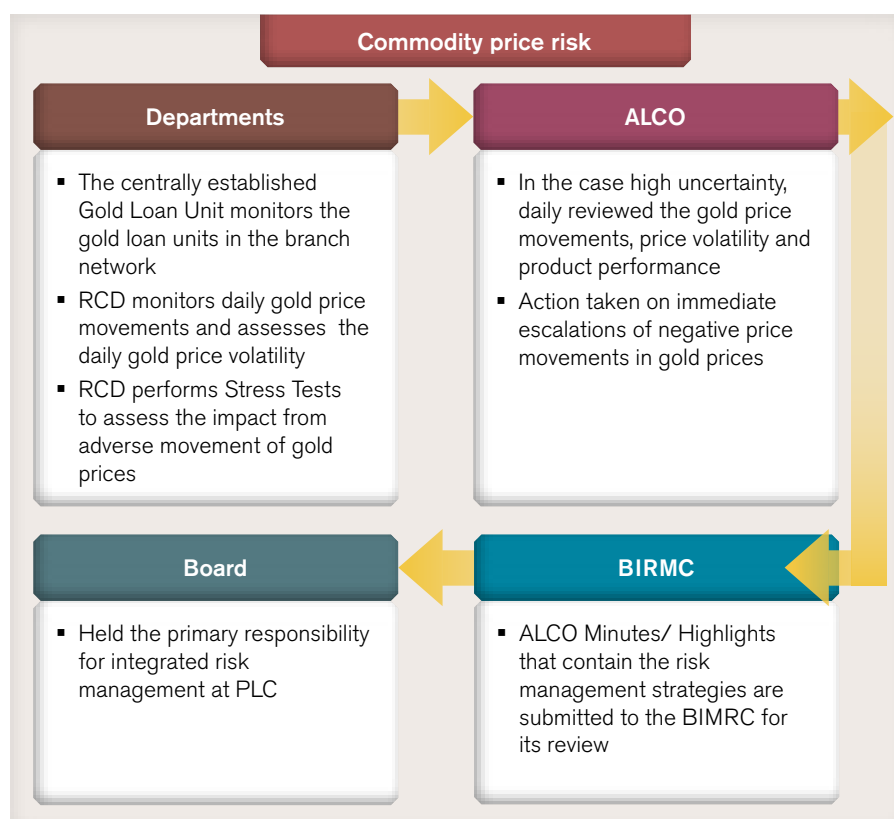
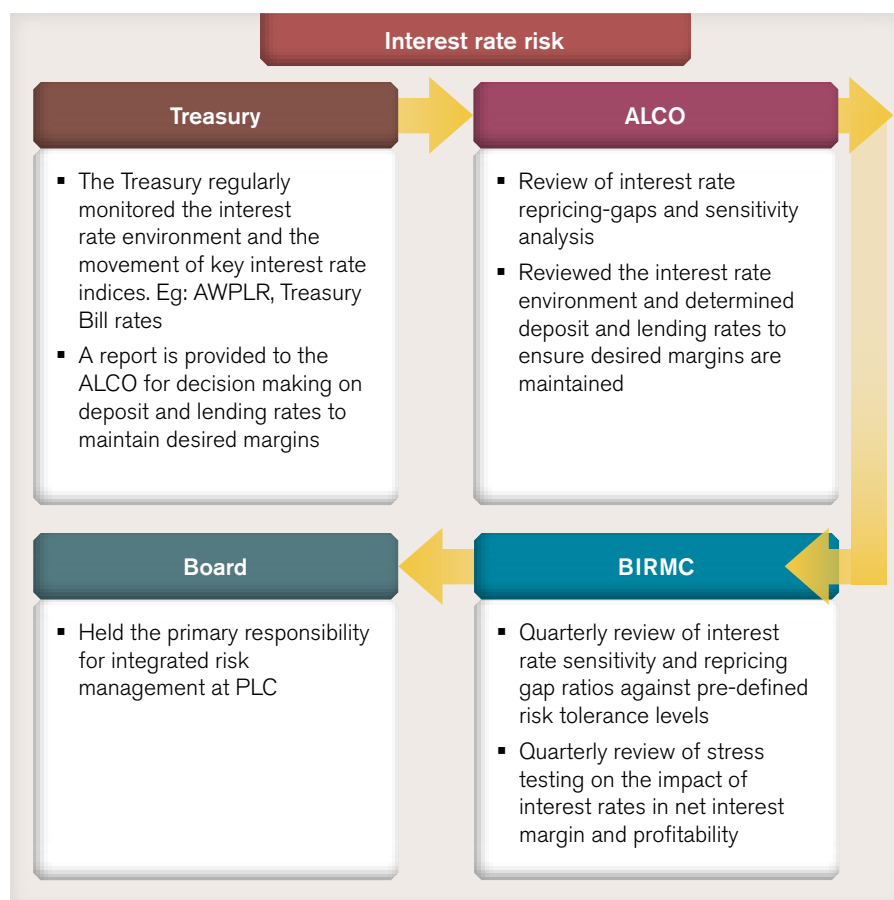
MARKET RISK

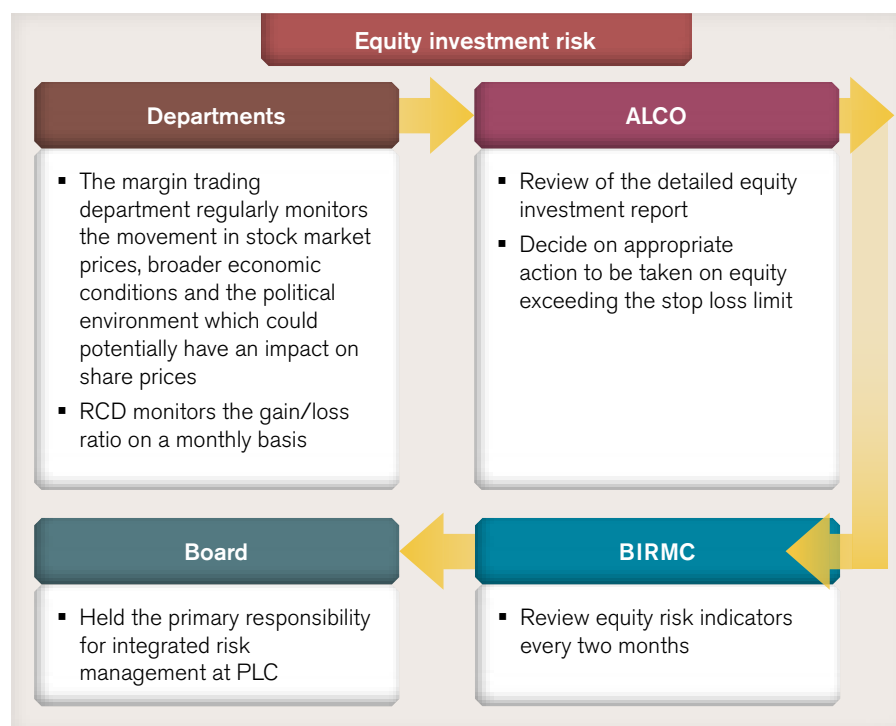
Market risk is defined as an unexpected adverse impact to the Company's investment or trading portfolios due to changes in market conditions such as exchange rate volatility, interest rate fluctuations and equity market conditions, in turn raising concerns regarding foreign exchange risk, interest rate risk, commodity price risk and equity investment risk.



COMPONENTS OF MARKET RISK

Risk Category	Risk Exposure
Interest rate risk	High
Commodity price risk	High
Equity investment Risk	Negligible
Foreign exchange Risk	Negligible

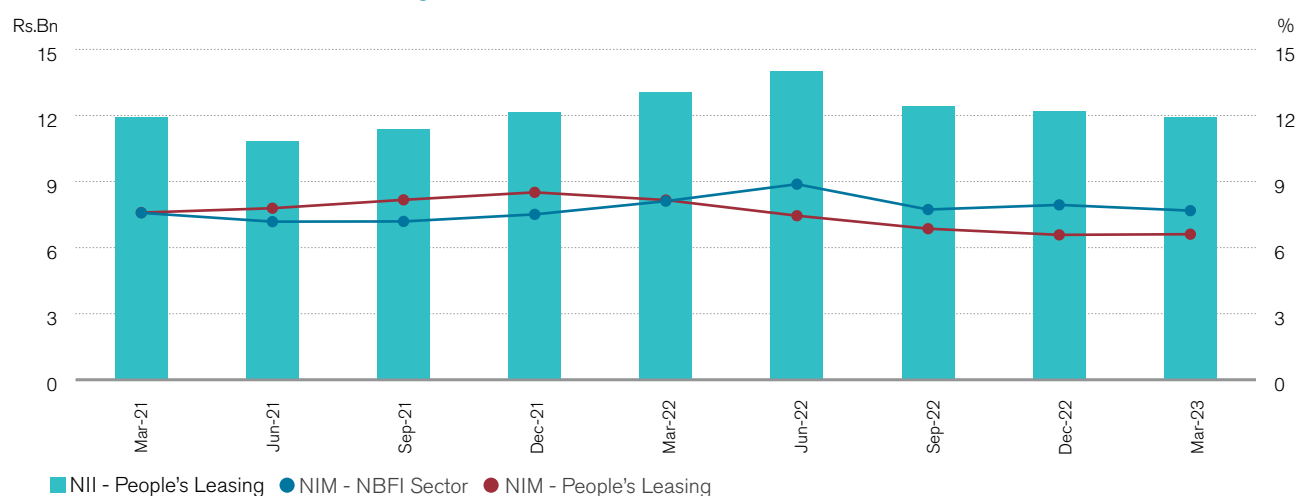




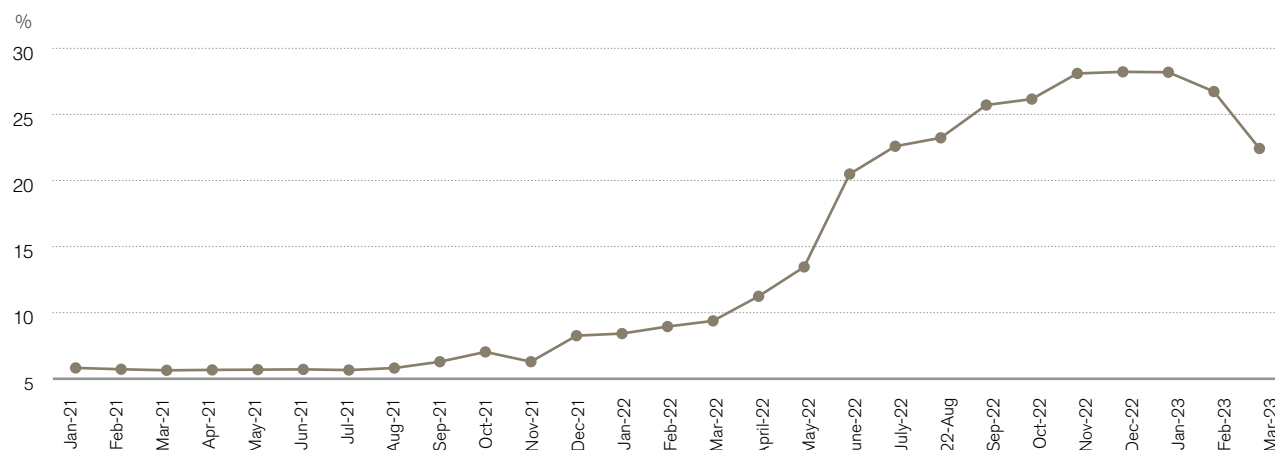
STRESS TEST ON NII – INTEREST RATE SHOCK

Impact on NIIRs. '000	2022/23		2021/22	
	Increase	Decrease	Increase	Decrease
1%	143,506	(143,506)	(15,572)	15,572
3%	430,518	(430,518)	(46,718)	46,718
5%	717,531	(717,531)	(77,864)	77,864

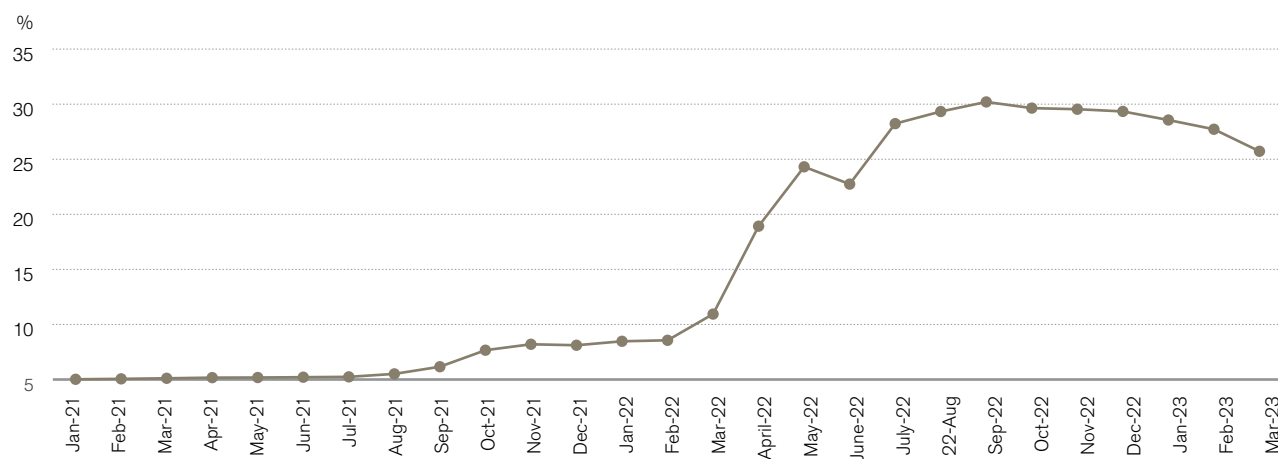
Net Interest Income and Net Interest Margins



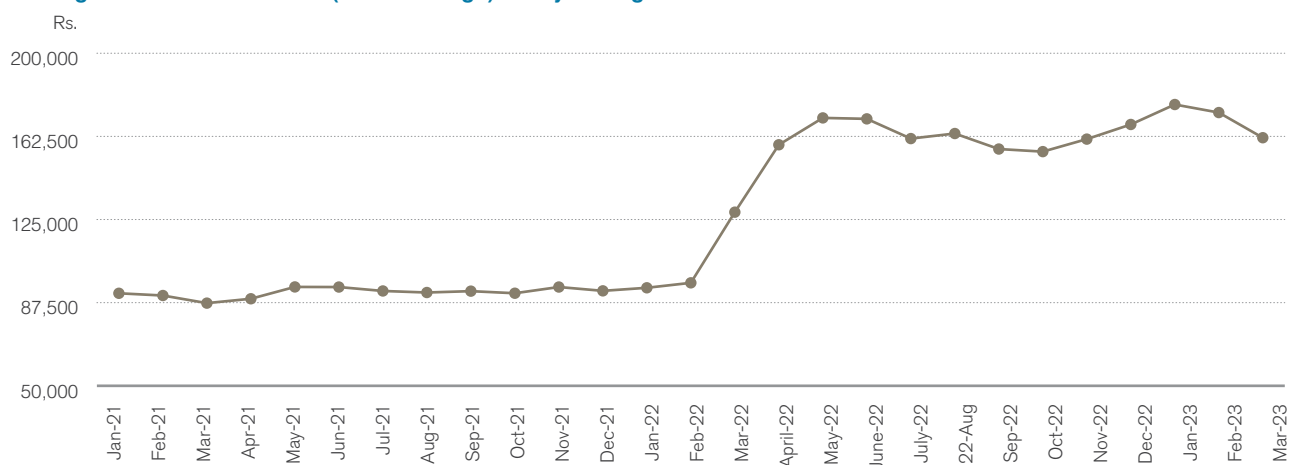
AWPLR Movement



Treasury Bill Rate Movement (One Year Average)



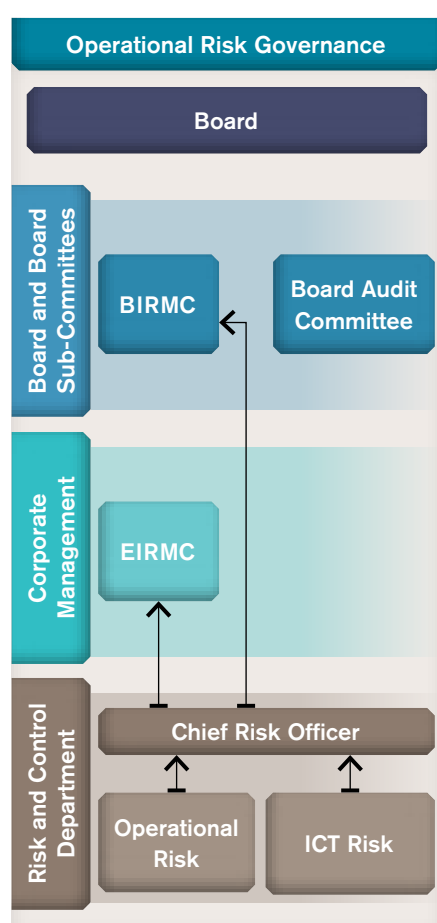
Average Gold Price Movement (24K Sovereign) - Daily Average



OPERATIONAL RISK

Operational risk is defined as the risk arising from inadequate and inefficient internal processes, human errors, IT-failures and external factors, including legal and regulatory changes that have the potential to affect the Company's current performance or future prospects, or both. The key risks identified under Operational Risk are: Fraud Risk, Cyber Security Risk, Business continuity

All identified Operational Risks, along with the relevant risk treatment strategies for each, are captured in the Company's Risk Register.

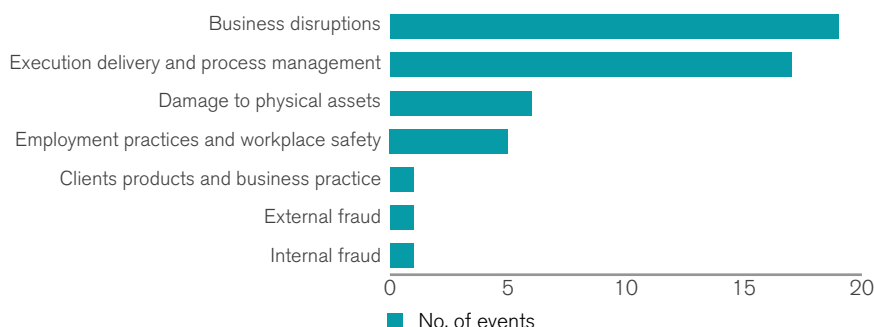


Monitoring and Reporting Protocols for Operational Risk

Operational Risk Monitoring Criteria

- Risk Self Assessment process
- On-site inspections
- Analysis of loss events

Operational Loss Events by Category



Business Continuity Plan Rollout

A Business Continuity Plan (BCP) is crucial for organizations to navigate unforeseen disruptions and maintain seamless operations. Recognising its significance, the Company has taken the proactive step of initiating the rollout of comprehensive BCP. This strategic move ensures that we are prepared to face any challenges that may arise, safeguarding our ability to deliver uninterrupted services to customers. By implementing a robust BCP, we aim to mitigate risks, minimise downtime, and protect our employees, clients, and stakeholders.

Branch Onsite Visits/Inspections

Onsite visits/inspections to branches play a crucial role in validating the operational self-risk ratings of branches arrived based on the quarterly operational self-risk assessment. These visits provide an opportunity to assess and verify the accuracy of the risk ratings assigned by the branches themselves. By conducting physical inspections and evaluations, we can gather firsthand information about the operational practices, control measures, and potential vulnerabilities of each branch.

This process helps assessing the effectiveness of risk management measures and to take necessary action if required.

CYBER SECURITY RISK

Cyber security risk arises mainly as a consequence of the Company's reliance on digital technology which has led to the increased vulnerability to events such as cyber-attacks, breakdowns, failures and interruptions that could potentially lead to system downtime and give rise to fraudulent activities.

The Company maintains a well-established IT risk management framework that includes comprehensive policies covering all identifiable risks. IT policies are reviewed and updated annually by the Board to determine necessary improvements.

Steps taken by the Board to Strengthen Cyber Security Risk Management in FY 2022/23

- Obtained cyber security insurance cover

Monitoring and Reporting Protocols for Cyber Security Risk

IT Risk Monitoring Criteria

- Perform internal & External Vulnerability assessments & Penetrations Testing
- Analysis of information security related incidents by reviewing incident reports generated by the Incident Response Team

IT Risk Reporting Frequency

- Information Security Officer reports quarterly to the BIRMC

STRATEGIC RISK

Strategic risk arises due to inaccurate/delayed business decisions, improper implementation of decisions or lack of responsiveness to the changes in the business environment.

Strategic Risk Management

The key tools used for the management of Strategic risk are the three year revolving Strategic plan, the annual budget and the individual unit-level business plans for the achievement of the targets and objectives set out under the Strategic Plan.

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. Further, the achievement of budgets and action plans is reviewed by the Board at their meetings with management updates thereon. The effectiveness and performance of subsidiaries are also assessed in order to mitigate the strategic risk of diversification. ALCO regularly met to closely monitor market rates movements, liquidity and business sentiments.

REPUTATIONAL RISK

Reputational risk arises due an event or a series of events that could potentially damage the integrity and reputation of the People's Leasing and Finance PLC's earnings, assets, liabilities and brand value. The Company understands risk interdependency as the reputational risk is also driven by a wide range of other risks such as credit, market and operational risk etc.

The factors that had an impact on reputational risk in 2022/23

Scope for Reputational risk has widened with the usage of social media. Reputational risk of the Company is broadly managed through effective management of key risks such as credit, market and operational risks etc. As part of the corporate governance process, communication policies, code of conduct, and ethics are also in place and it is expected to be followed by all employees without exception. The Board, as the highest governance body within the organisation, is principally in charge of managing Reputational Risks. In doing so, the Board takes a 360 degree view to assess Reputational Risk from all conceivable angles. In this regard, the Board evaluates customer complaints, customer satisfaction, employee grievances and social media feedback, among other things to determine perceived or actual risk that could be detrimental to the good name of People's Leasing and Finance Company PLC.

LEGAL RISK

Legal risk arises due to legal implications of failed internal systems, people, processes or external events. The Legal Department is responsible for executing legal actions on behalf of the Company. There are no major legal matters that arose during the year which had the capacity to put the Company at a risk.

GROUP RISK MANAGEMENT

The Risk profile of each subsidiary varies based on their respective business model and the space in which they operate. Accordingly, subsidiary-specific risks are identified, assessed and mitigated separately. People's Insurance PLC is the largest subsidiary by size which is regulated by the Insurance Regulatory Commission of Sri Lanka (formerly known as Insurance Board of Sri Lanka).

The CEO of People's Leasing & Finance PLC is a member of the Boards of all subsidiary companies. All inter-company transactions are carried out at arms-length. People's Leasing is the holding company and owns the largest balance sheet. i.e. over 88% of the total assets and liabilities of the Group. The Risk Management Department co-ordinated with aforementioned subsidiaries of People's Leasing and risk reports were submitted to the BIRMC for deliberations.

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
Lankan Alliance Finance Limited (Bangladesh)	Subsidiary	Providing lease/loans and advances, issue of debt instruments and mobilization of public deposits	Risk Dash-Board Report and comparison report	Quarterly

Focus for the Future

- Expand the scope of the ICAAP to implement advanced assessment tools both for Pillar-I and Pillar-II
- Development of Customer Risk Rating Model
- Establishing separate units within the Risk and Control Department specifically dedicated to managing Market Risk and ICT Risk



MULTIFACETED ADAPTABILITY

Our tribe holds various abilities and talents hence being adaptable to steer through various obstacles that may come our way.

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FINANCIAL CALENDAR

	2022/23	2023/24	
Interim financial statements publication	Q1 ended 30 June	12 August 2022	Before 15 August 2023
	Q2 ended/ending 30 September	10 November 2022	Before 15 November 2023
	Q3 ended/ending 31 December	14 February 2023	Before 15 February 2024
	Q4 ended/ending 31 March	29 May 2023	Before 31 May 2024
Financial statements publication	Six months ended 30 September 2022	24 November 2022	
	Year ended 31 March 2023	Before 30 June 2023	
	Six months ending 30 September 2023		Before 31 December 2023
	Year ending 31 March 2024		Before 30 June 2024
Annual Report publication	Publication of Annual Report	June 2023	June 2024

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 221 to 223.

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 2023 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 Chief Financial Officer, 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 26 May 2023 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 2022/23 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 178 to 179 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 219

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, instead of sending a soft copy in a CD.

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 221 to 223.

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 221 to 223

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

02 June 2023
Colombo

INDEPENDENT ASSURANCE REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



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எனது இல.
My No.

BAN/D/PLF/2023/03

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

02 June 2023

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 2023.

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 Peoples' Leasing & Finance PLC (the Company) presents this report on internal control over Financial Reporting, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021-Corporate Governance.

The Board of Directors ("the Board") is responsible for the adequacy and effectiveness of the system of Internal Control in place at People's Leasing & Finance PLC. ("the Company").

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of Internal Control over Financial Reporting which is regularly reviewed and enhanced by the Board taking into account the changes in 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.

KEY FEATURES OF THE PROCESS ADOPTED IN APPLYING AND REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM ON FINANCIAL REPORTING

- 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 ongoing basis.

The Company adopts Sri Lanka Accounting Standards comprising SLFRSs and LKASs and progressive improvements on processes to comply with requirements of recognition, measurement, classification and disclosure are being made whilst further strengthening of processes will continue in its financial reporting and management information.

The Board has given due consideration for requirements of SLFRS 9 "Financial Instruments". The required modules have been implemented and progressive improvements on processes and controls are being made to strengthen the processes and controls around the management information systems and reports required for model validation and compliance in line with SLFRS 9.

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 2023 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

There are no material non-compliance to prudential requirements regulations, laws and internal controls affecting the Company.

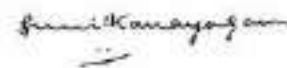
There were no lapses which caused supervisory concern on the Company's Risk Management Systems or non-compliance with these directions which led to them being pointed out by the Director of Non-Bank Supervision of the Central Bank of Sri Lanka and which have caused the Monetary Board to give directions that they be disclosed to the public. Since there have been no such lapses or instances of non-compliance and since no such directions have been given by the Monetary Board, the issue of measures to be taken does not arise and there is nothing to disclose in this regard.

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.



Coralie Pietersz
Chairman - Board Audit Committee



M.P. Amirthanayagam
Chairman



Rohan Pathirage
Director

02 June 2023
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 2023 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;
- 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 178 and 179 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 221 to 223 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 315 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 2023 have been paid, or where relevant provided for.



Shamindra Marcelline
Chief Executive Officer



Omal Sumanasiri
Assistant General Manager - Finance

02 June 2023
Colombo

INDEPENDENT AUDITORS' REPORT



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



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எனது இல.
My No.

BAND/PLF/2023/03

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

01 June 2023

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 2023 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 2023 comprising the statement of financial position as at 31 March 2023, 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 a summary of significant accounting policies, 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 2023 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
Provision for impairment charges on Loans and Receivables carried at amortized cost As at 31 March 2023, provision for impairment charges on loans and receivables carried at amortized cost net of provision for impairment charges amounted to LKR 125,378 million as disclosed in note 25 to the financial statements. This was a key audit matter due to the materiality of the reported provision for impairment charges which involved complex calculations; degree of significant judgements and assumptions and level of estimation uncertainty associated with estimating future cashflows management expects to receive from such loans and receivables.	In addressing the adequacy of the provision for impairment charges on loans and receivables carried at amortized cost, my audit procedures included the following key procedures: - I assessed the alignment of the Group's provision for Impairment charges computations and underlying methodology including responses to market economic volatility with its accounting policies, based on the best available information up to the date of my report. - I evaluated the Internal controls over estimation of impairment charges, which included assessing the level of oversight, review and approval of impairment allowances policies and procedures by the Board and management. - I checked the completeness, accuracy and classification of the underlying data used in the computation of impairment charges by agreeing details to relevant source documents and accounting records of the Group. - In addition to the above, following procedures were performed.





KEY AUDIT MATTER	HOW MY AUDIT ADDRESSED THE KEY AUDIT MATTER
Key areas of significant judgements, estimates and assumptions used by management in the assessment of the provision for impairment charges included the following: - Management overlays to incorporate the current economic contraction. - The incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors evaluated under different economic scenarios and the probability weighting determined for each of these scenarios.	For Loans and receivables assessed on an individual basis for impairment: - I evaluated the reasonableness of the credit quality assessment. - I checked the arithmetical accuracy of the underlying individual impairment calculations. - I evaluated the reasonableness of key inputs used in provision for impairment charges made with particular focus on current economic contraction. Such evaluations were carried out considering the customer exposure to elevated risk industries, debt moratoriums, status of recovery actions of collaterals in forecasting the value and timing of cashflows. For loans and receivables assessed on a Collective basis for impairment: - I tested key inputs as disclosed in note 25.6 and the calculations used in the provision for impairment charges. - I assessed whether judgments used in assumptions and estimates made by the management when estimating future cashflows, in the underlying methodology and management overlays were reasonable. My assessment included portfolio segmentation, elevated risk industries, evaluating the reasonableness of forward-looking information, different economic scenarios and probability weightings assigned to each scenario. - I assessed the adequacy of the related financial statement disclosures set out in notes 11 & 25 of the financial statements.
Information Technology (IT) systems and internal controls over financial reporting Group's financial reporting process is significantly reliant on IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets. Accordingly, IT systems and related internal controls over financial reporting were considered a key audit matter.	My audit procedures included the following: - I obtained an understanding of the internal control environment of the processes and checked relevant controls relating to financial reporting and related disclosures. - I involved my internal specialized resources to check and evaluate the design and operating effectiveness of IT systems and relevant controls, including those related to user access and change management. - I also obtained a high-level understanding, primarily through inquiry, of the cybersecurity risk affecting the Group and the actions taken to address these risks - I checked source data of the reports used to generate disclosures for accuracy and completeness, including review of general ledger reconciliations

1.4 Other information included in the Company's 2023 Annual Report

Other information consists of the information included in the Company's 2023 Annual Report, other than the financial statements and my auditor's report thereon. Management is responsible for the other information. The Company's 2023 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 Group's 2023 Annual Report, if I conclude that 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 objectives are 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 statement. 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

National Audit Act, No. 19 of 2018 and Companies Act, No.7 of 2007 includes specific provisions for following requirements.

- 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.
- The Financial Statements of the Company comply with the requirement of section 151 of the Companies Act, No.07 of 2007.
- 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.
- 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.
- Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- 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;
- 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;
- 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;
- 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

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STATEMENT OF PROFIT OR LOSS

For the Year Ended 31st March	Note	Page No.	Company			Group		
			2023 Rs. '000	2022 Rs. '000	Change %	2023 Rs. '000	2022 Rs. '000	Change %
Gross income	5	238	32,018,308	26,741,380	19.73	39,162,645	32,630,986	20.02
Interest income	6.1	239	30,196,588	23,881,526	26.44	33,406,918	25,926,792	28.85
Less: Interest expense	6.2	239	18,206,943	10,832,186	68.08	19,270,402	11,205,126	71.98
Net interest income	6	238	11,989,645	13,049,340	(8.12)	14,136,516	14,721,666	(3.97)
Net earned premium	7	240	-	-	-	4,673,853	4,939,071	(5.37)
Fee and commission income	8	241	1,265,287	1,876,524	(32.57)	691,195	1,321,513	(47.70)
Net gains/(losses) on financial assets - FVTPL	9	242	9,143	26,783	(65.86)	4,168	86,525	(95.18)
Other operating income	10	242	547,290	956,547	(42.78)	386,511	357,085	8.24
Total operating income			13,811,365	15,909,194	(13.19)	19,892,243	21,425,860	(7.16)
Less: Impairment charges for loans and receivables and other losses	11	243	568,485	655,425	(13.26)	703,962	951,756	(26.04)
Impairment charges for goodwill	34	294	-	121,611	(100.00)	-	121,611	(100.00)
Net operating income			13,242,880	15,132,158	(12.49)	19,188,281	20,352,493	(5.72)
Less: Expenses								
Personnel expenses	12	246	4,488,546	4,002,414	12.15	5,731,934	4,946,747	15.87
Depreciation and amortisation	13	246	698,572	700,043	(0.21)	660,133	638,664	3.36
Benefits, claims and underwriting expenditure	14	247	-	-	-	3,251,671	3,228,475	0.72
Other operating expenses	15	248	2,082,538	2,134,497	(2.43)	2,540,760	2,607,480	(2.56)
Total operating expenses			7,269,656	6,836,954	6.33	12,184,498	11,421,366	6.68
Operating profit before taxes on financial services			5,973,224	8,295,204	(27.99)	7,003,783	8,931,127	(21.58)
Less : Tax on financial services	16	248	1,631,468	1,645,111	(0.83)	1,673,580	1,705,797	(1.89)
Profit before income tax expense			4,341,756	6,650,093	(34.71)	5,330,203	7,225,330	(26.23)
Less : Income tax expense	17	249	1,324,118	1,991,084	(33.50)	1,888,502	2,407,161	(21.55)
Profit for the year			3,017,638	4,659,009	(35.23)	3,441,701	4,818,169	(28.57)
Profit attributable to								
Equity holders of the Company			3,017,638	4,659,009	(35.23)	3,507,014	4,805,731	(27.02)
Non-controlling interest	49	314	-	-	-	(65,313)	12,438	(625.11)
Profit for the year			3,017,638	4,659,009	(35.23)	3,441,701	4,818,169	(28.57)
Basic / Diluted earnings per ordinary share (Rs.)	18	252	1.48	2.28	(35.09)	1.72	2.35	(26.81)
Dividend per Ordinary share (Rs.)	19	253	0.50	1.25	(60.00)			

The Notes appearing on pages 231 to 350 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	Page No.	Company			Group		
			2023 Rs. '000	2022 Rs. '000	Change %	2023 Rs. '000	2022 Rs. '000	Change %
Profit for the year			3,017,638	4,659,009	(35.23)	3,441,701	4,818,169	(28.57)
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	314	-	-	-	(594,615)	1,439,171	(141.32)
Net items to be reclassified to profit or loss in subsequent years			-	-	-	(594,615)	1,439,171	(141.32)
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	307	57,764	(31,732)	(282.04)	67,120	(28,272)	(337.41)
Deferred tax effect on actuarial gains and losses	44.1	310	(17,329)	7,616	327.53	(20,136)	7,795	358.32
Financial assets - Fair value through other comprehensive income								
Gains/(losses) on re-measuring	48.3	313	(195,940)	(207,831)	5.72	(248,491)	(207,831)	(19.56)
Deferred tax effect on above	44.1	310	58,789	49,817	18.01	74,554	49,817	49.66
Net items not to be reclassified to profit or loss in subsequent years			(96,716)	(182,130)	46.90	(126,953)	(178,491)	28.87
Other comprehensive income for the year, net of tax			(96,716)	(182,130)	46.90	(721,568)	1,260,680	(157.24)
Total comprehensive income for the year			2,920,922	4,476,879	(34.76)	2,720,133	6,078,849	(55.25)
Attributable to:								
Equity holders of the Company			(96,716)	(182,130)	46.90	(426,193)	555,132	(176.77)
Non-controlling interest	49	314	-	-	-	(295,375)	705,548	141.86
Other comprehensive income for the year, net of tax			(96,716)	(182,130)	46.90	(721,568)	1,260,680	(157.24)
Total comprehensive income for the year			2,920,922	4,476,879	(34.76)	2,720,133	6,078,849	(55.25)

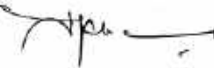
The Notes appearing on pages 231 to 350 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

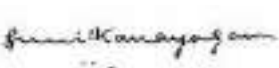
			Company			Group		
As at 31 March	Note	Page	2023 Rs. '000	2022 Rs. '000	Change %	2023 Rs. '000	2022 Rs. '000	Change %
Assets								
Cash and cash equivalents	22	262	5,844,798	4,668,830	25.19	6,316,003	5,402,587	16.91
Balances with banks & financial institutions	23	263	29,839,914	5,117,866	483.05	34,224,917	9,529,518	259.15
Financial assets -Fair value through profit or loss	24	263	203,975	25,140	711.36	345,093	849,298	(59.37)
Loans and receivables - Amortised cost	25	265	114,277,945	151,274,454	(24.46)	125,377,904	163,320,846	(23.23)
Insurance and reinsurance receivables	26	281	-	-	-	1,498,065	1,322,528	13.27
Financial assets - Fair value through other comprehensive income	27	282	944,653	1,333,278	(29.15)	1,372,962	1,632,941	(15.92)
Debt instrument - Amortised cost	28	283	10,903,577	9,827,221	10.95	15,859,672	16,013,525	(0.96)
Investments in subsidiaries	29	285	3,291,604	3,213,788	2.42	-	-	-
Investment property	30	287	284,961	-	-	1,200,317	820,664	46.26
Other assets	31	288	1,030,138	749,155	37.51	1,281,022	831,825	54.00
Property, plant and equipment	32	289	1,481,005	1,413,776	4.76	3,971,219	4,090,682	(2.92)
Right of use assets	33	293	1,615,939	1,972,380	(18.07)	1,372,423	1,539,484	(10.85)
Deferred tax assets	44	309	1,335,460	1,146,726	16.46	1,419,836	1,121,192	26.64
Goodwill and intangible assets	34	294	19,193	21,965	(12.62)	137,436	139,603	(1.55)
Total assets			171,073,162	180,764,579	(5.36)	194,376,869	206,614,693	(5.92)
Liabilities								
Due to banks	35	296	7,724,671	11,749,332	(34.25)	11,068,522	15,300,361	(27.66)
Due to customers	36	298	100,935,114	103,367,904	(2.35)	107,979,956	111,453,750	(3.12)
Debt securities issued	37	299	16,706,049	17,244,313	(3.12)	16,564,956	17,103,223	(3.15)
Other financial liabilities	38	301	1,457,388	3,636,528	(59.92)	1,709,574	4,043,322	(57.72)
Insurance liabilities and reinsurance payable	39	302	-	-	-	5,206,622	5,903,363	(11.80)
Lease Liabilities	40	304	1,753,723	2,059,050	(14.83)	1,477,875	1,588,115	(6.94)
Current tax liabilities	41	305	1,013,703	1,851,676	(45.25)	1,406,648	2,098,784	(32.98)
Other liabilities	42	306	1,016,790	1,369,054	(25.73)	1,202,218	1,399,030	(14.07)
Retirement Benefit Obligation	43	307	673,659	668,411	0.79	756,320	748,944	0.98
Total liabilities			131,281,097	141,946,268	(7.51)	147,372,691	159,638,892	(7.68)
Equity								
Stated capital	45	311	18,015,559	17,071,961	5.53	18,015,559	17,071,961	5.53
Statutory reserve fund	46	312	2,790,828	2,639,946	5.72	2,905,660	2,729,351	6.46
Retained earnings	47	312	19,556,826	19,481,612	0.39	23,248,550	23,122,851	0.54
Other reserves	48	313	(571,148)	(375,208)	52.22	349,380	897,111	(61.05)
Total equity attributable to equity holders of the Company			39,792,065	38,818,311	2.51	44,519,149	43,821,274	1.59
Non-controlling interest	49	314	-	-	-	2,485,029	3,154,527	(21.22)
Total equity			39,792,065	38,818,311	2.51	47,004,178	46,975,801	0.06
Total liabilities and equity			171,073,162	180,764,579	(5.36)	194,376,869	206,614,693	(5.92)
Contingent liabilities and commitments	50	314	5,626,774	6,852,234	(17.88)	5,750,578	6,899,223	(16.65)
Net asset value per ordinary share (Rs.)	51	316	19.49	20.57	(5.26)	21.80	23.22	(6.10)

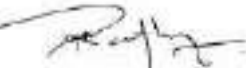
We certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.


Omal Sumanasiri
 Assistant General Manager - Finance


Shamindra Marcelline
 Chief Executive Officer

The Board of Directors is responsible for these Financial Statements. Approved and signed for and on behalf of the Board by;


Pradeep Amirthanayagam
 Chairman


Rohan Pathirage
 Director

The Notes appearing on pages 231 to 350 form an integral part of the Financial Statements.

26 May 2023
 Colombo

STATEMENT OF CHANGES IN EQUITY - COMPANY

Company	Other Reserves				
	Capital	Statutory	Fair Value	Retained	Total Equity
	Rs. '000	Reserve Fund Rs. '000	Reserve Rs. '000	Earnings Rs. '000	Rs. '000
Balance as at 1st April 2021	14,892,036	2,406,995	(117,377)	17,159,777	34,341,431
Total comprehensive income for the year					
Profit/(loss) for the year	-	-	-	4,659,009	4,659,009
Other comprehensive income (net of tax)	-	-	(207,831)	25,701	(182,130)
Total comprehensive income for the year	-	-	(207,831)	4,684,710	4,476,879
Transactions with equity holders, recognised directly in equity					
Transfers to reserves	-	232,950	(50,000)	(182,950)	-
Dividend paid - Interim	2,179,925	-	-	(2,179,925)	-
- Final	-	-	-	-	-
Total transactions with equity holders	2,179,925	232,950	(50,000)	(2,362,875)	-
Balance as at 31st March 2022	17,071,961	2,639,945	(375,208)	19,481,612	38,818,310
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	-	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	-	150,882	-	(150,882)	-
Dividend paid - Final	943,598	-	-	(943,598)	-
Total transactions with equity holders	943,598	150,882	-	(1,094,480)	-
Balance as at 31st March 2023	18,015,559	2,790,827	(571,148)	19,556,827	39,792,065

The Notes appearing on pages 231 to 350 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

Group	Other Reserves							
	Capital	Statutory Reserve Fund	Fair Value Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2021	14,892,036	2,464,951	(121,517)	542,836	20,682,106	38,460,412	2,661,541	41,121,953
Total comprehensive income for the year								
Profit/(loss) for the year	-	-	-	-	4,805,731	4,805,731	12,438	4,818,169
Other comprehensive income (net of tax)	-	-	(207,831)	733,623	29,340	555,132	705,548	1,260,680
Total comprehensive income for the year	-	-	(207,831)	733,623	4,835,071	5,360,863	717,986	6,078,849
Transactions with equity holders, recognised directly in equity								
Transfers to reserves	-	264,401	(50,000)	-	(214,401)	-	-	-
Dividend paid - Interim	2,179,925	-	-	-	(2,179,925)	-	(225,000)	(225,000)
Total transactions with equity holders	2,179,925	264,401	(50,000)	-	(2,394,326)	-	(225,000)	(225,000)
Balance as at 31st March 2022	17,071,961	2,729,352	(379,348)	1,276,459	23,122,851	43,821,275	3,154,527	46,975,802
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								
Profit/(loss) for the year	-	-	-	-	3,507,014	3,507,014	(65,313)	3,441,701
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	(285,924)	2,794,897
Transactions with equity holders, recognised directly in equity								
Transfers to reserves	-	176,310	-	-	(176,310)	-	-	-
Dividend paid - Final	943,598	-	-	-	(943,598)	-	(273,428)	(273,428)
Total transactions with equity holders	943,598	176,310	-	-	(1,119,908)	-	(273,428)	(273,428)
Balance as at 31st March 2023	18,015,559	2,905,662	(627,839)	977,219	23,248,548	44,519,149	2,485,029	47,004,178

The Notes appearing on pages 231 to 350 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			Company		Group	
			2023	2022	2023	2022
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities						
Income from cash and cash equivalent	6.1	239	877,597	159,743	884,520	176,533
Payments to loans and receivables			(49,479,705)	(123,938,484)	(56,532,319)	(128,649,697)
Receipts from loans and receivables			108,112,701	137,014,283	116,824,867	139,838,872
Investment in balances with banks & financial institutions			(96,735,535)	(30,785,830)	(102,232,584)	(34,428,160)
Receipts from balances with banks & financial institutions			74,982,057	31,510,851	81,747,062	34,065,096
Investment in debt instrument at amortised cost			(40,967,052)	(31,590,690)	(45,032,821)	(37,883,431)
Receipts from debt instrument at amortised cost			42,620,849	29,316,856	47,916,827	31,022,471
Payment of due to customers			(164,570,652)	(122,737,129)	(169,175,292)	(124,719,248)
Receipts from due to customers			147,334,387	116,799,179	150,395,668	124,371,580
Receipts from other income			4,259	2,079	184,223	219,280
Investment in financial assets - fair value through profit or loss			(189,797)	(4,573,220)	(286,151)	(5,221,552)
Receipts from financial assets - fair value through profit or loss			1,616	4,684,650	794,525	5,740,532
Receipt from Financial assets - fair value through OCI			313,654	3,756	566,386	156,320
Investment in Financial assets - fair value through OCI			-	(1,150,081)	(452,420)	(1,175,931)
Payment for personnel expenses			(4,724,920)	(3,709,482)	(5,986,957)	(4,653,596)
Payment for operating lease liability			(651,359)	(667,068)	(438,364)	(385,273)
Payment for other operating activities			(3,796,402)	(3,444,436)	(4,577,598)	(3,623,514)
Premium received from customers			-	-	4,498,316	4,641,005
Claims paid			-	-	(3,948,414)	(2,340,996)
Dividend income from investments			343,930	711,841	7,014	6,216
Gratuity paid	43	307	(92,658)	(33,471)	(100,021)	(39,309)
Income tax paid	41.1	306	(4,256,539)	(1,175,248)	(5,317,964)	(1,958,933)
Net cash generated from/(used in) operating activities			9,126,431	(3,601,901)	9,738,503	(4,841,735)
Cash flows from investing activities						
Purchase of property, plant and equipment	32	289	(253,253)	(385,714)	(234,426)	(307,456)
Proceeds from the sale of property, plant and equipment			39,867	14,005	88,898	131,604
Purchase of intangible assets	34	294	(7,684)	(10,325)	(12,781)	(12,835)
Dividends received from investments			-	-	-	-
Net cash (used in)/generated from investing activities			(221,070)	(382,034)	(158,309)	(188,687)
Cash flows from financing activities						
Payment for due to banks	35.1	296	(7,618,774)	(1,946,889)	(9,082,471)	(2,504,664)
Borrowing from due to banks	35.1	296	2,000,000	7,000,000	2,799,279	7,250,000
Payment for debt securities issued	37.1	299	(2,093,667)	(8,456,772)	(2,077,567)	(8,440,722)
Borrowing from debt securities issued			-	10,000,000	-	10,000,000
Dividend paid to shareholders			17	80	17	80
Dividend paid to non-controlling interest			-	-	(123,900)	(150,000)
Net cash (used in)/generated from financing activities			(7,712,424)	6,596,419	(8,484,642)	6,154,694
Net (decrease) in cash & cash equivalents			1,192,937	2,612,484	1,095,552	1,124,272
Cash and cash equivalents at the beginning of the year			4,599,141	1,986,657	4,077,087	2,952,815
Cash and cash equivalents at the end of the year			5,792,078	4,599,141	5,172,639	4,077,087
Cash and cash equivalents			5,844,798	4,668,831	6,316,003	5,402,587
Bank overdraft			(52,720)	(69,690)	(1,143,364)	(1,325,500)
Cash and cash equivalents at the end of the year			5,792,078	4,599,141	5,172,639	4,077,087

The Notes appearing on pages 231 to 350 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 2023 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 2023 is 2,114 and 2,995 respectively. (2,245 and 3,148 as at 31st March 2022).

1.2 Group Information

Principal Activities and Nature of Operations

Company

People's Leasing & Finance PLC

The principal business activities are providing finance leases, hire-purchase assets financing, 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	
			2023	2022
People's Leasing Fleet Management Limited	Fleet management, vehicle valuation, sale of vehicles, insurance assessment, and vehicles repairing.	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%
Lankan Alliance Finance Limited	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 AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The consolidated Financial Statements of the Group and Separate Financial Statements of the Company, as at 31st March 2023 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. on Page No 233.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for these Financial Statements of the Company and the Group as per the provision of the Companies Act No. 07 of 2007 and SLFRSs and LKASs.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors on the Affairs of the Company", "Directors' Responsibility for Financial Reporting" and in the certification on the Statement of Financial Position.

These financial statements include the following components:

- Statement of Profit or Loss and Statement of Comprehensive Income providing the information on the financial performance of the Company and the Group for the year under review;
- Statement of Financial Position providing the information on the financial position of the Company and the Group as at the year-end;

- Statement of Changes in Equity depicting all changes in shareholders' equity during the year under review of the Company and the Group;
- Statement of Cash Flows providing the information to the users, on the ability of the Company and the Group to generate cash and cash equivalents and the needs of entity to utilise those cash flows; and
- 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 2023 (including comparatives) were approved and authorised for issue on 26 May 2023 in accordance with the resolution of the Board of Directors on 26 May 2023.

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	263
Financial assets - Fair value through other comprehensive income	Fair Value	27	282
Investment property	Fair Value	30	287
Retirement benefit obligation	Liability is recognised as the present value of the retirement benefit obligation, plus actuarial gains and losses .	43	307

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 no. 316. (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 realise 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 main factors that cause uncertainties regarding the application of this principle relate to the unstable economic environment in the country, implications of COVID 19 pandemic on the business operations, performance of the Group and the measures adopted by the government to support the recovery of the economy. 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 characterises 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
- The contractual cash flow characteristics of the financial assets as set out in Note 3.5.2

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 on page no. 277 to the financial statements.

Impairment charges on financial investments

Financial investments are categorised under amortised cost subject to Impairment in accordance with SLFRS 9 -Financial Investment. The Company/Group does not have historical loss experience on debt instruments at amortised cost. Thus the Group considers PDs published by the external sources i.e. – Bloomberg for external credit rating. LGD for debt securities issued by the Government of Sri Lanka in rupees is considered as 0%, and for all other instruments, industry average is considered as LGD.

Credit risk has not increased significantly relating to financial investments, since initial recognition. Therefore Group did not record expected credit loss in the financial statements for those investments.

Impairment of FVOCI

Details of the 'Impairment of FVOCI' are given in Note 27 on page no. 282 to the financial statements.

Useful Life Time of the Property, Plant and Equipment

The Group reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Useful Life Time of the Intangible Assets

Details of the 'useful life-time of the intangible assets' are given in Note 34 on page no. 294 to the financial statements.

 **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 on page no. 309 to the financial statements.

Retirement Benefit Obligation

Details of the 'retirement benefit obligation' are given in Note 43 on page no. 307 to the financial statements.

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.

2.11 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3. GENERAL ACCOUNTING POLICIES

3.1 Basis of Consolidation

The Consolidated Financial Statements of the Group for the year ended 31st March 2023 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 Due and Amended Standard and Interpretation

In these financial statements, the Group has applied Sri Lanka Accounting Standard - Amendments to SLFRS 1, SLFRS 9, LKAS 16 and LKAS 37 for financial reporting which became effective for the annual

reporting periods beginning on or after 1st January 2022, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not effective.

SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the CA Sri Lanka adopted amendments to LKAS 16 - Property, Plant

and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the CA Sri Lanka adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

3.5 Financial Instruments – Initial Recognition and Subsequent Measurement

3.5.1 Date of Recognition

All financial assets and liabilities except ‘regular way trades’ are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. ‘Regular way trades’ means purchases or sales of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the market place. Those trades are initially recognised on the settlement date.

3.5.2 Classification and subsequent measurement of financial assets

As per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets’ contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

Business model assessment

With effect from 1 April 2018, the Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on

instrument-by- instrument basis because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking ‘worst case’ or ‘stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group’s original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

“Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as

well as profit margin.

In contrast, contractual terms that introduce a more than the minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group’s claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money.

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Details on different types of financial assets recognised on the SOFP.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are given in Notes 22,23,25,26,28 and 35 to

40 on page no. 262,263,265,281,283,296 and 304.

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 no. 282.

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 no. 283.

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 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.

3.5.4 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.

3.5.5 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 no. 255.

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 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.

3.8 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.

 **GRI 207-1,207-2,207-3,207-4,3-3**

3.9 Income tax

Details of the 'income tax expense' are given in Note 17 on page no. 249 to the financial statements.

 **GRI 207-1,207-2,207-3,207-4,3-3**

3.10 Deferred Tax

Details of the 'deferred tax' are given in Note 44 on page no. 309 to the financial statements.

3.11 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.

3.12 Tax on financial services

Details of the 'VAT, SSCL on financial services' are given in Note 16 on page no. 248 to the financial statements.

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 2023. Accordingly these accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 March 2023. Following amendment is not expected to have a material impact on the Financial Statements of the Company/Group in the foreseeable future.

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.

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.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier adoption permitted.

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify -

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classifications

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company/Group is currently assessing the potential impact on its Financial Statements resulting from this amendment.

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	Note	Page No.	Company		Group	
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Interest income	6.1	239	30,196,588	23,881,526	33,406,918	25,926,792
Net earned premium	7	240	-	-	4,673,853	4,939,071
Fee and commission income	8	241	1,265,287	1,876,524	691,195	1,321,513
Net gains/(losses) on financial assets - FVTPL	9	242	9,143	26,783	4,168	86,525
Other operating income	10	242	547,290	956,547	386,511	357,085
Total			32,018,308	26,741,380	39,162,645	32,630,986

6. NET INTEREST INCOME

Accounting Policy

Recognition of Income and Expenses

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest Income and Expenses

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.

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.

Under SLFRS 9, interest income and Interest expense are recorded using the Effective Interest rate method for all financial assets measured at amortised cost and all financial liabilities measured at amortised cost respectively.

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.

6. NET INTEREST INCOME

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	6.1	239	30,196,588	23,881,526	33,406,918	25,926,792
Interest expenses	6.2	239	18,206,943	10,832,186	19,270,402	11,205,126
Net interest income			11,989,645	13,049,340	14,136,516	14,721,666

6.1 Interest income

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents			877,597	159,743	884,520	176,533
Balances with banks & financial institutions			2,968,570	443,816	3,028,775	587,209
Loans and receivables	6.1.1	239	23,517,789	22,633,122	25,479,889	24,170,060
Debt instrument - Amortised cost			2,832,632	644,845	4,013,734	992,990
Total interest income			30,196,588	23,881,526	33,406,918	25,926,792

6.1.1 Interest income - Loans and receivables

For the year ended 31st March			Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable			11,349,795	12,449,735	11,353,503	12,453,101
Hire-Purchase/ Murabah receivable			1,119	1,628	758,514	791,468
Term loans and receivables			12,166,876	10,181,759	13,367,873	10,925,491
			23,517,789	22,633,122	25,479,889	24,170,060

6.2 Interest expenses

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to banks	6.2.1	240	1,611,082	903,595	2,233,489	1,117,531
Due to customers	6.2.1	240	14,803,475	7,802,922	15,305,829	8,057,701
Debt securities issued	6.2.1	240	1,555,403	1,875,532	1,539,300	1,859,429
Lease liabilities	40	304	236,983	250,137	191,784	170,465
Total interest expenses			18,206,943	10,832,186	19,270,402	11,205,126

6. NET INTEREST INCOME (CONTD...)**6.2.1 Interest expenses - product wise**

For the Year ended 31st March	Page Note	No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to banks						
Interest on bank overdraft			605	1,027	193,068	34,866
Interest on short term loan			49,260	-	49,261	11
Interest on term loan			954,474	235,166	1,384,418	415,253
Interest on securitisation			606,743	667,402	606,742	667,401
Subtotal			1,611,082	903,595	2,233,489	1,117,531
Due to customers						
Interest cost on deposits			14,803,475	7,802,922	15,305,829	8,057,701
Subtotal			14,803,475	7,802,922	15,305,829	8,057,701
Debt securities issued						
Interest on debentures			1,555,403	1,875,532	1,539,300	1,859,429
Subtotal			1,555,403	1,875,532	1,539,300	1,859,429
Lease Liabilities						
Interest on Lease Liabilities			236,983	250,137	191,784	170,465
Subtotal			236,983	250,137	191,784	170,465
Total interest expenses			18,206,943	10,832,186	19,270,402	11,205,126

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.

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 incept. 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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
For the Year ended 31st March				
Gross written premium	-	-	5,819,786	6,049,693
Less : Premium ceded to reinsurers	-	-	1,383,534	1,142,976
Less : Change in reserve unearned premium	-	-	(237,601)	(32,354)
Total	-	-	4,673,853	4,939,071

8. FEE AND COMMISSION INCOME**Accounting Policy****Fee and Commission Income**

The Group earns fee and commission income from a diverse range of services it provides to its customers. Commission income is recognised on accrual basis. Fee income can be divided into the following two categories;

Fee Income Earned from Services that are Provided over a Certain Period of Time

Fees earned for the provision of services over a period of time are accrued over that period.

Fee Income from Providing Transaction Services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the documents and inspection of vehicle are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
For the Year ended 31st March				
Service charges	494,523	522,316	107,464	160,404
Other fees and commission	770,764	1,354,208	583,731	1,161,109
Total	1,265,287	1,876,524	691,195	1,321,513

9. NET GAINS/(LOSSES) ON FINANCIAL ASSETS - FVTPL

	Company		Group	
	2023	2022	2023	2022
For the Year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net mark-to-market (losses)/gain	9,053	(8,496)	(6,133)	30,325
Net capital gains	90	35,279	10,301	56,200
Total	9,143	26,783	4,168	86,525

10. OTHER OPERATING INCOME**Accounting Policy**

Other Operating income includes income earned on other sources, which are not directly related to the normal operations of the group is recognised on accrual basis.

Dividend Income

Dividend income is recognised when the right to receive the payment is established.

Net Trading Income from Sale of Vehicles

Revenue from the sale of imported vehicles is recognised when the significant risks and rewards of ownership of the vehicles have transferred to the buyer, usually on dispatch of the vehicles.

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.

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gain on sale of property, plant and equipment	22,189	17,529	22,189	55,778
Hiring income	-	-	463	2,436
Operating leases income	-	-	7,366	25,030
Rent income from investment property	-	-	78,392	75,712
Net trading income from sale of vehicles	-	99	-	99
Dividend income from - FVOCI	4,487	5,591	4,487	5,591
- Subsidiaries	513,828	930,625	-	-
- FVTPL	2,527	625	2,527	625
Gain/(Loss) of investment properties	-	-	94,692	-
Valuation income	-	-	55,363	106,662
Insurance fee income	-	-	82,590	57,588
Other income	4,259	2,078	38,442	27,564
Total	547,290	956,547	386,511	357,085

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 no. 265 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.

Bad Debts Recovered

Recovery of amounts written off as bad and doubtful debts is recognised on a cash basis.

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Individual impairment	11.3/11.4	245	490,044	487,288	490,044	487,288
Collective impairment	11.3/11.4	245	31,642	132,344	213,684	442,868
Other receivable			-	6,760	(43,760)	(5,623)
Loss on disposal of collaterals including write offs			96,679	104,746	96,679	104,746
Recovery of written-off debts/disposal losses			(49,880)	(75,713)	(52,685)	(77,523)
Total	11.1/11.2	244	568,485	655,425	703,962	951,756

11. IMPAIRMENT CHARGES FOR LOANS AND RECEIVABLES AND OTHER LOSSES (CONTD...)**11.1 Impairment charge/(reversal) for loans and other losses (Detailed breakdown) - Company**

For the year ended 31st March	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	(9,307)	(8,661)
Term Loan and receivables	7,413	2,101,527	(1,401,255)	707,685
Total	46,799	3,389,310	(2,867,624)	568,485

For the year ended 31st March	2022			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	28,415	2,766,525	(2,187,125)	607,815
Hire-Purchase/ Murabah receivable	(6,795)	17,586	(10,232)	559
Term Loan and receivables	7,413	2,078,221	(2,045,342)	40,292
Other receivables	-	389,417	(382,658)	6,759
Total	29,033	5,251,749	(4,625,357)	655,425

11.2 Impairment charge/(reversal) for loans and other losses (Detailed breakdown) - Group

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

For the year ended 31st March	2022			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	28,415	2,766,525	(2,187,125)	607,815
Hire-Purchase/ Murabah receivable	(6,795)	73,823	(10,232)	56,796
Term Loan and receivables	5,603	2,332,507	(2,045,342)	292,768
Other receivable	-	377,035	(382,658)	(5,623)
Total	27,223	5,549,890	(4,625,357)	951,756

11.3 Impairment charge to the income statement – Company

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

For the year ended 31st March	2022			
	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	-	-	487,288	487,288
- Collective impairment	506,739	(222,248)	(152,147)	132,344
Total	506,739	(222,248)	335,141	619,632

11.4 Impairment charge to the income statement – Group

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

For the year ended 31st March	2022			
	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	-	-	487,288	487,288
- Collective impairment	720,725	(226,076)	(51,781)	442,868
Total	720,725	(226,076)	435,507	930,156

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	
		2023	2022	2023	2022
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Remuneration		4,071,654	3,675,122	5,221,557	4,536,777
Employee benefit - Defined contribution plans - EPF		208,985	195,504	270,711	247,093
Employee benefit - Defined contribution plans - ETF		52,237	48,895	65,149	60,674
Employee benefit - Retirement benefit obligation - Gratuity	43 307	155,670	82,893	174,517	102,203
Total		4,488,546	4,002,414	5,731,934	4,946,747

13. DEPRECIATION AND AMORTISATION

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.

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 no. 289.

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

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.

All classes of intangible assets together with the reconciliation of carrying amounts and accumulated amortisation at the beginning and at the end of the year are given in Note 34 on page no. 294.

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deprecation of property, plant and equipment	32	289	165,015	168,564	284,076	296,458
Amortisation - Right of use assets	33	293	523,101	518,284	361,012	325,327
Amortisation of intangible assets	34	294	10,456	13,195	15,045	16,879
Total			698,572	700,043	660,133	638,664

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net Benefits and claims	-	-	2,790,316	2,704,556
Underwritings and net acquisition costs	-	-	461,355	523,919
Total	-	-	3,251,671	3,228,475

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.

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.

Directors' emoluments Directors' emoluments include fees paid to Non-Executive Directors. For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Directors' emoluments	5,726	4,939	14,794	12,711
Auditors' remunerations	7,032	7,385	14,630	14,444
Non-audit fees to auditors	1,406	1,317	1,406	1,317
Professional fees	37,658	23,689	41,813	34,112
Advertising expenses	39,529	12,618	75,804	53,709
Legal fees	7,529	8,702	15,492	12,829
Deposits Insurance Premium	147,584	148,678	147,584	148,678
Crop Insurance Levy	37,689	45,973	37,689	45,973
Operational expenses arising from investment property	-	-	9,700	11,145
Office administration and establishment expenses	1,798,385	1,881,196	2,181,848	2,272,562
Total	2,082,538	2,134,497	2,540,760	2,607,480

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% (2021/22 - 15% - 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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
VAT on financial services	1,526,568	1,645,111	1,565,971	1,705,797
SSCL on financial services	104,900	-	107,609	-
Total	1,631,468	1,645,111	1,673,580	1,705,797

17. INCOME TAX EXPENSE

Accounting Policy

Income tax expense comprises of current tax expense and deferred tax expense /(reversal). Income tax expense is recognised in the income statement, except to the extent it relates to items recognised directly in Equity or in OCI.

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

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 March 2023, the Company has recognised the total liability to the Surcharge Tax as an adjustment to the opening retained earnings as at 01 April 2022.

Deferred taxation

The deferred tax assets/liabilities of the Company as at 31 March 2023 were computed using the revised income tax rate of 30%. Detailed disclosure of accounting policies and estimate of deferred tax is available in Note 44 to the Financial Statements.

Company	Note	Page No.	Current Tax rate	
			2023	2022
People's Leasing & Finance PLC			24%-30%	24%
People's Leasing Fleet Management Limited			24%-30%	24%
People's Micro-commerce Ltd			24%-30%	24%
People's Insurance PLC	17.1	249	24%-30%	24%
People's Leasing Property Development Limited	17.2	250	20%-30%	20%-24%
People's Leasing Havelock Properties Limited	17.3	250	10%	Exempt
Lankan Alliance Finance Limited	17.4	250	40.00%	40.00%

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 Lankan Alliance Finance Limited

According to Bangladesh Income Tax Ordinance, 1984 and amendments made thereto, tax rate applicable for Lankan Alliance Finance Limited is 40.0%.

17.5 Income tax expense

			Company		Group	
For the year ended 31st March		Page	2023	2022	2023	2022
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Statement of Profit or Loss						
Current income tax charge	17.6	251	1,471,393	2,664,536	2,132,725	3,173,817
Deferred tax (reversal)/charge for the year	44	309	(147,275)	(673,452)	(244,223)	(766,656)
Income tax expense recognised in Statement of Profit or Loss			1,324,118	1,991,084	1,888,502	2,407,161
Statement of Comprehensive Income						
Deferred tax charge/(reversal) for the year	44	309	(41,460)	(57,433)	(54,418)	(57,612)
Income tax charge/(reversal) recognised in Statement of Comprehensive Income			(41,460)	(57,433)	(54,418)	(57,612)
Effective tax rate (excluding deferred tax)			33.89%	40.07%	40.01%	43.93%
Effective tax rate			30.50%	29.94%	35.43%	33.32%
Statement of Profit or Loss						
Charge / (Reversal) arising on during the year Movement			(78,471)	673,452	(176,951)	(766,656)
Charge / (Reversal) Due to change in Tax Rate			(68,804)	-	(67,272)	-
			(147,275)	673,452	(244,223)	(766,656)
Other Comprehensive Income						
Charge / (Reversal) arising on during the year Movement			(33,168)	(57,433)	(43,536)	(57,612)
Charge / (Reversal) Due to change in Tax Rate			(8,292)	-	(10,882)	-
			(41,460)	(57,433)	(54,418)	(57,612)

17.6 Reconciliation of Accounting Profit and Taxable Income

For the year ended 31st March	Page Note	No.	Company		Group	
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Profit as per Statement of Profit or Loss			4,341,756	6,650,093	5,330,203	7,225,330
Add: Disallowable expenses			3,216,890	3,537,261	4,159,442	4,057,954
Add: Lease capital recoverable			817,039	5,788,713	817,039	5,788,713
Less: Allowable expenses			2,709,307	4,363,762	2,859,307	4,711,073
Less: Exempted /allowable income			319,717	4,483	402,401	236,240
Statutory income			5,346,661	11,607,822	7,044,977	12,124,684
Less: Tax loss utilised during the year	17.7	251	-	-	-	-
Assessable income			5,346,661	11,607,822	7,044,977	12,124,684
Taxable income			5,346,661	11,607,822	7,044,977	12,124,684
Income tax expense at the statutory income	17.8	251	1,471,393	2,712,280	2,132,725	3,221,561
(Over)/ under provision- previous years			-	(47,744)	-	(47,744)
Current tax on profits for the year			1,471,393	2,664,536	2,132,725	3,173,817
Deferred tax charged/(reversal) for the year	44.1	310	(147,275)	(673,452)	(244,223)	(766,656)
Tax expense for the year			1,324,118	1,991,084	1,888,502	2,407,161

17.7 Tax Losses Brought Forward and Utilised during the Year

For the year ended 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
People's Leasing & Finance PLC	1,471,393	2,712,280	1,471,393	2,712,280
People's Leasing Fleet Management Limited	-	-	20,363	68,653
People's Micro-commerce Ltd	-	-	28,333	93,247
People's Insurance PLC	-	-	458,219	219,958
People's Leasing Property Development Limited	-	-	36,096	26,562
Lankan Alliance Finance Limited	-	-	118,321	100,861
Total income tax at the effective rate	1,471,393	2,712,280	2,132,725	3,221,561

17. INCOME TAX EXPENSE (CONTD...)**17.9 Summary of the taxes paid during the year**

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
For the year ended 31st March				
Direct taxes				
Income tax	2,309,372	1,175,310	2,619,752	1,958,933
Value added tax on financial services	1,629,017	1,568,235	1,668,229	1,597,458
SSCL on financial services	77,808	-	79,857	-
Crop insurance levy	39,637	48,509	47,817	60,462
Surcharge tax	1,947,167	-	2,493,093	-
Total direct taxes	6,003,001	2,792,054	6,908,748	3,616,853
Indirect taxes (collected and paid)				
Value added tax	138,697	148,433	736,548	529,610
SSCL on other income base	11,060	-	78,479	-
Stamp Duty	141,341	173,443	149,012	181,192
Withholding tax on dividend and interest	100,781	-	105,142	-
PAYE/APIIT	87,568	33,987	95,828	35,394
Total indirect taxes	479,447	355,863	1,165,009	746,196
Total taxes paid during the financial year	6,482,448	3,147,917	8,073,757	4,363,049

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

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
For the year ended 31st March				
Profit attributable to equity holders of the Company (Rs.)	3,017,638,245	4,659,008,652	3,507,013,959	4,805,730,508
Number of ordinary shares as at 31st March 2023 (Restated-2022)	2,041,883,116	2,041,883,116	2,041,883,116	2,041,883,116
Basic/ Diluted earnings per ordinary share (Rs.)	1.48	2.28	1.72	2.35

19. DIVIDEND PER ORDINARY SHARE

For the year ended 31st March	Company	
	2023	2022
Scrip/Cash dividend Paid (Rs.)	943,597,501	2,179,924,683
Total dividend paid (Rs.)	943,597,501	2,179,924,683
Dividend per Ordinary share (Rs.)	0.50	1.25

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 2023	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	262	-	5,844,798	-	5,844,798
Balances with banks & financial institutions	23	263	-	29,839,914	-	29,839,914
Financial assets -Fair value through profit or loss	24	263	203,975	-	-	203,975
Loans and receivables	25	265	-	114,277,945	-	114,277,945
Financial assets - Fair Value through other comprehensive income	27	282	-	-	944,653	944,653
Debt Instrument at amortised cost	28	283	-	10,903,577	-	10,903,577
Other financial assets	31	288	-	100,306	-	100,306
Total financial assets			203,975	160,966,540	944,653	162,115,168
Liabilities						
Due to banks	35	296	-	7,724,671	-	7,724,671
Due to customers	36	298	-	100,935,114	-	100,935,114
Debt securities issued	37	299	-	16,706,049	-	16,706,049
Other financial liabilities	38	301	-	1,457,388	-	1,457,388
Lease Liability	40	304	-	1,753,723	-	1,753,723
Total financial liabilities			-	128,576,945	-	128,576,945

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (CONTD...)**20.2 Company**

As at 31st March 2022			Financial instruments at fair value 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	262	-	4,668,830	-	4,668,830
Balances with banks & financial institutions	23	263	-	5,117,866	-	5,117,866
Financial assets -Fair value through profit or loss	24	263	25,140	-	-	25,140
Loans and receivables	25	265	-	151,274,454	-	151,274,454
Financial assets - Fair Value through other comprehensive income	27	282	-	-	1,333,278	1,333,278
Debt Instrument at amortised cost	28	283	-	9,827,221	-	9,827,221
Other financial assets	31	288	-	108,493	-	108,493
Total financial assets			25,140	170,996,864	1,333,278	172,355,282
Liabilities						
Due to banks	35	296	-	11,749,332	-	11,749,332
Due to customers	36	298	-	103,367,904	-	103,367,904
Debt securities issued	37	299	-	17,244,313	-	17,244,313
Other financial liabilities	38	301	-	3,636,528	-	3,636,528
Lease Liability	40	304	-	2,059,050	-	2,059,050
Total financial liabilities			-	138,057,127	-	138,057,127

20.3 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	262	-	6,316,003	-	6,316,003
Balances with banks & financial institutions	23	263	-	34,224,917	-	34,224,917
Financial assets -Fair value through profit or loss	24	263	345,093	-	-	345,093
Loans and receivables - Amortised cost	25	265	-	125,377,904	-	125,377,904
Insurance and reinsurance receivables	26	281	-	1,498,065	-	1,498,065
Financial assets - Fair Value through other comprehensive income	27	282	-	-	1,372,962	1,372,962
Debt Instrument at amortised cost	28	283	-	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	296	-	11,068,522	-	11,068,522
Due to customers	36	298	-	107,979,956	-	107,979,956
Debt securities issued	37	299	-	16,564,956	-	16,564,956
Other financial liabilities	38	301	-	1,709,574	-	1,709,574
Insurance liabilities and reinsurance payable	39	302	-	5,206,622	-	5,206,622
Lease liability	40	304	-	1,477,875	-	1,477,875
Total financial liabilities			-	144,007,505	-	144,007,505

20.4 Group

As at 31st March 2022			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	262	-	5,402,587	-	5,402,587
Balances with banks & financial institutions	23	263	-	9,529,518	-	9,529,518
Financial assets -Fair value through profit or loss	24	263	849,298	-	-	849,298
Loans and receivables - Amortised cost	25	265	-	163,320,846	-	163,320,846
Insurance and reinsurance receivables	26	282	-	1,322,528	-	1,322,528
Financial assets - Fair Value through other comprehensive income	27	282	-	-	1,632,941	1,632,941
Debt Instrument at amortised cost	28	283	-	16,013,525	-	16,013,525
Total financial assets			849,298	195,589,004	1,632,941	198,071,243
Liabilities						
Due to banks	35	296	-	15,300,361	-	15,300,361
Due to customers	36	298	-	111,453,750	-	111,453,750
Debt securities issued	37	299	-	17,103,223	-	17,103,223
Other financial liabilities	38	301	-	4,043,322	-	4,043,322
Lease liability	40	304	-	1,588,115	-	1,588,115
Insurance liabilities and reinsurance payable	39	302	-	5,903,363	-	5,903,363
Total financial liabilities			-	155,392,134	-	155,392,134

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 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.

21.2 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.

21.3 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. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)**21.4 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.

21.5 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.

21.6 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

The following table shows an analysis of assets and liabilities recorded/disclosed at fair value by level of the fair value hierarchy:

31 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	282	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	263	31.03.2023	203,975	-	-	203,975
Subtotal				203,975	-	-	203,975
Non financial assets - Investment property							
Land and building			31.03.2023	-	-	284,961	284,961
Subtotal				-	-	284,961	284,961
Total				432,516	-	1,001,073	1,433,589
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	292		-	-	1,243,058	1,243,058
Total				-	-	1,243,058	1,243,058

31st March 2022		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	282	31.03.2022	231,838	-	-	231,838
Debentures	27	282	31.03.2022	-	-	1,101,440	1,101,440
Subtotal				231,838	-	1,101,440	1,333,278
Financial assets -Fair value through profit or loss							
Quoted Investments	24	263	31.03.2022	25,140	-	-	25,140
Subtotal				25,140	-	-	25,140
Total				256,978	-	1,101,440	1,358,418
Non financial assets disclosed at fair value							
Freehold lands & buildings (included under property, plant & equipment).	32.4	292		-	-	1,047,943	1,047,943
Total				-	-	1,047,943	1,047,943

The following table shows an analysis of assets and liabilities recorded/disclosed at fair value by level of the fair value hierarchy:

31st March 2023		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	282	31.03.2023	228,541	-	-	228,541
Treasury bills	27	282	31.03.2023	-	428,309	-	428,309
Debentures	27	282	31.03.2023	-	-	716,112	716,112
Subtotal				228,541	428,309	716,112	1,372,962
Financial assets -Fair value through profit or loss							
Quoted Investments	24	263	31.03.2023	345,093	-	-	345,093
Subtotal				345,093	-	-	345,093
Non financial assets - Investment property							
Land and building	30	287	31.03.2023	-	-	1,200,317	1,200,317
Subtotal				-	-	1,200,317	1,200,317
Total				573,634	428,309	1,916,429	2,918,372

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

As at 31st March 2022		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							
Treasury bills	27	282	31.03.2022	-	299,663	-	299,663
Quoted Investments	27	282	31.03.2022	231,838	-	-	231,838
Debentures	27	280	31.03.2022	-	-	1,101,440	1,101,440
Subtotal				231,838	299,663	1,101,440	1,632,941
Financial assets -Fair value through profit or loss							
Quoted Investments	24	263	31.03.2022	174,801	-	-	174,801
Investment in Unit Trust	24	263	31.03.2022	-	674,497	-	674,497
Subtotal				174,801	674,497	-	849,298
Non financial assets - Investment property							
Land and building	30	287	31.03.2022	-	-	820,664	820,664
Subtotal				-	-	820,664	820,664
Total				406,639	974,160	1,922,104	3,302,903
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	292		-	-	6,297,943	6,297,943
Total				-	-	6,297,943	6,297,943

There were no material transfers between level 1 and level 2 during the 2022/2023 and 2021 /2022. 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.

The following table show total fair value gains/losses recognised in Statement of Profit or Loss during the year relating to assets and liabilities held at the respective year ended.

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets				
Financial assets -Fair value through profit or loss				
Quoted Investments	9,143	26,783	4,168	86,525
Total	9,143	26,783	4,168	86,525

Level 3 fair value measurement**Reconciliation**

The following note shows a reconciliation from the beginning balances to the ending balances of fair value measurements in level 3 of the fair value hierarchy. The Company has disclosed fair value of following non financial assets except investment property which is accounted for fair value in the Financial Statements.

	Company			Group		
	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 2021	-	864,058	864,058	820,664	5,143,394	5,964,058
Additions	-	149,702	149,702	-	149,702	149,702
Depreciation of buildings	-	-	-	-	(63,805)	(63,805)
Fair value disclosed during the year	-	34,183	34,183	-	247,988	247,988
Balance as at 31 March 2022	-	1,047,943	1,047,943	820,664	5,477,279	6,297,943
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
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	284,961	1,243,058	1,528,019	1,200,317	6,227,702	7,428,019

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 2023 and 31st March 2022 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 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	*

As at 31st March 2022**Property, plant and equipment**

Freehold lands	31.12.2019	1,005,343	MCM	Estimated price per perch	Rs. 60,000 - 6,000,000	*
Freehold buildings	31.12.2019	42,600	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 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. 200 - 300	*
			Income basis	Estimated rental value per sq.ft.	Rs. 14,500	*

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	*

As at 31st March 2022**Investment Property**

Freehold lands	31.12.2021	261,075	MCM	Estimated price per perch	Rs. 600,000 - 13,000,000	*
Freehold buildings	31.12.2021	559,589	MCM	Estimated price per sq.ft	Rs. 200 - 300	*
			Income basis	Estimated rental value per sq.ft.	Rs. 14,500	*

Property, plant and equipment

Freehold lands	31.12.2021	3,209,268	MCM	Estimated price per perch	Rs. 50,000 - 13,000,000	*
Freehold buildings	31.12.2021	2,268,011	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.

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	2023					2022				
Company	Level 1	Level 2	Level 3	Total fair Value	Carrying amount	Level 1	Level 2	Level 3	Total fair Value	Carrying amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets										
Cash and cash equivalents	-	5,844,798	-	5,844,798	5,844,798	-	4,668,830	-	4,668,830	4,668,830
Balances with banks & financial institutions	-	29,900,057	-	29,900,057	29,839,914	-	5,117,307	-	5,117,307	5,117,866
Loans and receivables (Gross)	-	122,796,426	-	122,796,426	124,687,201	-	161,878,020	-	161,878,020	161,162,024
Debt instrument - Amortised cost	-	10,936,265	-	10,936,265	10,903,577	-	9,804,639	-	9,804,639	9,827,221
Other financial assets	-	100,306	-	100,306	100,306	-	108,493	-	108,493	108,493
	-	169,577,852	-	169,577,852	171,375,796	-	181,577,289	-	181,577,289	180,884,434
Financial Liabilities										
Due to banks	-	7,450,914	-	7,450,914	7,724,671	-	11,750,052	-	11,750,052	11,749,332
Due to customers	-	101,524,558	-	101,524,558	100,935,114	-	102,854,237	-	102,854,237	103,367,904
Debt Securities issued	-	13,139,340	-	13,139,340	16,706,049	-	16,266,084	-	16,266,084	17,244,313
Other Financial liabilities	-	1,457,388	-	1,457,388	1,457,388	-	3,636,528	-	3,636,528	3,636,528
Lease Liabilities	-	1,570,117	-	1,570,117	1,753,723	-	2,072,188	-	2,072,188	2,059,050
	-	125,142,317	-	125,142,317	128,576,945	-	136,579,089	-	136,579,089	138,057,127

As at 31st March	2023					2022				
Group	Level 1	Level 2	Level 3	Total fair Value	Carrying amount	Level 1	Level 2	Level 3	Total fair Value	Carrying amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets										
Cash and cash equivalents	-	6,316,003	-	6,316,003	6,316,003	-	5,402,587	-	5,402,587	5,402,587
Balances with banks & financial institutions	-	34,164,468	-	34,164,468	34,224,917	-	9,492,331	-	9,492,331	9,529,518
Loans and receivables (Gross)	-	135,077,403	-	135,077,403	136,885,374	-	174,545,177	-	174,545,177	174,162,982
Debt instrument - Amortised cost	-	1,498,065	-	1,498,065	1,498,065	-	1,322,528	-	1,322,528	1,322,528
Other financial assets	-	15,854,167	-	15,854,167	15,859,672	-	15,765,803	-	15,765,803	16,013,525
	-	192,910,106	-	192,910,106	194,784,031	-	206,528,426	-	206,528,426	206,431,140
Financial Liabilities										
Due to banks	-	10,340,197	-	10,340,197	11,068,522	-	15,389,574	-	15,389,574	15,300,361
Due to customers	-	108,431,346	-	108,431,346	107,979,956	-	110,876,896	-	110,876,896	111,453,750
Debt Securities issued	-	12,998,247	-	12,998,247	16,564,956	-	16,124,318	-	16,124,318	17,103,223
Other Financial liabilities	-	1,709,574	-	1,709,574	1,709,574	-	4,043,322	-	4,043,322	4,043,322
Insurance liabilities and reinsurance payable	-	5,206,622	-	5,206,622	5,206,622	-	5,903,363	-	5,903,363	5,903,363
Lease Liabilities	-	1,328,797	-	1,328,797	1,477,875	-	1,587,902	-	1,587,902	1,588,115
	-	140,014,783	-	140,014,783	144,007,505	-	153,925,375	-	153,925,375	155,392,134

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 received 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 No.	Company		Group	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Cash in hand		1,004,152	1,135,991	1,018,947	1,157,668
Balance with banks	22.1 262	1,748,726	1,693,626	2,097,659	2,202,565
Savings account with banks		231,172	1,339,182	338,649	1,367,071
Saving deposit in foreign currency		35	31	35	31
Call Deposits		2,860,713	-	2,860,713	-
Securities under reverse repurchase agreement		-	500,000	-	675,252
Total		5,844,798	4,668,830	6,316,003	5,402,587
Fair value		5,844,798	4,668,830	6,316,003	5,402,587

22.1 Balance with banks

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Local banks	1,748,726	1,693,626	2,097,659	2,202,565
Total	1,748,726	1,693,626	2,097,659	2,202,565

23. BALANCES WITH BANKS & FINANCIAL INSTITUTIONS**Accounting Policy**

Balances with banks & financial institutions include fixed deposits and deposits in foreign currency. Balances with banks & financial institutions are carried at amortised cost in the statement of financial position.

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Fixed deposits				
Local currency	29,839,914	5,117,866	34,171,461	9,510,617
Foreign currency	-	-	53,456	18,901
Total	29,839,914	5,117,866	34,224,917	9,529,518
Fair value	29,900,057	5,117,307	34,164,468	9,492,331

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS**Accounting Policy**

The Group classifies financial assets as financial assets recognised through profit or loss (FATPL) when they have been purchased primarily for short term profit making through trading activities. FATPL are recorded and measured at fair value and changes in fair value are recognised in the Net gains/(losses) on financial assets - FVTPL in the Statement of Profit or Loss.

SLFRS 9 requires financial instruments to be classified based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. FATPL include quoted equity securities that have been acquired principally for short term profit making and are recorded at fair value using the market prices published by the Colombo Stock Exchange.

Further as per SLFRS 9, financial assets recognised through profit or loss includes all financial assets other than those classified under FVOCI and amortised cost.

Dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to receive the payment has been established.

The Group evaluates its portfolio of assets FVOCI, to determine if the intention to sell them in the near future is still appropriate. When the Group can not sell these financial assets due to inactive markets and the management intention to sell them in the foreseeable future significant changes, the Group may choose to reclassify these financial assets. Financial assets FVOCI measure the fair value using the prices obtained from Colombo Stock Exchanges.

	Note	Page No.	Company		Group	
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March						
Quoted equity securities	24.1	264	203,975	25,140	345,093	174,801
Investment in Unit Trust	24.3	265	-	-	-	674,497
Total			203,975	25,140	345,093	849,298
Fair value			203,975	25,140	345,093	849,298

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS (CONTD...)**24.1 Quoted equity securities**

As at 31st March	2023			2022		
	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Company		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Utility						
Windforce PLC	-	-	-	1,000,000	18,489	15,900
Subtotal	-	-	-	-	18,489	15,900
Capital Goods						
John Keells Holdings PLC	1,364,108	188,294	190,975	-	-	-
Hemas Holding PLC	200,000	14,157	13,000	200,000	14,157	9,240
Sub total	-	202,451	203,975	-	14,157	9,240
Total	-	202,451	203,975	-	32,646	25,140
Mark to market gains/(losses)	-	1,524	-	-	(7,506)	-
Market value of equity securities	-	203,975	-	-	25,140	-

As at 31st March	2023			2022		
Group	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Shares Listed In Sri Lanka		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Utility						
Windforce PLC	-	-	-	1,000,000	18,489	15,900
Subtotal	-	-	-	-	18,489	15,900
Capital Goods						
John Keells Holdings PLC	1,364,108	188,294	190,975	-	-	-
Hemas Holding PLC	200,000	14,157	13,000	200,000	14,157	9,240
Subtotal	-	202,451	203,975	-	14,157	9,240
Shares Listed In Bangladesh						
British American Tobacco Bangladesh	10,000	19,990	15,829	10,000	22,716	20,269
Berger Paints Bangladesh Ltd.	999	5,470	5,284	1,000	6,241	6,081
Beximco Pharma	12,000	7,182	5,354	12,000	8,162	7,332
BRAC Bank Ltd.	30,000	4,552	3,525	25,000	4,761	4,309
City Bank Ltd.	112,500	8,902	7,484	100,000	10,116	8,981
Dutch Bangla Bank Ltd.	55,000	12,543	10,507	50,000	14,253	12,912
Eastern Bank Ltd.	35,000	3,666	3,396	25,000	3,399	3,329
Grameenphone Limited	28,000	29,386	24,488	17,300	22,696	19,731
Marico Bangladesh Ltd.	1,000	7,567	7,389	2,000	16,416	16,334
Reckitt Benckiser	390	6,171	5,666	150	2,949	2,803
Global Islami Bank Limited	413,291	12,612	11,351	-	-	-
Renata Ltd.	-	-	-	82	376	385
Square Pharmaceuticals Ltd.	30,000	21,644	19,207	30,000	24,595	22,814
Summit Power	150,000	21,948	15,563	150,000	24,940	20,276
Walton Hi-Tech Industries	1,900	6,398	6,075	1,100	4,350	4,105
Subtotal	-	168,031	141,118	-	165,970	149,661
Total	-	370,481	345,093	-	198,616	174,801
Mark to market gains/(losses)	-	(25,388)	-	-	(23,815)	-
Market value of equity securities	-	345,093	-	-	174,801	-

24.2 Industry/sector composition of equity securities – Company and Group

As at 31st March	2023			2022		
Company	Total Cost	Market Value	Composition	Total Cost	Market Value	Composition
Industry/Sector	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Utility	-	-	0.00%	18,489	15,900	63.25%
Capital Goods	202,451	203,975	100.00%	14,157	9,240	36.75%
Subtotal	202,451	203,975	100.00%	32,646	25,140	100.00%
Mark to market gains/(losses)	1,524			(7,506)		
Market value of equity securities	203,975			25,140		
Group						
Utility	-	-	0.00%	18,489	15,900	63.25%
Construction & Engineering	-	-	0.00%	-	-	0.00%
Capital Goods	202,451	203,975	59.11%	14,157	9,240	36.75%
Shares Listed In Bangladesh	168,030	141,118	40.89%	-	-	0.00%
Subtotal	370,481	345,093	100.00%	32,646	25,140	100.00%
Mark to market gains/(losses)	(25,388)			(7,506)		
Market value of equity securities	345,093			25,140		

Sensitivity analysis of financial assets - FVTPL - equity is given in Note 56.4.3. on page no. 347

24.3 Investment in Unit Trust

As at 31st March		Company			Group	
		2023	2022		2023	2022
	No. of Units	Rs. '000	Rs. '000	No. of Units	Rs. '000	Rs. '000
NDB Wealth Money Market Plus Fund	-	-	-	2,052	-	51,679
CAL Investment	-	-	-	16,805	-	362,795
JB Vantage Money Market Fund	-	-	-	8,693	-	260,023
		-	-		-	674,497

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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right of 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 on page no. 289.

Renegotiated Loans and Receivables

Where possible, the Group/Company seeks to restructure loans and receivables rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new receivable conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the receivable is no longer considered past due. Management continually reviews renegotiated loans and receivables to ensure that all criteria are met and that future payments are likely to occur. The receivable continue to be subject to any criteria are met and that future payments are likely to occur. The loans and receivables continue to be measured at amortised cost using original EIR and subject to an individual or collective impairment assessment.

Impairment allowance for loans and receivable to customers

Details on the Impairment allowance for loans and receivable to customers disclosed in the note 25.7 on page no. 277.

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

As at 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loans and receivables	25.1.2	268	124,687,201	161,162,024	136,885,374	174,162,982
(Less):						
Individual impairment charges	25.7	277	2,145,506	1,655,462	2,145,506	1,655,462
Collective impairment charges	25.7	277	8,263,750	8,232,108	9,361,964	9,186,674
Net loans and receivables			114,277,945	151,274,454	125,377,904	163,320,846
Fair value			122,796,426	161,878,020	135,077,403	174,545,177

25.1 Analysis**25.1.1 Analysis by stage wise****Company**

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 charges	-	-	2,145,506	2,145,506
Collective impairment charges	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

As at 31st March 2022	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	124,054,490	16,207,503	20,900,031	161,162,024
(Less):				
Individual impairment charges	-	-	1,655,462	1,655,462
Collective impairment charges	1,338,223	891,126	6,002,759	8,232,108
Net loans and receivables	122,716,267	15,316,377	13,241,810	151,274,454

Group

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 charges	-	-	2,145,506	2,145,506
Collective impairment charges	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

As at 31st March 2022	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	134,631,929	17,272,072	22,258,981	174,162,982
(Less):				
Individual impairment charges	-	-	1,655,462	1,655,462
Collective impairment charges	1,745,742	1,036,189	6,404,743	9,186,674
Net loans and receivables	132,886,187	16,235,883	14,198,776	163,320,846

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.1.2 Analysis by product**

			Company		Group	
As at 31st March		Page	2023	2022	2023	2022
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
By product						
Lease/Ijarah receivable	25.4.1/25.5.1	271/273	55,764,729	76,836,170	55,759,186	76,827,955
Hire-Purchase/ Murabah receivable	25.4.2/25.5.2	271/273	196,060	204,339	2,918,779	3,532,661
Term Loan and receivables	25.4.3/25.5.3	272/274	67,089,647	82,658,604	78,207,409	93,802,366
Related party receivables	25.2	269	1,636,765	1,462,911	-	-
Gross total			124,687,201	161,162,024	136,885,374	174,162,982

25.1.3 Analysis by Currency

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Sri Lankan Rupee	124,687,201	161,162,024	125,832,413	163,098,987
Bangladesh Taka	-	-	11,052,961	11,063,995
Gross total	124,687,201	161,162,024	136,885,374	174,162,982

25.1.4 Analysis by Industry

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Agriculture, Forestry & Fishing	27,151,036	32,571,677	27,709,320	33,958,216
Arts, Entertainment & Recreation	954,545	1,314,458	956,091	1,314,458
Construction & Infrastructure Development	8,528,731	9,797,912	9,433,072	10,631,366
Consumption	8,013,864	8,618,671	8,781,028	10,188,492
Education	1,707,696	2,090,854	1,707,696	2,090,854
Financial Services	8,776,851	10,787,171	12,776,951	10,719,757
Health Care, Social Services & Support Services	7,354,251	9,010,963	9,185,041	11,498,386
Information Technology And Communication	1,304,974	1,726,877	1,399,371	1,968,838
Manufacturing	7,247,716	9,441,731	10,617,109	14,135,330
Professional, Scientific & Technical Activities	10,064,883	13,558,688	10,069,976	14,364,143
Tourism	2,689,999	3,314,785	2,699,305	3,328,350
Transportation & Storage	24,861,237	35,116,000	24,989,315	35,254,791
Wholesale & Retail Trade	14,994,171	20,787,613	15,481,123	21,336,335
Other	1,037,247	3,024,624	1,079,976	3,373,666
Gross total	124,687,201	161,162,024	136,885,374	174,162,982

25.2 Related Party Receivables

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
People's Leasing Property Development Limited	528,249	560,310	-	-
People's Leasing Fleet Management Limited	1,320	3,528	-	-
People's Leasing Havelock Properties Limited	1,043,582	835,187	-	-
People's Micro-commerce Ltd.	10,405	1,495	-	-
People's Insurance PLC	26,589	35,236	-	-
Lankan Alliance Finance Limited	26,620	27,155	-	-
Total	1,636,765	1,462,911	-	-

25.3 Movement in gross loan and receivables during the year**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

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**Movement in gross loan and receivables 2021/22 - Company**

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2021	91,721,453	30,256,132	28,678,260	150,655,845
New assets originated or purchased	65,130,966	1,874,077	1,211,963	68,217,006
Assets derecognised or repaid (excluding write offs)	(37,547,489)	(10,439,345)	(9,718,930)	(57,705,764)
Transfers to Stage 2 and 3	(8,524,274)	6,540,158	1,984,116	-
Transfers to Stage 1 and 3	9,306,431	(13,243,054)	3,936,623	-
Transfers to Stage 1 and 2	3,967,403	1,219,535	(5,186,938)	-
Amounts written off	-	-	(5,063)	(5,063)
Gross carrying amount as at 31st March 2022	124,054,490	16,207,503	20,900,031	161,162,024

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

Movement in gross loan and receivables 2021/22 - Group

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2021	92,517,093	35,084,515	31,622,920	159,224,528
New assets originated or purchased	74,010,141	2,035,752	1,377,459	77,423,352
Assets derecognised or repaid (excluding write offs)	(40,640,670)	(13,175,141)	(11,751,547)	(65,567,358)
Transfers to Stage 2 and 3	(8,694,759)	6,690,802	2,003,957	-
Transfers to Stage 1 and 3	10,237,076	(13,976,868)	3,739,792	-
Transfers to Stage 1 and 2	4,364,143	563,448	(4,927,591)	-
Amounts written off	-	-	(5,063)	(5,063)
Foreign exchange adjustments	2,838,904	49,564	199,054	3,087,522
Gross carrying amount as at 31st March 2022	134,631,929	17,272,072	22,258,981	174,162,982

25.4 Remaining Contractual Maturity Analysis -Company**25.4.1 Lease/Ijarah receivable**

As at 31st March	2023				2022			
	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	34,877,887	33,566,958	35,300	68,480,145	40,144,122	55,166,643	143,004	95,453,768
Less: Unearned income	7,634,808	5,078,328	1,477	12,714,613	9,383,677	9,225,344	6,816	18,615,836
Net rentals receivable	27,243,079	28,488,630	33,823	55,765,532	30,760,445	45,941,299	136,189	76,837,932
Less : Rentals received in advance				803				1,762
Lease/Ijarah receivable before impairment provision				55,764,729				76,836,170
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				622,874				831,062
Stage 2				559,881				643,743
Stage 3				2,438,367				2,323,037
Total collective impairment				3,621,122				3,797,842
Total net rentals receivable	27,243,079	28,488,630	33,823	52,143,607	30,760,445	45,941,298	136,189	73,038,328

25.4.2 Hire-Purchase/ Murabah receivable

As at 31st March	2023				2022			
	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	207,793	3,211	-	211,004	213,214	6,822	-	220,036
Less: Unearned income	14,705	65	-	14,770	15,345	178	-	15,523
Net rentals receivable	193,088	3,146	-	196,234	197,869	6,644	-	204,513
Less : Rentals received in advance				174				174
Hire-Purchase/ Murabah receivable before impairment provision				196,060				204,339
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				81				23
Stage 2				-				223
Stage 3				188,440				190,140
Total collective impairment				188,521				190,386
Total net rentals receivable	193,088	3,146	-	7,539	197,869	6,644	-	13,953

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.4.3 Term Loan and receivables**

For the year ended 31st March	2023				2022			
	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	12,132,928	18,250,910	41,723	30,425,561	15,038,440	31,941,065	187,072	47,166,577
Short and medium loans	4,960,282	3,555,325	43,594	8,559,201	5,096,841	5,308,971	100,925	10,506,738
Clean Basis Loan	836,317	29,316	-	865,633	830,176	64,652	-	894,828
Self E Cash Loan	3,465,791	1,606,759	-	5,072,551	2,315,513	598,809	-	2,914,322
Fast Track Loan	896,100	92,235	-	988,335	2,020,498	605,689	-	2,626,187
Trading Murabah	181,068	22,846	45,535	249,449	248,779	59,022	-	307,800
Musharakah	1,136,527	1,435,060	8,052	2,579,639	1,491,411	2,744,510	27,526	4,263,447
Gold Loan	9,194,726	-	-	9,194,726	2,658,471	-	-	2,658,471
Factoring receivable	1,507,410	-	-	1,507,410	2,111,469	-	-	2,111,469
Margin trading	6,632,491	-	-	6,632,491	8,387,793	-	-	8,387,793
Staff loans	180,883	454,141	192,458	827,481	192,171	418,747	2,993	613,911
Sundry loans	164,157	23,312	-	187,470	184,773	23,106	-	207,879
Less ; Prepaid Rentals	(300)	-	-	(300)	(819)	-	-	(819)
Loan receivable before impairment provision	41,288,381	25,469,904	331,362	67,089,647	40,575,517	41,764,571	318,517	82,658,604
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				2,145,506				1,655,462
Total individual impairment				2,145,506				1,655,462
Collective Impairment								
Stage 1				285,582				507,138
Stage 2				263,352				247,160
Stage 3				3,905,173				3,489,582
Total collective impairment				4,454,107				4,243,880
Total net rentals receivable	41,288,381	25,469,904	331,362	60,490,034	40,575,517	41,764,571	318,517	76,759,262

25.5 Remaining Contractual Maturity Analysis -Group**25.5.1 Lease/Ijarah receivable**

As at 31st March	2023				2022			
	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	34,876,040	33,560,590	35,301	68,471,931	40,142,275	55,160,275	143,004	95,445,554
Less: Unearned income	7,635,488	5,077,648	1,477	12,714,613	9,384,357	9,224,664	6,816	18,615,837
Net rentals receivable	27,240,552	28,482,942	33,824	55,757,318	30,757,918	45,935,611	136,188	76,829,717
Less : Rentals received in advance				803				1,762
Lease/Ijarah receivable before impairment provision				55,756,515				76,827,955
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				622,874				831,062
Stage 2				559,881				643,743
Stage 3				2,438,367				2,323,037
Total collective impairment				3,621,122				3,797,842
Total net rentals receivable	27,240,552	28,482,942	33,824	52,135,393	30,757,918	45,935,611	136,188	73,030,113

25.5.2 Hire-Purchase/ Murabah receivable

As at 31st March	2023				2022			
	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	1,779,431	2,177,218	-	3,956,649	1,958,654	2,911,695	-	4,870,349
Less: Unearned income	536,448	501,248	-	1,037,696	630,350	707,164	-	1,337,514
Net rentals receivable	1,242,983	1,675,970	-	2,918,953	1,328,304	2,204,531	-	3,532,835
Less : Rentals received in advance				174				174
Hire-Purchase/ Murabah receivable before impairment provision				2,918,779				3,532,661
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				86,167				115,814
Stage 2				92,156				121,038
Stage 3				326,611				414,438
Total collective impairment				504,934				651,289
Total net rentals receivable	1,242,983	1,675,970	-	2,413,845	1,328,304	2,204,531	-	2,881,372

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.5.3 Term Loan and receivables**

As at 31st March	2023				2022			
	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	12,132,928	18,250,910	41,723	30,425,561	15,038,440	31,941,065	187,072	47,166,578
Short and medium loans	9,664,686	9,326,044	639,014	19,629,744	11,284,774	9,631,763	733,961	21,650,499
Clean Basis Loan	836,317	29,316	-	865,633	830,176	64,652	-	894,828
Self E Cash Loan	3,465,791	1,606,759	-	5,072,551	2,315,513	598,809	-	2,914,322
Fast Track Loan	896,100	92,235	-	988,335	2,020,498	605,689	-	2,626,187
Trading Murabah	181,068	22,846	45,535	249,449	248,779	59,022	-	307,800
Musharakah	1,136,527	1,435,060	8,052	2,579,639	1,491,411	2,744,510	27,526	4,263,447
Gold Loan	9,194,726	-	-	9,194,726	2,658,471	-	-	2,658,471
Factoring receivable	1,507,410	-	-	1,507,410	2,111,469	-	-	2,111,469
Margin trading	6,632,491	-	-	6,632,491	8,387,793	-	-	8,387,793
Staff loans	191,331	479,967	203,403	874,700	192,171	418,747	2,993	613,911
Sundry loans	164,157	23,312	-	187,470	184,773	23,106	-	207,879
Less :Prepaid Rentals	(300)	-	-	(300)	(819)	-	-	(819)
Loan receivable before impairment provision	46,003,233	31,266,450	937,727	78,207,409	46,763,450	46,087,363	951,553	93,802,366
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				2,145,506				1,655,462
Total individual impairment				2,145,506				1,655,462
Collective Impairment								
Stage 1				543,627				798,866
Stage 2				501,880				271,408
Stage 3				4,190,401				3,667,268
Total collective impairment				5,235,908				4,737,542
Total net rentals receivable	46,003,233	31,266,450	937,727	70,825,995	46,763,450	46,087,363	951,553	87,409,362

25.6 Impairment Allowance for Loans and Receivable to Customers

Accounting Policy

As per SLFRS 9, the Group records an allowance for expected credit losses for loans and advances.

Individual Impairment

The Group will separately assess significant customer exposure to determine where there are any signs of impairment. Loans with credit impaired have been classified as Stage 3. Loans with a individually significant amount but not impaired will be collectively assessed for impairment in stage 1 or stage 2 according to the below specified criteria to determine whether significant credit deterioration has occurred since its inception.

Collective Impairment

A collective impairment provision is established for:

- Groups of homogeneous loans and advances that are not considered individually significant; and
- Groups of assets that are individually significant but that were not found to be individually impaired.

As per SLFRS 9, the Group's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Group's criteria for qualitatively assessing whether there has been a significant increase in credit risk and if so allowances for financial assets measured on a Life time expected credit loss (LTECL) basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various statistical formulas and the choice of inputs
- Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect on Probability of Default (PDs), Exposure At Default (EAD) and Loss Given Default (LGD);
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The Group has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

Stage 1

Loans and receivables that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses (LTECL) that result from default events possible within next 12 months (12M ECL).

Stage 2

If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Group records an allowance for LTECL.

Stage 3

If a loan is credit impaired, it is moved to Stage 3 and the Group recognises an allowance for LTECL, with probability of default at 100%.

Significant increase in credit risk

When determining whether the risk of default on financial instruments has increased significantly since the initial recognition, the Group will consider reasonable and supportable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information analysis based on the Group's historical experience and expert credit assessment, including forward-looking information.

The Group considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9.

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.6 Impairment Allowance for Loans and Receivable to Customers (Cond...)**

The Group individually reviews at each reporting date, loans and advances above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default.

Definition of default and credit impaired assets

The Group considers loans and advances to other customers be defaulted when:

1. The borrower is unlikely to pay its obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
2. The borrower becomes 90 days past due on its contractual payments.

The Group computes ECL using three main components; a probability of default (PD), a loss given default (LGD), and the exposure at default (EAD) under the collective assessment. These parameters are generally derived from internally developed statistical models and historical data are then adjusted to reflect forward-looking information.

1. PD – The probability of default represents the likelihood of a borrower defaulting on its financial obligation (as per “definition of default and credit impaired” above) either over the next 12 months (12mPD) or over the remaining lifetime (Lifetime PD) of the obligation.

Two types of PDs are used for calculating ECLs:

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
 - Lifetime PDs – This is the estimated probability of a default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for “Stage 2” and “Stage 3” exposures
2. Loss given Default (“LGD”) – This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
 3. Exposure at Default (“EAD”) – This 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, and expected drawdowns on committed facilities.
 4. Discount Rate – This is used to discount an expected loss to a present value at the reporting date using the effective interest rate (EIR) at initial recognition
 5. Economic Factor Adjustment (EFA)-When incorporate forward looking information, an entity should consider forecasted macroeconomic factors to assessing the expected credit loss.

Forward-looking information

The Group incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group also obtained experienced credit judgement to formulate a base case and a worst case scenario. The base case represents a most-likely outcome and is aligned with information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk both quantitative and qualitative for various portfolio segments. Quantitative economic factors are based on economic data and forecasts published by CBSL and supranational organisations such as IMF.

Quantitative drivers of credit risk	Qualitative drivers of credit risk
Interest rate (AWPLR)	Status of industry business
GDP growth	Regulatory impact
Rate of inflation	Government policies
Unemployment rate	Average LTV
Exchange rate	

Considering the current volatile macro-economic condition of the country the company amended the scenario weightages as worst-case 70%, best-case 0% and base-case 30% for the next three years and after then worst-case 60%, best-case 10% and base-case 30%.

Revolving facilities

The Company offers a revolving facilities such as Fast track, and calculates only the 12-month ECL (12mECL) allowance on these facilities. The EAD is arrived by taking the maximum of either sanction limit adjusted for Credit Conversion Factor (CCF) and the gross carrying amount of the loan (utilised amount). EAD of Stage 3 contracts are limited to the gross carrying amount which is the utilised amount since the Group freeze the limits of those contracts up to the utilised amount. The expected 12-month default probabilities are applied to EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

25.7 Movement in Individual and collective impairment charges during the year

A reconciliation of the allowance for impairment losses for loans and receivables, by class, is as follows:

Company	Lease	Hire Purchase	Ijarah	Term Loans	Re-finance loans	Murabah	Trading Murabah	Factoring	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 1st April 2021	3,029,790	174,687	188,652	4,581,573	20,147	8,345	140,383	1,124,361	9,267,938
Charge/(Reversal) for the year	656,967	8,184	(77,567)	(157,665)	3,300	(830)	58,672	128,571	619,632
At 31st March 2022	3,686,757	182,871	111,085	4,423,908	23,447	7,515	199,055	1,252,932	9,887,570

Individual impairment

Stage 1	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	771,042	2,406	-	3,456	878,558	1,655,462
Total Individual impairment	-	-	-	771,042	2,406	-	3,456	878,558	1,655,462

Collective impairment

Stage 1	804,513	15	26,549	486,203	-	8	4,311	16,624	1,338,223
Stage 2	628,642	214	15,101	207,247	-	9	263	39,650	891,126
Stage 3	2,253,602	182,642	69,435	2,959,416	21,041	7,498	191,025	318,100	6,002,759
Total Collective impairment	3,686,757	182,871	111,085	3,652,866	21,041	7,515	195,599	374,374	8,232,108
Total	3,686,757	182,871	111,085	4,423,908	23,447	7,515	199,055	1,252,932	9,887,570

Company	Lease	Hire Purchase	Ijarah	Term Loans	Re-finance loans	Murabah	Trading Murabah	Factoring	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	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
Amounts written off	-	-	-	-	-	-	-	-	-
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

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.7 Movement in Individual and collective impairment charges during the year (Contd...)**

Group	Lease	Hire	Ijarah	Term	Re-finance	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase Rs. '000	Rs. '000	Loans Rs. '000	Loans Rs. '000	Rs. '000	Murabah Rs. '000	Rs. '000	Rs. '000
At 1st April 2021	3,029,790	579,354	188,652	4,791,164	20,147	8,345	140,383	1,124,361	9,882,196
Charge/(Reversal) for the year	656,967	64,421	(77,567)	96,622	3,300	(830)	58,672	128,571	930,156
Exchange rate variance	-	-	-	29,784	-	-	-	-	29,784
At 31st March 2022	3,686,757	643,775	111,085	4,917,570	23,447	7,515	199,055	1,252,932	10,842,136

Individual impairment

Stage 1	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	735,534	2,406	-	38,964	878,558	1,655,462
Total Individual impairment	-	-	-	735,534	2,406	-	38,964	878,558	1,655,462

Collective impairment

Stage 1	804,513	115,806	26,549	745,704	-	8	36,538	16,624	1,745,742
Stage 2	628,642	121,029	15,101	189,072	-	9	42,686	39,650	1,036,189
Stage 3	2,253,602	406,940	69,435	3,119,998	21,041	7,498	208,129	318,100	6,404,743
Total Collective impairment	3,686,757	643,775	111,085	4,182,036	21,041	7,515	160,091	374,374	9,186,674
Total	3,686,757	643,775	111,085	4,917,570	23,447	7,515	199,055	1,252,932	10,842,136

Group	Lease	Hire	Ijarah	Term	Re-finance	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase Rs. '000	Rs. '000	Loans Rs. '000	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

25.8 Movement in provision for impairment during the year**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

Movement in impairment 2021/22 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2021	831,484	1,113,374	7,323,080	9,267,938
New assets originated or purchased	556,956	76,426	442,180	1,075,562
Assets derecognised or repaid (excluding write offs)	(12,530)	(362,278)	(439,651)	(814,459)
Transfers to Stage 2 and 3	(203,085)	100,684	102,401	-
Transfers to Stage 1 and 3	(9,270)	(105,960)	115,230	-
Transfers to Stage 1 and 2	81,009	27,966	(108,975)	-
Impact on year end ECL of exposures transferred between stages during the year	(231,669)	(24,428)	28,790	(227,307)
Changes to models and inputs used for ECL calculations	306,788	65,342	200,229	572,359
Amounts written off	-	-	(5,063)	(5,063)
Balance as at 31st March 2022	1,338,223	891,126	7,658,221	9,887,570

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**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

Movement in impairment 2021/22 - 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 2021	995,233	1,262,265	7,624,698	9,882,196
New assets originated or purchased	838,601	111,603	488,498	1,438,702
Assets derecognised or repaid (excluding write offs)	(137,607)	(384,216)	(437,025)	(958,848)
Transfers to Stage 2 and 3	(207,147)	103,722	103,425	-
Transfers to Stage 1 and 3	10,197	(119,666)	109,469	-
Transfers to Stage 1 and 2	89,110	14,417	(103,526)	-
Impact on year end ECL of exposures transferred between stages during the year	(236,302)	(24,672)	29,079	(231,896)
Changes to models and inputs used for ECL calculations	312,924	65,995	202,231	581,150
Amounts written off	-	-	(5,063)	(5,063)
Foreign exchange adjustments	80,733	6,740	48,420	135,894
Balance as at 31st March 2022	1,745,742	1,036,188	8,060,205	10,842,136

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), underperforming (stage 2), nonperforming (stage 3), the Company provides ECL on 12 months ECL and lifetime ECL weighted among several scenarios.

De-recognition due to substantial modification of terms and conditions

Group de-recognises premium receivables, when the terms and conditions have been re-negotiated to the extent that, substantially, it becomes a new insurance contract, with the difference recognised as a separate asset or liability. The newly recognised insurance contracts are classified as stage 1 for ECL measurement purposes.

When assessing whether or not to de-recognise a insurance premium receivable, amongst others, Group considers the following factors:

- Loss of insurable interest
- Change in counterparty

Assessment of impairment of insurance receivables

The Group assessed the impairment provision based on the ECL method.

Reinsurance receivable

The Company cedes insurance risk to reinsurance in the normal course of business. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

According to the characteristics relating to reinsurance receivables, the instruments qualify the contractual cash flow characteristic test (SPPI test) as the return solely represent capital and interest. Even though there were no interest charge for reinsurance receivables, they satisfy the SPPI test as they are considered to be short-term and credit risk doesn't exist to charge interest. Upon completion of the SPPI test, the management elected the business model of hold to collect the contractual cash flows and measure the instrument at amortised cost as these are short-term in nature. Since these are short-term balances without a financing component, the amortised cost will be equal to carrying value.

Assessment of impairment of reinsurance receivables

Reinsurance receivables of the Company are not qualified for ECL model based on SLFRS 4 - Insurance Contracts, section 20. Impairment losses will be recognised on reinsurance receivables, if and only if, there is no objective evidence, as a result that occurred after initial recognition of the reinsurance assets, that the Company may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

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	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Reinsurance receivables	-	-	521,091	606,386
Insurance Receivables	-	-	976,974	716,142
Total	-	-	1,498,065	1,322,528
Fair value	-	-	1,498,065	1,322,528

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 SLFRS 9- "Financial Instruments:" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

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	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Equity securities	27.1	283	228,541	231,838	228,541	231,838
Treasury bills			-	-	428,309	299,663
Debentures	27.1	283	716,112	1,101,440	716,112	1,101,440
Total			944,653	1,333,278	1,372,962	1,632,941
Fair value			944,653	1,333,278	1,372,962	1,632,941

27.1 Equity & Debt securities - Company

As at 31st March			2023			2022		
	Note	Page No.	No of Shares	Cost of Investment Rs. '000	Market Value Rs. '000	No of Shares	Cost of Investment Rs. '000	Market Value Rs. '000
Quoted Investments								
People's Merchant Finance PLC			25,014,002	237,633	130,073	25,014,002	237,633	135,076
Asiri Hospital Holdings PLC			500,000	20,730	12,450	500,000	20,730	18,750
Windforce PLC			1,000,000	18,489	16,500	-	-	-
Lanka credit and business Finance PLC			5,000,000	50,000	12,500	5,000,000	50,000	11,000
Sanasa Development Bank PLC			2,271,260	213,853	57,008	2,271,260	213,853	67,002
				540,705	228,531		522,216	231,828
Unquoted Investments								
Credit Information Bureau of Sri Lanka	272.1	283	100	10	10	100	10	10
Subtotal					228,541			231,838
Debenture investments								
Ceylon Electricity Board			9,180,900	1,000,086	716,112	9,180,900	1,000,086	891,470
Sampath Bank						2,025,000	211,149	209,970
Total				1,590,801	944,653		1,733,461	1,333,278

27.2 Reconciliation of fair value measurement for unquoted equity securities under level 3 hierarchy**27.2.1 Credit Information Bureau of Sri Lanka**

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Treasury bills	10,903,577	9,827,221	10,903,577	9,827,221
Treasury bonds	-	-	2,242,156	2,750,582
Unquoted preference shares	-	-	630,330	918,504
Commercial Paper	-	-	-	152,475
Debentures	-	-	2,083,609	2,364,743
Total	10,903,577	9,827,221	15,859,672	16,013,525
Fair value	10,936,265	9,804,639	15,854,167	15,765,803

28. DEBT INSTRUMENT- AMORTISED COST**28.1 Debentures**

As at 31st March	Rate	Maturity date	Group			
			2023		2022	
			No. of Debentures	Carrying Value Rs. '000	No. of Debentures	Carrying Value Rs. '000
Sampath Bank PLC	12.50%	20-Mar-23	1,000,000	-	1,000,000	100,366
	13.90%	24-Feb-24	1,000,000	101,152	1,000,000	101,152
Siyapatha Finance PLC	13.33%	8-Aug-24	1,500,000	162,605	1,500,000	162,630
National Savings Bank	11.00%	10-Sep-22	1,000,000	-	1,000,000	105,940
National Development Bank PLC	13.95%	30-Mar-24	2,000,000	200,149	2,000,000	200,149
DFCC Bank PLC	12.75%	9-Nov-23	1,000,000	104,925	1,000,000	104,925
	13.00%	29-Mar-25	844,500	84,538	844,500	84,538
	13.50%	28-03-24	1,000,000	100,143	1,000,000	100,143
	11.00%	12-Jun-25	1,190,000	129,407	1,190,000	129,415
Seylan Bank PLC	12.85%	29-Mar-23	750,000	-	750,000	75,026
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	90,106	881,700	90,106
Hatton National Bank PLC	13.00%	1-Nov-23	193,300	20,332	193,300	20,332
	12.30%	22-Sep-24	413,300	43,894	413,300	43,900
Nations Trust Bank PLC	12.80%	23-Dec-24	2,000,000	206,566	2,000,000	206,553
Hayleys PLC	12.50%	31-Jul-23	1,000,000	101,972	1,000,000	101,978
Ceylon Electricity Board	9.35%	15-Apr-26	4,000,000	435,688	4,000,000	435,694
LOLC PLC	10.25%	24-Feb-26	3,000,000	302,819	3,000,000	302,819
Subtotal				2,111,250		2,392,620
Less : Allowance for expected credit losses				(27,641)		(27,877)
Total				2,083,609		2,364,743

Total allowance for expected credit loss stemmed from 12 months ECL since all investments under this category are investment grade instruments.

29. INVESTMENTS IN SUBSIDIARIES

Accounting Policy

Investments in subsidiaries are stated at cost, net of any impairment losses which are charged to the Statement of Profit or Loss in the Company's Financial Statements and it is in accordance with the Sri Lanka Accounting Standard LKAS 27 on 'Consolidated and Separate Financial Statements'.

Subsidiaries are entities that are controlled by the Group/Company. Subsidiaries are consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date when such control ceases. The Company is presumed to control an investee when it is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-group balances and transactions, income, expenses and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the Consolidated Financial Statements.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Company.

Non-controlling interests are presented separately in the consolidated Statement of Profit or Loss and within equity in the consolidated Statement of Financial Position, but separate from parent shareholders' equity. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in a deficit balance. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

All subsidiaries of the Company have been incorporated in Sri Lanka other than Lankan Alliance Finance Limited which is incorporated in Bangladesh. A list of subsidiaries with their principal activities are given in the Note 1.2 on page no. 231.

As at 31st March	2023			2022		
	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	353,841	100.00	175,000	332,983
People's Leasing Property Development Limited	100.00	550,000	919,221	100.00	550,000	1,013,914
People's Leasing Havelock Properties Limited	100.00	600,000	596,214	100.00	600,000	626,158
People's Micro-commerce Ltd	100.00	150,000	479,547	100.00	150,000	367,437
People's Insurance PLC	75.00	600,000	3,255,000	75.00	600,000	2,955,000
Lankan Alliance Finance Limited	51.00	1,216,604	1,920,742	51.00	1,138,788	1,482,658
Total		3,291,604	7,524,565		3,213,788	6,778,150

Subsidiaries are not quoted in the Colombo stock exchange except People's Insurance PLC. The directors' valuation of investment in subsidiaries 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	People's Insurance PLC	2023 Lankan Alliance Finance Limited	Total	People's Insurance PLC	2022 Lankan Alliance Finance Limited	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net operating income	5,505,104	557,249	6,062,353	4,562,288	449,753	5,012,041
Less : Operating expenses	4,395,453	734,304	5,129,757	4,254,559	478,043	4,732,602
Profit before income tax	1,109,651	(177,055)	932,596	307,729	(28,290)	279,439
Less : Income tax expense	442,306	296,718	739,024	217,338	(7,556)	209,782
Profit after tax	667,345	(473,773)	193,572	90,391	(20,734)	69,657
Profit allocated to Non-controlling interest (NCI)	166,836	(232,149)	(65,313)	22,598	(10,160)	12,438

As at 31st March	People's Insurance PLC	2023 Lankan Alliance Finance Limited	Total	People's Insurance PLC	2022 Lankan Alliance Finance Limited	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	259,422	126,354	385,776	642,756	124,218	766,974
Balances with banks & financial institutions	3,665,082	1,390,392	5,055,474	2,561,413	1,997,930	4,559,343
Loans and receivables	42,539	10,949,870	10,992,409	51,575	10,964,065	11,015,640
Insurance and reinsurance receivables	2,111,871	-	2,111,871	1,931,657	-	1,931,657
Financial assets - Fair value through other comprehensive income	428,309	-	428,309	299,663	-	299,663
Debt Instrument at amortised cost	4,466,859	630,330	5,097,189	5,408,890	918,504	6,327,394
Property, plant and equipment & intangible assets	367,958	165,712	533,670	106,954	183,036	289,990
Other assets	386,208	381,610	767,816	1,099,636	356,326	1,455,962
Total assets	11,728,248	13,644,268	25,372,514	12,102,544	14,544,079	26,646,623
Due to banks	192,027	1,047,214	1,239,241	184,738	796,993	981,731
Due to customers	-	8,109,008	8,109,008	-	8,665,037	8,665,037
Other financial liabilities	871,770	624,228	1,495,998	969,610	528,323	1,497,933
Other liabilities	493,820	97,658	591,478	216,896	97,658	314,554
Insurance liabilities and reinsurance payable	5,296,908	-	5,296,906	5,982,246	-	5,982,246
Total liabilities	6,854,525	9,878,108	16,732,631	7,353,490	10,088,011	17,441,501
Net assets value	4,873,723	3,766,160	8,639,883	4,749,052	4,456,068	9,205,120

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	-	-	820,664	820,664
Addition during the year	284,961	-	284,961	-
Gain from fair value adjustment	-	-	94,692	-
Balance as at 31st March	284,961	-	1,200,317	820,664

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 Company carries investment property at Market value. Market valuation of the above investment property was carried out as at 31st December 2022 by Mr. K.T.D. Tissera, FRICS (Eng), who is independent valuer not connected with the Company.

Rent income recognised in respect to the above investment property is disclosed in Note 10 on page no. 242.

Direct operational expenses recognised in respect to the above investment property is disclosed in Note 15 on page no. 248.

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.

	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March						
Other financial assets - Insurance Commission			100,306	108,493	-	-
Non financial assets	31.1	288	929,832	640,662	1,281,022	831,825
Total			1,030,138	749,155	1,281,022	831,825

31.1 Non Financial Assets

	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March						
Advance payments			118,813	111,524	91,853	81,928
Dividend receivable			110,768	225,000	-	-
Inventories			47,018	33,015	67,150	40,815
Prepaid Expense			127,533	94,605	135,472	100,814
Unamortised cost on staff loans (Day 1 difference)	31.2	289	370,151	54,211	370,235	54,360
Differed expenses			-	-	91,926	151,388
Other receivables			155,549	122,307	524,386	402,520
Total			929,832	640,662	1,281,022	831,825

31.2 Unamortised cost on staff loans (Day 1 difference)

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 1st April	54,211	123,264	54,360	123,264
Charge for the year	315,940	(69,053)	315,875	(68,904)
Balance as at 31st March	370,151	54,211	370,235	54,360

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.

32. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

The estimated useful lives are as follows;

Class of asset	% per annum	Period
Freehold buildings	2	50 years
Improvement of leasehold property	25	4 years
Motor vehicles	12.5 - 20	5 - 8 years
Computer hardware	20	5 years
Office equipments	10 - 20	5 - 10 years
Furniture's and fittings	20	5 years

The above rates are consistently used by all the Group entities. The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and commence to depreciate when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Useful Lives of Property, Plant and Equipment

The Group and Company depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group and Company intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group/Company would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

32.1 Property, Plant and Equipment - Company

	Freehold Land and Buildings	Improvement of Leasehold Properties	Motor Vehicles	Computer Hardware	Office Equipments	Furniture and Fittings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost							
Balance as at 1st April 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)
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
	Freehold Land and Buildings	Improvement of Leasehold Properties	Motor Vehicles	Computer Hardware	Office Equipments	Furniture and Fittings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost							
Balance as at 1st April 2021	573,840	56,872	225,723	760,265	683,850	459,981	2,760,531
Additions	149,702	-	215,101	122,169	39,451	8,993	535,416
Disposals	-	-	(2,020)	(7,327)	(57,335)	(28,476)	(95,158)
Transfers/adjustments				(160)	160		-
Balance as at 31st March 2022	723,542	56,872	438,804	874,947	666,126	440,498	3,200,789
(Less): Accumulated depreciation							
Balance as at 1st April 2021	3,234	56,872	75,255	612,873	547,487	415,560	1,711,281
Charge for the year	471	-	23,466	69,806	55,899	18,922	168,564
Disposals	-	-	(1,052)	(7,016)	(56,294)	(28,470)	(92,832)
Balance as at 31st March 2022	3,705	56,872	97,669	675,663	547,092	406,012	1,787,013
Net book value at 31st March 2022	719,837	-	341,135	199,284	119,034	34,486	1,413,776

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 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

	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 2021	3,537,387	58,583	510,821	879,870	1,006,726	531,985	6,525,372
Additions	149,702	-	92,205	137,696	45,225	32,330	457,158
Disposals	-	-	(177,260)	(7,712)	(57,795)	(29,786)	(272,553)
Transfers/adjustments	-	-	-	(160)	160	-	-
Exchange rate variance	-	-	6,240	9,363	4,178	10,109	29,890
Balance as at 31st March 2022	3,687,089	58,583	432,006	1,019,057	998,494	544,638	6,739,867
(Less): Accumulated depreciation							
Balance as at 1st April 2021	381,717	57,349	175,372	700,009	709,051	467,609	2,491,107
Charge for the year	63,805	-	43,592	84,197	72,835	32,029	296,458
Disposals	-	-	(71,508)	(7,016)	(56,294)	(28,470)	(163,288)
Exchange rate variance	-	-	1,105	6,210	9,999	7,594	24,908
Balance as at 31st March 2022	445,522	57,349	148,561	783,400	735,591	478,762	2,649,185
Net book value at 31st March 2022	3,241,567	1,234	283,445	235,657	262,903	65,876	4,090,682

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.

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Improvement of leasehold properties	56,872	56,872	56,872	56,872
Motor vehicles	18,860	33,013	36,864	33,013
Computer hardware	526,546	489,153	596,593	548,306
Office equipment	457,782	359,878	513,045	395,812
Furniture and fittings	382,967	357,188	433,490	369,416
Total	1,443,027	1,296,104	1,636,864	1,403,419

32. PROPERTY, PLANT AND EQUIPMENT (CONTD...)**32.4 Group Freehold lands & buildings**

Location	Address	Date of Valuation (Perches)	Method of Valuation	Land Extent (Sq.Ft)	Number of Building Rs. '000	Building Area Rs. '000	2023 Cost Rs. '000	2023 Revaluation Rs. '000	2022 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	49,000
Mabima	No. 225/D, Nayagala Road, Heiyantuduwa, Mabima	31.12.2022	MCM	330.75	1	820	22,532	88,000	75,000
Meegahamulla	Kandepalla, Beligamuwa, Galewala	31.12.2022	MCM	260	1	1,836	27,558	31,000	24,000
Monaragala	No. 10, Pothuwil Road, Monaragala	31.12.2022	MCM	125.9	1	1,376	46,905	100,000	50,000
Administrative purpose									
Bandarawela	No. 35/2D, Welimada Road, Bandarawela	31.12.2022	MCM	8.3	1	5,194	31,257	50,000	45,000
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	100,000
Kandy	No. 296, Senanayaka Road, Kandy	31.12.2022	MCM	47.1	-	-	142,711	203,700	183,700
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	183,885
Subtotal					5		723,542	1,243,058	1,047,943
People's Leasing Property Development Limited									
Borella	No. 1161, Maradana Road, Colombo 08	31.12.2022	MCM	104.9	2	127,621	1,532,414	3,000,000	2,650,000
Subtotal					2		1,532,414	3,000,000	2,650,000
People's Leasing Havelock Properties Limited									
Colombo 05*	No. 07, Havelock Road, Colombo 05	31.12.2022	MCM	111.45	1	84,024	2,059,690	2,900,000	2,600,000
Subtotal					1		2,059,690	2,900,000	2,600,000
Total					8		4,315,646	7,143,058	6,297,943

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 2023 and 31st March 2022.

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 2023 and 31st March 2022.

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 2023 and 31st March 2022.

Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment of the Group/Company pledged as securities for liabilities other than disclosed in Note 54 on page no. 320. (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 (2022 : 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 no. 256. to the Financial Statements.

33. RIGHT OF USE ASSETS**Accounting Policy****SLFRS 16 – Leases****Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts for branches/head office that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided. Leasehold property comprising of land use rights and is amortised on a straight line basis over the remaining lease term.

	Company		Group	
As at 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost				
Balance as at 1st April	3,502,568	3,349,114	2,469,636	2,290,888
Transfer from other asset (Prepaid rentals)	54,279	52,790	54,279	52,790
Sub Total	3,556,847	3,401,904	2,523,915	2,343,678
Additions	161,309	239,437	191,169	238,105
Disposals	(78,638)	(138,773)	(78,638)	(112,147)
Exchange rate variance	-	-	(30,202)	-
Balance as at 31st March	3,639,518	3,502,568	2,606,244	2,469,636
(Less): Accumulated amortisation				
Balance as at 1st April	1,530,188	1,106,670	930,152	699,591
Amortisation	523,101	518,284	361,012	325,327
Disposal	(29,710)	(94,766)	(29,710)	(94,766)
Exchange rate variance	-	-	(27,633)	-
Balance as at 31st March	2,023,579	1,530,188	1,233,821	930,152
Net book value at 31st March	1,615,939	1,972,380	1,372,423	1,539,484

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 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
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

Cost						
Balance as at 1st April 2021	199,853	308,545	508,398	233,461	417,099	650,560
Additions	10,325	-	10,325	12,835	-	12,835
Exchange rate variance	-	-	-	773	-	773
Balance as at 31st March 2021	210,178	308,545	518,723	247,069	417,099	664,168
(Less): Accumulated amortisation						
Balance as at 1st April 2021	175,018	186,934	361,952	198,120	186,934	385,054
Amortisation	13,195	-	13,195	16,879	-	16,879
Impairment	-	121,611	121,611	-	121,611	121,611
Exchange rate variance	-	-	-	1,021	-	1,021
Balance as at 31st March 2022	188,213	308,545	496,758	216,020	308,545	524,565
Net book value at 31st March 2022	21,965	-	21,965	31,049	108,554	139,603

Intangible assets include fully amortised software amounting to Rs. 177,147,838 for the company and Rs. 178,049,338 for the Group as at 31st March 2023 (Rs. 147,975,983 for Company and Rs. 148,877,483 for Group as at 31st March 2022), which are still in use as at the reporting date.

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 the financial year 2022/23 or 2021/22.

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	52,720	69,690	1,143,364	1,325,500
Short term loans	-	-	1,047,214	796,993
Long term loans	4,089,382	6,432,218	5,295,375	7,930,444
Asset backed securities	3,582,569	5,247,424	3,582,569	5,247,424
Total	7,724,671	11,749,332	11,068,522	15,300,361
Fair value	7,450,914	11,750,052	10,340,197	15,389,574

35.1 Movement of due to banks

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	11,679,642	5,722,936	13,974,861	8,111,994
Amount borrowed during the year	2,000,000	7,000,000	2,799,279	7,250,000
Repayments during the year	(7,618,773)	(1,946,889)	(9,082,471)	(2,504,664)
Interest expenses during the year	1,611,082	903,595	2,233,489	1,117,531
Subtotal	7,671,951	11,679,642	9,925,158	13,974,861
Overdrafts	52,720	69,690	1,143,364	1,325,500
Balance as at 31 March	7,724,671	11,749,332	11,068,522	15,300,361

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 no. 320 - '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	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

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	69,690	-	-	69,690
Long term loans	2,353,092	4,079,126	-	6,432,218
Asset backed securities	3,111,337	2,136,087	-	5,247,424
Total	5,534,119	6,215,213	-	11,749,332

35.3.2 Remaining Contractual Maturity Analysis of Due to bank -Group

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
Short term loans	1,047,214	-	-	1,047,214
Long term loans	2,926,926	2,368,449	-	5,295,375
Asset backed securities	3,582,569	-	-	3,582,569
Total	8,700,073	2,368,449	-	11,068,522

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,325,500	-	-	1,325,500
Short term loans	796,993	-	-	796,993
Long term loans	3,113,993	4,816,451	-	7,930,444
Asset backed securities	3,111,337	2,136,087	-	5,247,424
Total	8,347,823	6,952,538	-	15,300,361

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 Rs.11.5 billion (2021/22 Rs. 8.0 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. 147.58 Mn as the premium for the above insurance scheme during the year. (2021/22 -148.67Mn).

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Fixed Deposits	96,761,645	95,145,802	103,843,184	103,375,767
Savings Deposits	4,173,469	8,222,102	4,136,772	8,077,983
Total	100,935,114	103,367,904	107,979,956	111,453,750
Fair value	101,524,558	102,854,237	108,431,346	110,876,896

36.1 Remaining Contractual Maturity Analysis of Due to Customers - Company

	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

36.1 Remaining Contractual Maturity Analysis of Due to Customers - Company

	2022			
	Within one year Rs. '000	1-5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31st March				
Fixed Deposits	78,112,290	17,033,512	-	95,145,802
Savings Deposits	7,973,377	75,044	173,681	8,222,102
Total	86,085,667	17,108,556	173,681	103,367,904

36.2 Remaining Contractual Maturity Analysis of Due to Customers - Group

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	25,727,174	-	103,843,184
Savings Deposits	3,862,675	83,300	190,797	4,136,772
Total	81,955,382	25,810,474	190,797	107,979,956

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	86,149,370	17,226,397	-	103,375,767
Savings Deposits	7,829,258	75,044	173,681	8,077,983
Total	93,978,628	17,301,441	173,681	111,453,750

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 Note	No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	37.2	300	16,706,049	17,244,313	16,564,956	17,103,223
Total			16,706,049	17,244,313	16,564,956	17,103,223
Fair value			13,139,340	16,266,084	12,998,247	16,124,318

37.1 Movement of debt securities issued

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	17,244,313	13,825,553	17,103,223	13,684,516
Amount borrowed during the year	-	10,000,000	-	10,000,000
Redemption of debt securities issued	(704,600)	(6,798,610)	(704,600)	(6,798,610)
Interest expenses on debt securities issued	1,555,403	1,875,532	1,539,300	1,859,429
Interest paid on debt securities issued	(1,389,067)	(1,658,162)	(1,372,967)	(1,642,112)
Balance as at 31 March	16,706,049	17,244,313	16,564,956	17,103,223

37. DEBT SECURITIES ISSUED (CONTD...)**37.2 Listed debentures**

						Company		Group	
As at 31st March		Face value	Interest	Repayment	Type	2023	2022	2023	2022
Issued date	Maturity date	Rs. '000	rate	term		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Senior, unsecured, redeemable, 'AA(-) rated									
18-Apr-2018	18-Apr-2022	704,600	12.40%	Annually	Type A	-	785,163	-	785,163
18-Apr-2018	18-Apr-2023	5,295,400	12.80%	Annually	Type B	5,943,391	5,941,109	5,802,298	5,800,019
5-Aug-2021	5-Aug-2024	2,942,940	8.00%	Annually	Type A	3,089,465	3,087,136	3,089,465	3,087,136
5-Aug-2021	5-Aug-2024	2,419,929	8.00%	At Maturity	Type B	2,743,781	2,538,385	2,743,781	2,538,385
5-Aug-2021	5-Aug-2026	4,272,360	9.00%	Annually	Type C	4,509,198	4,507,686	4,509,198	4,507,686
5-Aug-2021	5-Aug-2026	364,766	9.00%	At Maturity	Type D	420,214	384,834	420,214	384,834

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	(B)		(B/A)	

Issue of listed, senior, unsecured, redeemable, rated debentures during the year 2018/19

The funds raised through this Debenture Issue utilised to repay the short term facilities obtained to settle the debentures matured on the 26th March 2018 and for Company's working capital requirements.	6,000,000	Within the next 12 months from the date of allotment	6,000,000	100	6,000,000	100	N/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	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

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	1,977,853	15,266,460	-	17,244,313
Total	1,977,853	15,266,460	-	17,244,313

Remaining Contractual Maturity Analysis of Debt Security -Group

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

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	1,962,543	15,140,680	-	17,103,223
Total	1,962,543	15,140,680	-	17,103,223

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount payable to suppliers	204,319	2,181,519	243,157	2,243,619
Insurance payable	613,806	609,130	-	-
Other payables	639,263	845,879	1,466,417	1,799,703
Total	1,457,388	3,636,528	1,709,574	4,043,322

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.

39. INSURANCE LIABILITIES AND REINSURANCE PAYABLE (CONTD...)

As at 31st March	Page Note No.	Company		Group	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Insurance Liabilities	39.1 304	-	-	4,800,973	5,314,549
Reinsurance payables		-	-	405,649	588,814
Total		-	-	5,206,622	5,903,363

39.1 Insurance Liabilities

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Outstanding claims provision	-	-	1,288,755	1,652,891
Provision for unearned premiums (net)	-	-	3,512,218	3,661,658
Total	-	-	4,800,973	5,314,549

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 19.68% as a weighted average incremental borrowing rate in order to record the right of use assets and Lease Liabilities (2022 - 12.62%).

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	2,059,050	2,286,386	1,588,115	1,614,660
Additions/renewal of operating lease agreements during the year	161,309	239,437	191,169	238,105
Accretion of interest	236,983	250,137	191,784	170,465
Payments to lease creditors	(651,359)	(667,068)	(438,364)	(385,273)
Expiration of operating lease agreements during the year	(52,260)	(49,842)	(54,829)	(49,842)
Balance as at 31st March	1,753,723	2,059,050	1,477,875	1,588,115

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 Note 56.4.1 on page no. 342.

Remaining Contractual Maturity Analysis of Lease Liability

As at 31st March Company	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	2022			
	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
Total	265,413	1,048,002	164,460	1,477,875

As at 31st March Company	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	440,316	1,407,356	211,378	2,059,050
Total	440,316	1,407,356	211,378	2,059,050

As at 31st March Group	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	117,807	1,267,240	203,068	1,588,115
	117,807	1,267,240	203,068	1,588,115

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 Note	No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March						
Current tax payable	41.1	306	1,013,703	1,851,676	1,406,648	2,098,784
Total			1,013,703	1,851,676	1,406,648	2,098,784

41 CURRENT TAX LIABILITIES (CONTD...)**41.1 Current tax liability**

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Balance as at 1st April	1,851,676	1,803,309	2,098,784	2,077,418
Provision for the year	1,471,393	2,712,280	2,132,725	3,221,561
Under/(Over) provision in respect of previous year	-	(47,744)	-	(47,744)
Payment of income tax	(4,256,539)	(1,175,248)	(5,317,964)	(1,958,933)
Tax credits(*)	1,947,173	(1,440,921)	2,493,103	(1,193,518)
Balance as at 31st March	1,013,703	1,851,676	1,406,648	2,098,784

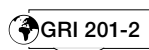
41.2 Withholding Tax (WHT) And Advance Income Tax (AIT)

WHT has been reinstated in accordance with Sections 84 and 85 of the Inland Revenue Act No. 24 of 2017 and the amendments thereto (No. 10 of 2021 and No. 45 of 2022). 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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
VAT on financial services Payable	308,716	428,150	317,732	441,687
SSCL payable	31,195	-	32,322	-
Value Added Tax (VAT) payable	13,235	6,985	116,449	51,216
Crop Insurance Levy Payable	11,647	13,595	11,647	13,595
Amount payable to customers	272,956	498,011	273,303	498,650
Stamp Duty Payable	34,365	62,106	36,971	64,546
Other Payable	344,676	360,207	392,847	329,364
Total	1,016,790	1,369,054	1,202,218	1,399,030



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.

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	
		2023	2022	2023	2022
Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April		668,411	587,257	748,944	657,778
Amount recognise in Statement of Profit or Loss	43.1 308	155,670	82,893	174,517	102,203
Amount recognise in Statement of Comprehensive Income	43.2 308	(57,764)	31,732	(67,120)	28,272
Benefits paid during the year		(92,658)	(33,471)	(100,021)	(39,309)
Balance as at 31st March		673,659	668,411	756,320	748,944

43. RETIREMENT BENEFIT OBLIGATION (CONTD...)**43.1 Amount recognise in Statement of Profit or Loss**

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past service cost	-	(20,736)	-	(23,590)
Current service cost	55,362	57,412	65,812	74,008
Net interest on the net defined benefit liability	100,308	46,217	108,705	51,785
Total amount recognised in Statement of Profit or Loss	155,670	82,893	174,517	102,203

43.2 Amount recognise in Statement of Comprehensive Income

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Losses/(Gains) due to changes in assumptions	(45,364)	9,555	(56,903)	22
Experience Losses/(Gains) arising during the year	(12,400)	22,177	(10,217)	28,250
Total actuarial (losses)/gain recognised in Statement of Comprehensive Income	(57,764)	31,732	(67,120)	28,272

An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2023 by Messrs Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries (31 March 2022 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	2023	2022
Company /Group		
Actuarial assumptions		
Discount rate	18.00%	15.00%
Future salary increment rate	15.00%	13.00%
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 7.9 years for the year ended 31st March 2023. (8.58 - 2022)

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	2023		2022	
	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%	35,475	(35,475)	46,958	(46,958)
-1%	(39,307)	39,307	(53,552)	53,552
Increase/ (decrease) in salary Increment				
1%	39,800	(39,800)	(53,830)	53,830
-1%	(36,451)	36,451	47,935	(47,935)

43.4 Analysis of retirement benefit obligation by Maturity Profile

Following note analysed the defined benefit obligation by expected future working life time of each individual employee. The expected future working life considers the probability of an exit due to withdrawal, death or disability prior to retirement date.

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
For the year ended 31st March				
Within the next 12 months	85,296	54,921	95,970	62,636
Between 1-5 years	288,778	246,811	322,789	275,960
Beyond 5 years	299,585	366,679	337,561	410,348

 GRI 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.

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Recognised under assets	(1,335,460)	(1,146,726)	(1,477,554)	(1,276,649)
Recognised under liabilities	-	-	57,718	155,457
Deferred tax liability/(Asset)	(1,335,460)	(1,146,726)	(1,419,836)	(1,121,192)

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 different entities are separately recognised in the Statement of Financial Position.

44.1 Movement in Deferred Tax

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01st April	(1,146,726)	(415,841)	(1,121,196)	(296,924)
Charge for the year	(147,275)	(673,452)	(244,222)	(766,656)
Deferred Tax charge relating to components of Statement of Comprehensive Income	(41,460)	(57,433)	(54,418)	(57,612)
Balance as at 31st March	(1,335,460)	(1,146,726)	(1,419,836)	(1,121,196)

	Company					Group				
	Deferred Tax Assets Rs. '000	Deferred Tax Liabilities Rs. '000	Statement of Profit or Loss Rs. '000	Statement of Comprehensive Income Rs. '000	Statement of Changes in Equity Rs. '000	Deferred Tax Assets Rs. '000	Deferred Tax Liabilities Rs. '000	Statement of Profit or Loss Rs. '000	Statement of Comprehensive Income Rs. '000	Statement of Changes in Equity 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	-	-
Deferred 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/(assets) as at 31 March 2023	(1,335,460)					(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 2022										
Retirement benefit obligation	127,122	-	39,501	(7,616)	(7,616)	242,236	-	(234,413)	(7,795)	(7,795)
Carry forward tax losses	-	-	-	-	-	-	-	171,164	-	-
Impairment allowances for loan receivables	1,936,823	787,070	178,514	-	-	2,127,250	787,071	306,055	-	-
Deferred tax on transitional Adjustment	214,911	-	-	-	-	214,911	-	13,512	-	-
Accelerated depreciation allowance for tax purpose (Lease)	-	382,094	(862,128)	-	-	-	382,094	(862,128)	-	-
Accelerated depreciation allowance for tax purpose (PPE)	-	26,322	(6,363)	-	-	-	201,939	(22,111)	-	-
Deferred Tax on SLFRS 16	49,677	36,138	(22,976)	-	-	49,677	36,138	(59,114)	-	-
Fair value gains/losses - freehold building	49,817	-	-	(49,817)	(49,817)	49,817	-	-	(49,817)	(49,817)
Fair value gains/losses - investment property	-	-	-	-	-	-	155,457	(79,621)	-	-
	2,378,350	1,231,624	(673,452)	(57,433)	(57,433)	2,683,891	1,562,699	(766,656)	(57,612)	(57,612)
Deferred tax effect on Profit or Loss and Other Comprehensive Income for the year			(673,452)	(57,433)				(766,656)	(57,612)	
Recognised under equity					(57,433)					(57,612)
Recognised under assets		(1,146,726)					(1,276,649)			
Recognised under liabilities		-					155,457			
Net deferred tax liability as at 31 March 2022		(1,146,726)					(1,121,192)			

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	
	2023	2023	2022	2022
	Number	Rs. '000	Number	Rs. '000
Balance as at 1 April	1,887,195,002	17,071,961	1,704,602,760	14,892,036
Scrip Dividend	154,688,114	943,598	182,592,242	2,179,925
Balance as at 31 March	2,041,883,116	18,015,559	1,887,195,002	17,071,961

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.

	2023		2022	
	Actual Rs. '000	Required Rs. '000	Actual Rs. '000	Required Rs. '000
As at 31st March				
Tier 1 Capital / Core capital	36,238,022	2,000,000	36,445,056	2,000,000
Tier 1 Capital Ratio / Core capital ratio	25.76%	10.00%	18.76%	8.00%
Total Capital Ratio / Total risk weighted capital ratio	26.61%	14.00%	19.67%	12.00%

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 1st April	2,639,946	2,406,995	2,729,351	2,464,951
Transfer during the year	150,882	232,951	176,309	264,400
Balance as at 31st March	2,790,828	2,639,946	2,905,660	2,729,351

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.

Lankan Alliance Finance Limited

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 1st April	19,481,612	17,159,777	23,122,851	20,682,106
Profit for the year	3,017,638	4,659,009	3,507,014	4,805,731
Comprehensive income	99,224	25,701	121,538	29,340
Transfers to reserves	(150,882)	(182,950)	(176,310)	(214,401)
Dividend paid	(943,598)	(2,179,925)	(943,598)	(2,179,925)
Surcharge Tax	(1,947,167)	-	(2,382,947)	-
Balance as at 31st March	19,556,826	19,481,612	23,248,550	23,122,851

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 no. 313) .
- 'General reserve' represents the amounts set aside by the Directors for general application. The purpose of setting up the General reserve is to meet the potential future unknown liabilities.
- 'Tax equalisation reserve' comprises an amount set aside by the Directors to meet any tax liabilities that may arise in the future.
- 'Revaluation reserve' relates to revaluation adjustment of investment property transferred from property, plant and equipment.
- Foreign currency translation reserve

As at the reporting date, the assets and liabilities of the Lankan Alliance Finance Limited 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 no. 314).

48.1 Current Year 2023

	Page	Note	Company			Group		
			Opening balance at 01-04-2022	Movement transfers	Closing balance at 31-03-2023	Opening balance at 01-04-2022	Movement transfers	Closing balance at 31-03-2023
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair value reserve	48.3	313	(375,208)	(195,940)	(571,148)	(379,348)	(248,491)	(627,839)
Foreign currency translation reserve	48.4	314	-	-	-	1,276,459	(299,240)	977,219
Total			(375,208)	(195,940)	(571,148)	897,111	(547,731)	349,380

48.2 Previous year 2022

	Page	Note	Company			Group		
			Opening balance at 01-04-2022	Movement transfers	Closing balance at 31-03-2023	Opening balance at 01-04-2022	Movement transfers	Closing balance at 31-03-2023
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair value reserve	48.3	313	(117,377)	(257,831)	(375,208)	(121,517)	(257,831)	(379,348)
Foreign currency translation reserve	48.4	314	-	-	-	542,836	733,623	1,276,459
Total			(117,377)	(257,831)	(375,208)	421,319	475,792	897,111

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	(375,208)	(117,377)	(379,348)	(121,517)
Transfer from retain earnings	-	(50,000)	-	(50,000)
Net fair value gains/(losses) on remeasuring financial investments	(195,940)	(207,831)	(248,491)	(207,831)
Balance as at 31st March	(571,148)	(375,208)	(627,839)	(379,348)

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01st April	-	-	1,276,459	542,836
Net gains/(losses) arising from translating the Financial Statements	-	-	(594,615)	1,439,171
Transfer to NCI	-	-	295,375	(705,548)
Balance as at 31st March	-	-	977,219	1,276,459

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, Lankan Alliance Finance Limited.

	Group	
	2023 Rs. '000	2022 Rs. '000
Balance as at 01st April	3,154,527	2,661,541
Acquisition of a subsidiary with non-controlling interest	74,764	-
Profit for the year	(65,313)	12,438
Other comprehensive income	(295,375)	705,548
Dividend paid for the year	(273,428)	(225,000)
Surcharge Tax	(110,146)	
Balance as at 31st March	2,485,029	3,154,527

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 No.	Company		Group	
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March	Note					
Contingent liabilities	50.1	315	338,408	469,000	462,212	515,989
Commitments	50.2	315	5,288,366	6,383,234	5,288,366	6,383,234
Total			5,626,774	6,852,234	5,750,578	6,899,223

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	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Litigation against the Company	50.1.1	315	252,572	242,797	252,572	242,797
Guarantees - Others	50.1.2	315	58,825	175,250	58,825	175,250
Assessment received from Inland Revenue Department	50.1.3	315	27,011	50,953	150,815	97,942
Total			338,408	469,000	462,212	515,989

50.1.1 Litigation against the Company

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Company has formal controls and policies for managing legal claims. Pending legal claims where the Company had already made provisions for possible losses in its Financial Statements or has a reasonable security to cover the damages are not included below as the Company does not expect cash outflows from such claims.

As of the date of the Statement of Financial Position, fifty (50) 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.

50.1.3 Assessment received from Inland Revenue Department

In the assessment appeal filed by the Company, the Supreme Court upheld the Inland Revenue Department's position (VATFS/BFSU/2014/579 and 580). The Company requested that the Department of Inland Revenue waive the entire Rs. 27 million penalty upon full settlement of the tax dispute.

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capital Commitments				
Approved but not contracted for	1,001,417	1,093,909	1,001,417	1,093,909
Subtotal	1,001,417	1,093,909	1,001,417	1,093,909
Un-utilised facilities				
Margin trading	4,130,745	4,263,065	4,130,745	4,263,065
Fast track	105,270	577,652	105,270	577,652
Factoring	-	448,608	-	448,608
Gold Loan- Islamic	50,934	-	50,934	-
Subtotal	4,286,949	5,289,325	4,286,949	5,289,325
Total	5,288,366	6,383,234	5,288,366	6,383,234

In the computation of Expected Credit Loss company consider unutilised amount of revolving facility. Therefore allowance for unutilised facility is included in Note 25.7 on page no. 277

51. NET ASSETS VALUE PER ORDINARY SHARE

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Total equity attributable to equity holders of the Company (Rs. '000)	39,792,065	38,818,311	44,519,149	43,821,274
Total number of shares	2,041,883,116	1,887,195,002	2,041,883,116	1,887,195,002
Net assets value per share (Rs.)	19.49	20.57	21.80	23.22

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2023			2022		
	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	5,844,798	-	5,844,798	4,668,830	-	4,668,830
Balances with banks & financial institutions	29,839,914	-	29,839,914	5,117,866	-	5,117,866
Financial assets -Fair value through profit or loss	203,975	-	203,975	25,140	-	25,140
Loans and receivables	58,456,983	55,820,962	114,277,945	59,713,721	91,560,733	151,274,454
Financial assets - Fair value through other comprehensive income	944,643	10	944,653	1,333,268	10	1,333,278
Debt instrument - Amortised cost	10,903,577	-	10,903,577	9,827,221	-	9,827,221
Investments in subsidiaries	-	3,291,604	3,291,604	-	3,213,788	3,213,788
Investment property	-	284,961	284,961	-	-	-
Other assets	872,589	157,549	1,030,138	589,939	159,216	749,155
Property, plant and equipment	-	1,481,005	1,481,005	-	1,413,776	1,413,776
Right of use assets	-	1,615,939	1,615,939	-	1,972,380	1,972,380
Deferred tax assets	-	1,335,460	1,335,460	-	1,146,726	1,146,726
Goodwill and intangible assets	-	19,193	19,193	-	21,965	21,965
Total assets	107,066,479	64,006,683	171,073,162	81,275,985	99,488,594	180,764,579
Liabilities						
Due to banks	5,975,862	1,748,809	7,724,671	5,534,119	6,215,213	11,749,332
Due to customers	75,095,424	25,839,690	100,935,114	86,085,667	17,282,237	103,367,904
Debt securities issued	6,718,166	9,987,883	16,706,049	1,977,853	15,266,460	17,244,313
Other financial liabilities	1,457,388	-	1,457,388	3,636,528	-	3,636,528
Lease Liabilities	461,803	1,291,920	1,753,723	440,316	1,618,734	2,059,050
Current tax liabilities	1,013,703	-	1,013,703	1,851,676	-	1,851,676
Other liabilities	1,016,790	-	1,016,790	1,369,054	-	1,369,054
Retirement Benefit Obligation	85,296	588,363	673,659	54,921	613,490	668,411
Total liabilities	91,824,433	39,456,664	131,281,097	100,950,134	40,996,134	141,946,268
Net assets	15,242,046	24,550,019	39,792,065	(19,674,149)	58,492,460	38,818,311

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2023			2022		
	Within	After	Total	Within	After	Total
	12 months	12 months		12 months	12 months	
Group		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	6,316,003	-	6,316,003	5,402,587	-	5,402,587
Balances with banks & financial institutions	34,224,917	-	34,224,917	9,529,518	-	9,529,518
Financial assets -Fair value through profit or loss	345,093	-	345,093	849,298	-	849,298
Loans and receivables	66,298,700	59,079,204	125,377,904	69,526,174	93,794,672	163,320,846
Reinsurance and insurance receivables	1,498,065	-	1,498,065	1,322,528	-	1,322,528
Financial assets - Fair value through other comprehensive income	1,372,952	10	1,372,962	1,632,931	10	1,632,941
Debt instrument - Amortised cost	12,810,585	3,049,087	15,859,672	12,964,438	3,049,087	16,013,525
Investment properties	-	1,200,317	1,200,317	-	820,664	820,664
Other assets	1,123,473	157,549	1,281,022	672,609	159,216	831,825
Property, plant and equipment	-	3,971,219	3,971,219	-	4,090,682	4,090,682
Right to use assets	-	1,372,423	1,372,423	-	1,539,484	1,539,484
Deferred tax assets	-	1,419,836	1,419,836	-	1,121,192	1,121,192
Goodwill and intangible assets	-	137,436	137,436	-	139,603	139,603
Total assets	123,989,788	70,387,081	194,376,869	101,900,083	104,714,610	206,614,693
Liabilities						
Due to banks	8,700,073	2,368,449	11,068,522	8,347,823	6,952,538	15,300,361
Due to customers	81,955,382	26,024,574	107,979,956	93,978,628	17,475,122	111,453,750
Debt securities issued	6,577,073	9,987,883	16,564,956	1,962,543	15,140,680	17,103,223
Other financial liabilities	1,709,574	-	1,709,574	4,043,322	-	4,043,322
Insurance and reinsurance payable	-	5,206,622	5,206,622	-	5,903,363	5,903,363
Lease Liabilities	265,413	1,212,462	1,477,875	117,807	1,470,308	1,588,115
Current tax liabilities	1,406,648	-	1,406,648	2,098,784	-	2,098,784
Other liabilities	1,202,218	-	1,202,218	1,399,030	-	1,399,030
Retirement benefit obligation	95,970	660,350	756,320	62,636	686,308	748,944
Total liabilities	101,912,351	45,460,340	147,372,691	112,010,573	47,628,319	159,638,892
Net assets	22,077,437	24,926,741	47,004,178	(10,110,490)	57,086,291	46,975,801

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	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest income	11,413,366	12,462,608	13,140,899	10,530,761	948,386	1,035,736	1,452,100	701,136	6,911,484	1,415,774	(459,317)	(219,223)	33,406,918	25,926,792
Net earned premium	-	-	-	-	-	-	4,873,871	5,123,003	-	-	(200,019)	(183,932)	4,673,852	4,939,071
Net fee and commission income	669,324	1,081,235	770,633	913,631	55,617	89,859	-	-	282,204	277,835	(1,086,582)	(1,041,047)	691,196	1,321,513
Net trading income	-	-	-	-	-	-	2,249	71,272	1,919	15,253	-	-	4,168	86,525
Other operating income	101,678	185,292	117,068	156,569	8,449	15,399	84,546	58,022	634,727	1,049,168	(559,957)	(1,107,365)	386,511	357,085
Gross income	12,184,368	13,729,135	14,028,600	11,600,962	1,012,452	1,140,994	6,412,766	5,953,433	7,830,334	2,758,029	(2,305,875)	(2,551,567)	39,162,645	32,630,986
Interest expenses	6,857,480	5,366,101	7,895,432	4,534,295	569,818	445,963	-	-	4,406,988	1,077,990	(459,316)	(219,223)	19,270,402	11,205,126
Total Operating income	5,326,888	8,363,034	6,133,168	7,066,667	442,634	695,031	6,412,766	5,953,433	3,423,346	1,680,039	(1,846,559)	(2,332,344)	19,892,243	21,425,860
Credit loss expenses	(227,806)	785,927	1,128,996	194,519	(153,467)	(23,067)	-	-	(43,760)	(5,623)	-	-	703,963	951,756
Net operating income	5,554,694	7,577,107	5,004,172	6,872,148	596,101	718,098	6,412,766	5,953,433	3,467,106	1,685,662	(1,846,559)	(2,332,344)	19,188,280	20,474,104
Depreciation	228,090	282,547	294,633	324,649	21,830	29,548	103,645	102,316	181,774	69,411	(169,840)	(169,807)	660,132	638,664
Segment result	2,111,289	4,252,022	2,430,855	3,592,909	175,436	353,375	1,246,908	995,844	1,356,827	854,183	(317,532)	(1,117,206)	7,003,783	8,931,127
Less : Tax on financial services													1,673,580	1,705,797
Income tax expense													1,888,502	2,407,161
Profit attributable to equity holder													3,441,701	4,818,169
As at 31st March														
Segment assets	59,409,781	81,759,467	76,742,103	91,065,698	5,686,111	8,524,799	11,728,248	12,102,543	47,346,146	19,708,581	(6,535,519)	(6,546,394)	194,376,870	206,614,693
Total assets	59,409,781	81,759,467	76,742,103	91,065,698	5,686,111	8,524,799	11,728,248	12,102,543	47,346,146	19,708,581	(6,535,519)	(6,546,394)	194,376,870	206,614,693
													-	
Segment liabilities	45,552,968	63,645,543	58,842,679	70,889,964	4,359,875	6,636,118	6,854,524	7,353,491	36,303,070	15,270,418	(4,540,425)	(4,156,642)	147,372,691	159,638,892
Total liability	45,552,968	63,645,543	58,842,679	70,889,964	4,359,875	6,636,118	6,854,524	7,353,491	36,303,070	15,270,418	(4,540,425)	(4,156,642)	147,372,691	159,638,892

54. ASSETS PLEDGED

The following assets have been pledged as securities for liabilities.

		Carrying Amount Pledged				
		Company		Group		
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Nature of Assets	Nature of Liabilities	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Included under
Rentals receivables on lease	Securitisation	5,042,359	7,472,455	5,042,359	7,472,455	Loans and receivables
	Term loan	4,845,020	7,611,638	4,845,020	7,611,638	Loans and receivables
	Short term loans	14,911,377	16,307,463	14,911,377	16,307,463	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	-	413,373	-	413,373	Loans and receivables
	Short term loans	8,697,471	9,195,305	8,697,471	9,195,305	Loans and receivables
Fixed deposits	Bank guarantee for assessment	-	-	21,500	14,553	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	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	5,726	4,939	14,794	12,711
Total	5,726	4,939	14,794	12,711

(b) Remuneration to Corporate Management

	Company		Group	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	197,483	163,457	282,087	227,342
Post employment benefits	47,426	15,529	50,499	17,605
Total	244,909	178,986	332,586	244,947

In addition to the above, the Company has also provided non cash benefits such as Company maintained vehicles to KMPs in line with the approved employment terms of the Company.

55.2.2 Share Transactions with Key management Personnel

	Company		Group	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
No. of ordinary shares held	747,831	673,685	929,331	855,185
Scrip dividend (No. of shares)	73,165	64,892	77,665	69,392

55.2.3 Transactions, Arrangements and Agreements Involving Key Management Personnel (KMPs), their Close Family Members (CFMs) and other related entities**(a) Items in Statement of Profit or Loss**

	Board of Directors		Corporate Management		Total	
For the year ended 31st March	2023	2022	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	316	26	3,176	312	3,492	338
Interest expense	3,223	4,495	54,770	21,702	57,993	26,197

(b) Items in Statement of Financial Position

	Board of Directors		Corporate Management		Total	
As at 31st March	2023	2022	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Loans and receivables	1,612	-	10,547	8,921	12,159	8,921
Total	1,612	-	10,547	8,921	12,159	8,921
Liabilities						
Due to customers	19,936	63,263	316,155	286,951	336,091	350,214
Total	19,936	63,263	316,155	286,951	336,091	350,214

55. RELATED PARTY DISCLOSURE (CONTD...)**55.3 Net accommodation and Net accommodation as a Percentage of Capital funds**

As at 31st March	2023 Rs. '000	2022 Rs. '000	2023 %	2022 %
People's Bank				
People's Leasing Property Development Limited	528,249	560,310	1.33	1.44
People's Leasing Fleet Management Limited	1,320	3,528	-	0.01
People's Leasing Havelock Properties Limited	1,043,582	835,187	2.62	2.15
People's Microfinance Ltd	10,405	1,495	-	-
People's Insurance PLC	26,589	35,236	0.07	0.09
Lankan Alliance Finance Limited	26,620	27,155	0.07	0.07
Board of Directors	1,612	-	0.00	-
Corporate management	10,547	8,921	0.03	0.02
Total net accommodation	1,648,924	1,471,832	4.11	3.78

55.4 Transactions with Related Entities**Transactions with Government of Sri Lanka and Government Related Entities**

The immediate parent of the Company is People's Bank which is Government owned entity. The Company enters into transactions, arrangements and agreements with Government of Sri Lanka and its related entities. The significant financial dealings during the year and as at the Statement of Financial Position date are as follows:

a. Items in Statement of Profit or Loss

	Company		Group	
For the year ended 31st March	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Interest income	7,663	7,663	7,663	7,663
Interest expenses	375,363	746,204	375,363	746,204

b. Items in Statement of Financial Position

	Company		Group	
As at 31st March	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Assets				
Loans and receivables	10,429	49,571	10,429	49,571
Total	10,429	49,571	10,429	49,571
Liabilities				
Due to banks	-	263,602	-	263,602
Due to customer	2,167,874	6,424,954	2,167,874	6,424,954
Total	2,167,874	6,688,556	2,167,874	6,688,556

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Interest income	6,432,847	1,142,425	312,463	153,122
Interest expense	129,395	1,03,669	217,166	162,077
Fee and Commission income	-	-	678,554	655,763
Other operating income	-	-	531,930	945,670
Benefits, claims and underwriting expenditure	-	-	189,231	167,402
Depreciation and amortisation	4,567	13,719	215,824	215,791
Other operating expenses	-	-	16,067	20,561

b. Items in Statement of Financial Position

As at 31st March	Parent		Subsidiaries	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Assets				
Cash and cash equivalents	4,701,513	3,500,703	-	-
Balances with banks & financial institutions	26,680,324	5,117,866	-	-
Loans and receivables	-	-	1,642,309	1,471,124
Financial assets - Amortised cost	10,903,577	9,827,221	-	-
Investments in subsidiaries	-	-	3,291,604	3,213,788
Other assets	-	-	253,877	376,555
Right of use asset	19,878	21,753	368,349	584,173
Total	42,305,292	18,467,543	5,556,139	5,645,640
Liabilities				
Due to banks	43,736	333,018	-	-
Due to customers	554,386	1,031,702	1,062,879	564,298
Debt Securities issued	-	-	141,093	141,090
Other Financial liabilities	-	-	700,811	682,454
Other liabilities	-	1,118	9,460	8,769
Lease liability	23,962	24,424	432,635	647,548
Total	622,084	1,390,262	2,346,878	2,044,159

55. RELATED PARTY DISCLOSURE (CONTD...)**c. Transactions**

For the year ended 31st March	Parent		Subsidiaries	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Transaction cost on debenture issue and securitisation	-	178	-	-
Purchase of vehicles	-	-	103,550	215,100
Building rent paid	6,516	27,435	284,342	284,352
Building rent received	-	-	13,637	8,992
Cash and cash equivalents - Repo investments	6,150,000	48,312,210	-	-
Cash and cash equivalents - Repo settlements	6,665,168	47,856,467	-	-
Cash and cash equivalents - Money market account investments	24,451,334	-	-	-
Cash and cash equivalents - Money market account withdrawals	25,620,116	-	-	-
Cash and cash equivalents - Call Deposit Investments	22,255,000	-	-	-
Cash and cash equivalents - Call Deposit withdrawals	20,178,665	-	-	-
Balances with banks and financial institutions - FD investments	93,389,656	30,785,830	-	-
Balances with banks and financial institutions - FD withdrawals	71,514,078	31,510,851	-	-
Loans and receivables - Grantings	-	-	347,337	326,170
Loans and receivables - Repayments	-	-	338,514	348,048
Debt instrument - Amortised cost - Investments	40,967,052	31,590,690	-	-
Debt instrument - Amortised cost - Settlements	43,255,119	28,631,105	-	-
Due to banks - Borrowings	-	-	-	-
Due to banks - Repayment	295,487	472,626	-	-
Due to customers - Investments	3,141,782	389,246	1,063,578	1,063,578
Due to customers - Settlements	3,619,098	292,930	945,304	945,304
Other financial liabilities - Services obtained	-	-	10,203	9,306
Other financial liabilities - Repayment	-	-	10,910	9,270
Dividend paid	707,698	1,634,944	-	-
Dividend received	-	-	513,828	930,625
Insurance premium paid in respect of customers introduced by People's Leasing & Finance PLC	-	-	2,581,127	2,959,667
Total	362,216,769	221,504,512	6,212,330	7,100,412

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	
	2023 Rs. '000	2022 Rs. '000
Interest income	6,710,304	1,218,355
Interest expenses	147,035	112,817
Net earned premiums	359,945	253,839
Fee and commission income	28,061	32,987
Other operating income	115,746	111,796
Benefits, claims and underwriting expenditure	56,650	25,650
Depreciation and amortisation	4,567	13,719

b. Items in Statement of Financial Position

As at 31st March	Immediate Parent	
	2023 Rs. '000	2022 Rs. '000
Assets		
Cash and cash equivalents	4,902,129	3,907,522
Balances with banks & financial institutions	28,366,010	5,722,035
Insurance and reinsurance receivables	291,717	190,536
Financial assets - Amortised cost	10,903,577	9,827,221
Other assets	4,592	7,432
Right of use assets	19,878	21,753
Total	44,487,903	19,676,499
Liabilities		
Due to banks	295,763	607,755
Debt Securities issued	554,386	1,031,702
Other liabilities	8,369	10,126
Lease liabilities	23,962	24,424
Total	882,480	1,674,007

55. RELATED PARTY DISCLOSURE (CONTD...)**55.5 Transactions exceeding 10% of the gross income of the Company.**

For the Ended 31st March Name of the Related party	Relationship	Nature of the transaction	Transaction value		Transaction value as a % of gross income		Terms and conditions
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	
People's Bank	Immediate Parent	Repo investments	6,150,000	48,312,210	19.21%	180.66%	Normal terms
		Repo settlements	6,665,168	47,856,467	20.82%	178.96%	Normal terms
		FD withdrawals	71,514,078	31,510,851	223.35%	117.84%	Normal terms
		Tbill investments	40,967,052	31,590,690	127.95%	118.13%	Normal terms
		Tbill settlements	43,255,119	28,631,105	135.09%	107.07%	Normal terms
		Call deposit investments	22,255,000	-	69.51%	0.00%	Normal terms
		Call deposit Withdrawals	20,178,665	-	63.02%	0.00%	Normal terms
People's Insurance PLC	Subsidiary	Insurance premium	2,581,127	2,959,667	8.06%	11.07%	Normal terms

56. RISK MANAGEMENT (COMPANY/GROUP)**56.1 Introduction**

Risk is inherent in the Group's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability, sustainability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is primarily exposed to credit risk, liquidity risk and market risk. It is also subject to various operating risks. Detailed risk analysis is given in risk management section.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has appointed a subcommittee, Integrated Risk Management (IRM) Committee, which has the responsibility to monitor the overall risk process within the Company.

The IRM Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The IRM Committee is responsible for managing risk decisions and monitoring risk levels and reports on a periodical basis to the Board.

The Risk Management & Control Unit is responsible for monitoring compliance with risk principles, policies and limits across the Company.

Assets and Liabilities Committee (ALCO)

ALCO is chaired by the Chief Executive Officer. Other permanent members of the ALCO include, Senior Deputy General Managers-Operations, Deputy General Manager-Risk & Control, Deputy General Manager- Recoveries & Administration, Deputy General Manager-Marketing, Head of Deposits, Head of Finance, Head of Treasury and the Committee Secretary. The Committee meetings should be held at least once a month to monitor and manage the assets and liabilities of the Company and also overall liquidity position to keep the Company's liquidity at healthy levels, whilst satisfying regulatory requirements. The Chairman of ALCO upon a request of any permanent member may convene a special meeting of the Committee when an issue arises that cannot wait until the next regularly scheduled meeting.

Integrated Risk Management Operating Committee (IRMOC)

Integrated Risk Management Operating Committee ("IRMOC" or "the Committee") has been formed as a management level committee to further strengthen the Risk Governance Structure of the Company and support the Board, Board Sub-Committees and the Corporate Management in managing the risks associated with the business operations of the Company in an integrated manner.

The TOR of the Committee clearly set out the authority, constitution, meeting frequency, accountability and responsibilities, quorum, reporting and other procedures of the Committee.

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.

Operational Risk

Operational risk is defined as the risk arising from inadequate or failed internal process, human errors, IT failures and external factors. The operational risk management framework of the company has been defined under the Board approved operational risk management policy.

Operational risk is managed by establishing appropriate internal control system including incident reporting mechanism, Branch operational risk self assessment system, regular on-site inspection process, establish business continuity plan and maintain data base based on operational risk events.

56.2 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and group and by monitoring exposures in relation to such limits.

Credit Risk -Impairment Provision as per ECL for financial assets

Taking into account the current economic factors will negatively impact many firms, mainly through potential disruptions in manufacturing supply chains, domestic consumption, tourism and exports, posing downside risks to their earnings prospects. This will in turn impact the capacity of such firms to meet contractual obligations that leads to an increase in NPLs.

Expected Credit Loss at 31 March 2023 was estimated based on a range of forecast economic conditions prevailing as at that date. As the situation continues to evolve and timelines for a normalisation of economic activity remains yet an unknown, the impact to our core markets and the Company's financial results cannot be reasonably estimated or reliably measured based on reasonable and supportable information that is available at the current stage.

In view of the current economic status of the country following adjustments were made in respect to the impairment provision during the year ended 31 March 2023.

Considering the current volatile macro-economic condition of the country the company amended the scenario weightages as worst-case 70%, best-case 0% and base-case 30% for the next three years and after then worst-case 60%, best-case 10% and base-case 30%.

Impairment assessment

For accounting purposes, the Company uses a collective and individual model for the recognition of losses on impaired financial assets.

Individually assessed allowances

The Company determines the allowances appropriate for each individually significant leases, hire purchases and loans on an individual basis, including any overdue payments of interests or credit rating downgrades. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date.

Collectively assessed allowances

Allowances are assessed collectively for losses on leases, hire purchases and loans and for held to maturity debt investments that are not individually significant and for individually significant loans and advances that have been assessed individually and found not to be impaired. Detailed Note on impairment method has disclosed in note 25 on page no. 265.

56. RISK MANAGEMENT (CONTD...)**56.2.1 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 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

Company As at 31st March 2022	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)	3,532,839	-	-	-	-	-	3,532,839
Balances with banks & financial institutions	5,117,866	-	-	-	-	-	5,117,866
Financial assets -Fair value through profit or loss	25,140	-	-	-	-	-	25,140
Loans and receivables - Amortised cost	102,300,917	21,753,573	11,454,830	4,752,674	18,437,021	2,463,009	161,162,024
Financial assets - Fair value other comprehensive income	1,333,278	-	-	-	-	-	1,333,278
Debt instrument - Amortised cost	9,827,221	-	-	-	-	-	9,827,221
Other financial assets	108,493	-	-	-	-	-	108,493
Total	122,245,754	21,753,573	11,454,830	4,752,674	18,437,021	2,463,009	181,106,861

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	83,670,420	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

Group As at 31st March 2022	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)	4,244,919	-	-	-	-	-	4,244,919
Balances with banks & financial institutions	9,529,518	-	-	-	-	-	9,529,518
Financial assets - Fair value through profit or loss	849,298	-	-	-	-	-	849,298
Loans and receivables - Amortised cost	112,406,372	22,225,556	12,232,422	5,039,650	19,795,973	2,463,009	174,162,982
Insurance and reinsurance receivables	1,322,528	-	-	-	-	-	1,322,528
Financial assets - Fair value other comprehensive income	1,632,941	-	-	-	-	-	1,632,941
Debt instrument - Amortised cost	16,013,525	-	-	-	-	-	16,013,525
Total	145,991,772	22,232,885	12,232,422	5,039,650	19,795,973	2,463,009	207,755,711

56. RISK MANAGEMENT (CONTD...)

The following table shows the risk concentration by industry for the components of the statement of financial position.

Industry analysis**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	-	-	-	-	-	-	-	203,975	-	-	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	199,582	-	-	-	-	-	-	745,071	-	-	944,653
Debt instrument - Amortised cost	10,903,577	-	-	-	-	-	-	-	-	-	10,903,577
Other financial assets	100,306	-	-	-	-	-	-	-	-	-	100,306

Company

31 March 2022	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	4,668,830	-	-	-	-	-	-	-	-	-	4,668,830
Balances with Banks & financial institutions	5,117,866	-	-	-	-	-	-	-	-	-	5,117,866
Financial assets -Fair value through profit or loss	-	-	-	-	-	-	-	25,140	-	-	25,140
Loans and receivables - Amortised cost	10,787,171	32,571,677	9,441,731	3,314,785	35,116,000	9,797,912	20,787,613	24,660,505	3,041,335	11,643,295	161,162,024
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	9,887,570
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	151,274,454
Financial assets - Fair value other comprehensive income	423,048	-	-	-	-	-	-	910,230	-	-	1,333,278
Debt instrument - Amortised cost	9,827,221	-	-	-	-	-	-	-	-	-	9,827,221
Other financial assets	108,493	-	-	-	-	-	-	-	-	-	108,493

* 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 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	36,263	-	-	-	-	-	-	308,830	-	-	345,093
Loans and receivables - Amortised cost	12,777,112	27,709,320	10,617,109	2,699,305	24,989,315	9,433,072	15,481,123	20,962,712	2,355,462	9,860,843	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

31 March 2022	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	5,402,587	-	-	-	-	-	-	-	-	-	5,402,587
Balances with banks & financial institutions	9,529,518	-	-	-	-	-	-	-	-	-	9,529,518
Financial assets -Fair value through profit or loss	704,415	-	-	-	-	-	-	144,883	-	-	849,298
Loans and receivables - Amortised cost	10,719,757	33,958,216	14,135,330	3,328,350	35,254,791	10,631,366	21,336,335	27,953,383	3,283,296	13,562,158	174,162,982
Less - Impairment charges											10,842,136
Net loans and receivables											163,320,846
Reinsurance and insurance receivable	-	-	-	-	-	-	-	-	-	1,024,461	1,024,461
Financial assets - Fair value other comprehensive income	1,632,931	-	-	-	-	-	-	10	-	-	1,632,941
Debt instrument - Amortised cost	16,013,525	-	-	-	-	-	-	-	-	-	16,013,525

* Financial services include banks, finance institutions, insurance companies, stock brokering companies and fund management companies, venture capital companies and investment advisory services companies.

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 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
As at 31 March 2022					
Central	9,549,639	17,421	5,647,598	-	15,214,658
Eastern	3,718,288	8,610	2,534,747	-	6,261,645
North Central	4,681,387	9,832	2,653,600	-	7,344,819
Northern	2,443,490	2,672	2,352,399	-	4,798,561
North Western	7,775,486	15,733	4,677,244	-	12,468,463
Sabaragamuwa	5,828,809	9,720	2,637,285	-	8,475,814
Southern	11,054,270	20,203	7,952,428	-	19,026,901
Uva	5,389,008	12,211	2,587,964	-	7,989,183
Western	26,395,793	107,937	51,615,339	1,462,911	79,581,980
Total	76,836,170	204,339	82,658,604	1,462,911	161,162,024

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 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	2,775,153	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

As at 31 March 2022

Central	9,549,639	714,101	5,649,973	15,913,713
Eastern	3,718,288	453,915	2,537,929	6,710,132
North Central	4,681,387	222,938	2,653,966	7,558,291
Northern	2,443,490	2,672	2,352,399	4,798,561
North Western	7,775,486	193,126	4,678,347	12,646,959
Sabaragamuwa	5,828,809	253,047	2,639,164	8,721,020
Southern	11,054,270	335,304	7,952,940	19,342,514
Uva	5,389,008	650,187	2,593,942	8,633,137
Western	26,387,578	707,371	51,679,711	78,774,660
Bangladesh	-	-	11,063,995	11,063,995
Total	76,827,955	3,532,661	93,802,366	174,162,982

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 2023		As at 31st March 2022	
	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)	4,840,646	4,840,646	3,532,839	3,532,839
Balances with banks & financial institutions	29,839,914	29,839,914	5,117,866	5,117,866
Financial assets -Fair value through profit or loss	203,975	203,975	25,140	25,140
Loans and receivables - Amortised cost	114,277,945	306,052	151,274,454	371,104
Financial assets - Fair value through other comprehensive income	944,653	944,653	1,333,278	1,333,278
Debt instrument - Amortised cost	10,903,577	10,903,577	9,827,221	9,827,221
Other financial assets	100,306	100,306	108,493	108,493
Total	161,111,016	47,139,123	171,219,291	20,315,941

Group	As at 31st March 2023		As at 31st March 2022	
	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)	5,297,056	5,297,056	4,244,919	4,244,919
Balances with banks & financial institutions	34,224,917	34,224,917	9,529,518	9,529,518
Financial assets -Fair value through profit or loss	345,093	345,093	849,298	849,298
Loans and receivables - Amortised cost	125,377,904	306,052	163,320,846	371,104
Financial assets - Fair value through other comprehensive income	1,498,065	1,498,065	1,322,528	1,322,528
Debt instrument - Amortised cost	1,372,962	1,372,962	1,632,941	1,632,941
Other financial assets	15,859,672	15,859,672	16,013,525	16,013,525
Total	183,975,669	58,903,817	196,913,575	33,963,833

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 In	Fair value of collateral and credit enhancements held under the base case scenario			Total collateral	Net exposure	Associated ECL
Rs.'000	Maximum exposure to credit risk	Movable securities	Immovable securities			
Company						
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
As at 31 March 2022						
Loans and receivables	20,900,031	25,317,181	17,686,396	43,003,577	(22,103,546)	7,658,221
Group						
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
As at 31 March 2022						
Loans and receivables	22,258,981	26,020,062	17,701,476	43,721,538	(21,462,557)	8,060,205

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

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	2023			2022		
	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	11,521,174	5,161,420	6,359,754	7,984,520	2,990,159	4,994,361

56. RISK MANAGEMENT (CONTD...)**56.2.7 Sensitivity of impairment provision on loans and receivables**

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1 (Rs. '000)	Stage 2 (Rs. '000)	Stage 3 (Rs. '000)	Total (Rs. '000)	Rs. '000
Company - As at 31 March 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
	Stage 1 (Rs. '000)	Stage 2 (Rs. '000)	Stage 3 (Rs. '000)	Total (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

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	Rs. '000
Company - As at 31 March 2022					
PD 1% increase across all age buckets	12,602	8,450	-	21,052	21,052
PD 1% decrease across all age buckets	(12,602)	(8,450)	-	(21,052)	(21,052)
LGD 5% increase	63,010	42,654	180,114	285,778	285,778
LGD 5% decrease	(63,010)	(42,654)	(180,114)	(285,778)	(285,778)
Probability weighted Economic Scenarios					
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	(4,740)	(2,183)	-	(6,923)	(6,923)
– Base case 10% decrease, worst case 5% increase and best case 5% increase	4,740	2,183	-	6,923	6,923
	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	Rs. '000
Group - As at 31 March 2022					
PD 1% increase across all age buckets	13,328	8,937	-	22,265	22,265
PD 1% decrease across all age buckets	(13,328)	(8,937)	-	(22,265)	(22,265)
LGD 5% increase	68,051	46,066	194,523	308,640	308,640
LGD 5% decrease	(68,051)	(46,066)	(194,523)	(308,640)	(308,640)
Probability weighted Economic Scenarios					
				-	-
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	(4,811)	(2,216)	-	(7,027)	(7,027)
– Base case 10% decrease, worst case 5% increase and best case 5% increase	4,811	2,216	-	7,027	7,027

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.

Management considered different possible outcomes to assess the possible impact from Covid 19 and economic slowdown to the company's operations and forecast cash flows in order to absorb sudden liquidity shock to comply financial covenant and CBSL Liquidity Requirement. I.e. consider sufficient cash and unused credit lines, deposits renewal ratio, customer collection ratios, availability of negotiate borrowing facilities to meet short term needs, restructure operations to reduce operating costs and defer capital expenditure.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

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	
	2023	2022	2023	2022
Liquidity ratios	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Advances to deposit ratios (Times)	1.13	1.46	1.16	1.47
Liquidity Assets to Deposit (%)	45	18	45	20

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 2023.

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 2023	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	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 other comprehensive income	-	1,372,962	-	-	-	10	1,372,972
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	75,335,586	38,592,308	55,520,225	9,663,368	436,438	197,398,761
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	11,308,221	(12,632,680)	26,193,129	(13,563,092)	58,838	25,212,844

Company As at 31st March 2022	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	4,168,741	500,089		-	-	-	4,668,830
Balances with banks & financial institutions	-	5,182,401	-	-	-	-	5,182,401
Financial assets -Fair value through profit or loss	-	25,140	-	-	-	-	25,140
Loans and receivables - Amortised cost	8,586,901	29,437,982	48,629,443	81,866,129	24,636,554	2,176,820	195,333,830
Financial assets -Fair value through profit or loss	-	1,632,941	-	-	-	10	1,632,951
Debt instrument - Amortised cost	-	9,902,159	-	-	-	-	9,902,159
Other financial assets	-	108,493	-	-	-	-	108,493
Total undiscounted financial assets	12,755,642	46,789,205	48,629,443	81,866,129	24,636,554	2,176,830	216,853,804
Financial liabilities							
Due to banks	69,689	1,300,790	3,774,480	8,215,683	-	-	13,360,641
Due to customers	8,044,009	25,125,453	60,217,662	16,911,741	2,139,728	173,681	112,612,274
Debt securities issued	-	1,469,782	619,948	13,204,584	5,602,650	-	20,896,963
Other financial liabilities	-	3,636,528	-	-	-	-	3,636,528
Lease Liabilities	-	163,229	493,662	1,138,126	640,089	246,521	2,681,627
Total undiscounted financial liabilities	8,113,698	31,695,781	65,105,751	39,470,134	8,382,467	420,202	153,188,033
Net undiscounted financial assets/ (liabilities)	4,641,944	15,093,424	(16,476,308)	42,395,995	16,254,087	1,756,628	63,665,771

56. RISK MANAGEMENT (CONTD...)**56.3.2 Remaining Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities**

Group As at 31st March 2023	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	3,455,290	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
Insurance and reinsurance 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	68,018,523	57,232,753	30,170,276	23,229,935	386,403	188,411,748
Net undiscounted financial assets/(liabilities)	9,708,975	12,752,551	(10,422,313)	31,884,808	(9,427,020)	2,955,201	37,452,201

Group As at 31 March 2022	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	4,902,498	500,089	-	-	-	-	5,402,587
Balances with banks & financial institutions	-	6,253,870	3,223,189	78,302	-	-	9,555,361
Financial assets -Fair value through profit or loss	-	849,298	-	-	-	-	849,298
Loans and receivables - Amortised cost	8,599,309	31,937,318	52,833,034	85,716,401	26,708,214	2,810,238	208,604,513
Reinsurance and insurance receivable	-	1,268,209	572,030	-	-	-	1,840,239
Financial assets - Fair value through other comprehensive income	-	1,632,931	-	-	-	10	1,632,941
Debt instrument - Amortised cost	-	12,353,948	703,564	2,606,801	1,215,056	-	16,879,369
Total undiscounted financial assets	13,501,807	54,795,663	57,331,817	88,401,504	27,923,270	2,810,248	244,764,308
Financial liabilities							
Due to banks	254,427	1,497,161	4,536,077	9,353,226	347,088	-	15,987,978
Due to customers	8,044,009	25,138,573	63,286,787	22,302,243	2,311,242	195,052	121,277,906
Debt securities issued	-	1,453,682	619,948	13,046,604	5,602,650	-	20,722,884
Other financial liabilities	-	4,043,322	-	-	-	-	4,043,322
Reinsurance and insurance payable	5,864,646	38,717	-	-	-	-	5,903,363
Lease Liabilities	-	92,144	280,405	744,717	538,804	238,081	1,894,151
Total undiscounted financial liabilities	14,163,082	32,263,599	68,723,217	45,446,790	8,799,784	433,133	169,829,604
Net undiscounted financial assets/(liabilities)	(661,275)	22,532,064	(11,391,400)	42,954,714	19,123,486	2,377,115	74,934,704

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 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

As at 31st March 2022

Guarantees	-	9,505	157,295	8,450	-	175,250
Assessment received from Inland Revenue Department	-	-	-	50,953	-	50,953
Litigation against the Company	-	188,667	54,130	-	-	242,797
Capital commitment	-	5,562,802	820,432	-	-	6,383,234
Total commitments and guarantees	-	5,760,974	1,031,857	59,403	-	6,852,234

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 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

As at 31st March 2022

Guarantees	-	9,505	157,295	8,450	-	175,250
Assessment received from Inland Revenue Department	-	-	-	97,942	-	97,942
Litigation against the Company	-	188,667	54,130	-	-	242,797
Capital commitment	-	5,562,802	820,432	-	-	6,383,234
Total commitments and guarantees	-	5,760,974	1,031,857	106,392	-	6,899,223

The Company expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

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	2023	2022
	Amount Rs. '000	Amount Rs. '000
Cash in hand	1,004,152	1,135,991
Balances in current accounts	656,631	725,529
Deposits in commercial banks	32,931,834	6,457,079
Treasury bills and Treasury Bonds	10,918,159	9,801,050
Other approved securities	-	500,000
Total liquidity assets	45,510,776	18,619,649

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 2023 and 31st March 2022 to a reasonable possible change in interest rates, with all other variable constant.

As at 31st March	2023 Rs. '000	2022 Rs. '000
Impact on Statement of Profit or Loss due to interest rate shocks		
0.50%	(11,681)	(16,173)
1%	(23,361)	(32,346)
-0.50%	11,681	16,173
-1%	23,361	32,346

Sensitivity of Lease Liability to Key Assumption

Sensitivity to Incremental Borrowing Rates

As at 31st March	2023 Rs. '000	2022 Rs. '000
Impact on Company's Statement of Financial Position due to interest rate shocks		
1%	(33,413)	(36,398)
-1%	34,504	37,621

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 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
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 Liabilities	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)	

56. RISK MANAGEMENT (CONTD...)**Interest Rate Risk Exposure on Financial Asset and Liabilities**

Company As at 31st March 2022	Carrying amount	On demand	Less than 3 'months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Non-interest bearing
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Assets								
Cash and cash equivalents	4,668,830	1,339,213	500,000	-	-	-	-	2,829,617
Balances with banks & financial institutions	5,117,866	45,085	5,072,781	-	-	-	-	-
Financial assets -Fair value through profit or loss	25,140	-	-	-	-	-	-	25,140
Loans and receivables - Amortised cost	161,162,024	8,500,810	24,622,184	38,777,566	68,688,567	19,006,788	1,566,110	-
Less - Impairment charges	9,887,570	-	-	-	-	-	-	-
Net loans and receivables	151,274,454	-	-	-	-	-	-	-
Financial assets - Fair value through other comprehensive income	1,333,278	-	1,101,440	-	-	-	-	231,838
Debt instrument - Amortised cost	9,827,221	130,610	9,696,611	-	-	-	-	-
Other financial assets	108,493	-	-	-	-	-	-	108,493
Total	172,355,282	10,015,718	40,993,016	38,777,566	68,688,567	19,006,788	1,566,110	3,195,088
Liabilities								
Due to banks	11,749,332	5,658,302	499,284	1,707,469	3,884,277	-	-	-
Due to customers	103,367,904	11,252,713	24,226,715	50,606,239	15,163,949	1,944,607	173,681	-
Debt securities issued	17,244,313	1,274,585	703,267	-	10,638,106	4,628,354	-	-
Other financial liabilities	3,636,528	-	-	-	-	-	-	3,636,528
Lease Liability	2,059,050	-	104,229	336,087	873,720	533,636	211,378	-
Total	138,057,127	18,185,600	25,533,496	52,649,795	30,560,053	7,106,597	385,059	3,636,528
Total interest sensitivity gap	34,298,155	(8,169,882)	15,459,520	(13,872,229)	38,128,514	11,900,191	1,181,051	

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 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
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
Insurance liabilities and reinsurance payables	5,206,622	-	-	-	-	-	-	5,206,622
Lease Liability	1,477,875	-	61,222	204,192	662,158	385,844	164,460	-
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. RISK MANAGEMENT (CONTD...)

Group As at 31st March 2022	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
Assets								
Cash and cash equivalents	5,402,587	1,367,125	675,252	-	-	-	-	3,360,210
Balances with banks & financial institutions	9,529,518	165,334	8,157,504	1,119,531	87,149	-	-	-
Financial assets	849,298	-	-	-	-	-	-	849,298
Loans and receivables - Amortised cost	174,162,982	8,953,406	27,386,685	44,815,404	70,250,288	20,557,671	2,199,528	-
Less-Impairment charges	10,842,136	-	-	-	-	-	-	-
Net loans and receivables	163,320,846	-	-	-	-	-	-	-
Reinsurance and insurance receivable	1,322,528	-	-	-	-	-	-	1,322,528
Financial assets - Fair value through other comprehensive income	1,632,941	-	1,401,103	-	-	-	-	231,838
Debt instrument - Amortised cost	16,013,525	296,309	12,025,767	642,362	1,952,671	1,096,416	-	-
Total	198,071,243	10,782,174	49,646,311	46,577,297	72,290,108	21,654,087	2,199,528	5,763,874
Liabilities								
Due to banks	15,300,361	6,927,576	1,492,648	2,258,534	4,621,603	-	-	-
Due to customers	111,453,750	11,130,114	26,865,248	55,983,266	15,335,463	1,965,978	173,681	-
Debt securities issued	17,103,223	1,259,276	703,267	-	10,512,326	4,628,354	-	-
Other financial liabilities	4,043,322	-	-	-	-	-	-	4,043,322
Lease Liability	1,588,115	-	57,568	60,239	735,620	531,620	203,068	-
Insurance liabilities and reinsurance payables	5,903,363	-	-	-	-	-	-	5,903,363
Total	155,392,134	19,316,966	29,118,731	58,302,039	31,205,012	7,125,952	376,749	9,946,685
Total interest sensitivity gap	42,679,109	(8,534,792)	20,527,580	(11,724,742)	41,085,096	14,528,135	1,822,779	

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 2023 and the effect to the Gains/Losses in case of a market exchange rates up/drop by 1%. The analysis calculates the effect of a reasonably possible movement of the currency rate against the LKR, with all other variables held constant, on the Statement of Profit or Loss (due to the fair value of currency sensitive non trading monetary assets and liabilities)

Impact on Statement of Profit or Loss due to Exchange Rate Shocks

		Company		Group	
		2023 Effect on profit before tax Rs. '000	2022 Effect on profit before tax Rs. '000	2023 Effect on profit before tax Rs. '000	2022 Effect on profit before tax Rs. '000
For the year ended 31st March	Change in currency rate in %				
USD	1	-	-	2,093	972
USD	-1	-	-	(2,093)	(972)

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	2023			2022		
	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	2,040	2,040	-	251	251	-
Financial assets - FVOCI	2,285	-	2,285	2,208	-	2,208
Group						
Financial assets - FVTPL	(3,451)	(3,451)	-	1,748	1,748	-
Financial assets - FVOCI	2,285	-	2,285	2,208	-	2,208

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 defined as the risk arising from inadequate or failed internal process ,human errors, IT failures and external factors. The operational risk management framework of the company has been define under the Board approved operational risk management policy.

Operational risk is manage by establishing appropriate internal control system including incident reporting mechanism, Branch operational risk self assessment system ,regular on-site inspection process , establish business continuity plan and maintain data base based on operational risk events.

56.6 Insurance Risks

People's Insurance PLC (PI) 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 People's Insurance PLC.

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.

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-23			31-Mar-22		
	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	600,217	179,858	420,360	789,121	18,464	770,657
Marine	20,742	11,239	9,503	32,253	19,809	12,444
Fire	140,495	83,694	56,801	159,013	99,139	59,874
Miscellaneous	307,558	120,821	186,737	310,487	134,685	175,802
Total	1,069,012	395,611	673,401	1,290,874	272,096	1,018,778

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 2023

Accident Period	Current estimate of cumulative claims incurred													Total
	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000	2016/17 Rs. '000	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000	2022/23 Rs. '000	
2022/23	(1,714)	(23,214)	(13,363)	(8,059)	(4,254)	(17,359)	(30,538)	(12,618)	(29,531)	(6,780)	56,598	383,337	4,359,787	4,652,293
2021/22	(189)	58	(1,319)	(600)	(7)	(907)	2,629	6,465	4,197	47,351	67,214	3,014,983	-	3,139,875
2020/21	193	10,771	2,942	1,485	705	2,602	7,258	7,573	32,132	(27,248)	2,738,131	-	-	2,776,544
2019/20	-	42,085	5,515	1,591	1,014	2,662	4,183	31,282	92,881	3,801,849	-	-	-	3,983,061
2018/19	(120)	11,385	51	(8,584)	4,918	(9,647)	21,099	73,912	3,166,635	-	-	-	-	3,259,650
2017/18	(844)	4,738	(608)	8,298	5,704	21,071	33,256	2,792,805	-	-	-	-	-	2,864,421
2016/17	(945)	(113)	(17,006)	(8,555)	5,397	50,267	2,635,203	-	-	-	-	-	-	2,664,247
2015/16	1,703	6,377	(5,165)	35,874	31,044	2,182,703	-	-	-	-	-	-	-	2,252,538
2014/15	1,465	1,579	28,391	(15,126)	2,040,470	-	-	-	-	-	-	-	-	2,056,779
2013/14	3,149	50,298	(167,837)	2,042,095	-	-	-	-	-	-	-	-	-	1,927,705
2012/13	4,224	(58,704)	2,040,586	-	-	-	-	-	-	-	-	-	-	1,986,105
2011/12	2,761	1,396,936	-	-	-	-	-	-	-	-	-	-	-	1,399,696
2010/11	213,654	-	-	-	-	-	-	-	-	-	-	-	-	213,654
Current estimated of cumulative claims incurred	223,337	1,442,195	1,872,187	2,048,420	2,084,992	2,231,393	2,673,090	2,899,419	3,266,313	3,815,172	2,861,943	3,398,321	4,359,787	33,176,568

Accident Period	Current estimate of cumulative claims incurred												Total	
	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000	2016/17 Rs. '000	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000		2022/23 Rs. '000
2022/23	(650)	(4,594)	(11,107)	(12,939)	(10,261)	5,616	8,111	(9,960)	(2,126)	(12,604)	(33,139)	(917,614)	(3,667,980)	(4,669,247)
2021/22	-	(58)	(2,569)	(2,428)	(5,012)	(3,402)	(8,644)	(12,075)	(10,880)	(41,866)	(534,897)	(2,397,109)	-	(3,018,940)
2020/21	(193)	(3,154)	(7,835)	(4,584)	(6,434)	(10,697)	(11,924)	(12,594)	(29,128)	(737,058)	(2,214,578)	-	-	(3,038,180)
2019/20	-	(84,791)	(9,222)	(4,101)	(13,820)	(21,259)	(15,975)	(39,809)	(551,787)	(2,956,804)	-	-	-	(3,697,567)
2018/19	-	(16,329)	(5,532)	(14,079)	(15,396)	(26,780)	(26,927)	(515,478)	(2,646,682)	-	-	-	-	(3,267,202)
2017/18	(2,129)	(8,627)	(10,057)	(10,447)	(13,186)	(30,768)	(468,923)	(2,267,584)	-	-	-	-	-	(2,811,721)
2016/17	(390)	(8,262)	(16,478)	(12,958)	(23,979)	(389,878)	(2,129,944)	-	-	-	-	-	-	(2,581,891)
2015/16	(1,718)	(16,664)	(53,691)	(28,525)	(395,616)	(1,743,314)	-	-	-	-	-	-	-	(2,239,528)
2014/15	(2,328)	(19,214)	(29,760)	(329,994)	(1,586,379)	-	-	-	-	-	-	-	-	(1,967,674)
2013/14	(3,494)	(57,575)	(252,384)	(1,621,311)	-	-	-	-	-	-	-	-	-	(1,934,764)
2012/13	(5,153)	(311,764)	(1,463,234)	-	-	-	-	-	-	-	-	-	-	(1,780,150)
2011/12	(72,230)	(893,614)	-	-	-	-	-	-	-	-	-	-	-	(965,843)
2010/11	(134,903)	-	-	-	-	-	-	-	-	-	-	-	-	(134,903)
Cumulative payments to date	(223,187)	(1,424,646)	(1,861,867)	(2,041,367)	(2,070,083)	(2,220,482)	(2,654,227)	(2,857,500)	(3,240,602)	(3,748,332)	(2,782,615)	(3,314,723)	(3,667,980)	(32,107,611)
Total Gross claims outstanding	150	17,550	10,320	7,053	14,909	10,911	18,863	41,919	25,711	66,840	79,328	83,597	691,807	1,068,957

56. RISK MANAGEMENT (CONTD...)

Net Non-Life Insurance Outstanding Claims Provision for 2022

Accident Period	Current estimate of cumulative claims incurred													Total
	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000	2016/17 Rs. '000	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000	2022/23 Rs. '000	
2022/23	(20,644)	(12,818)	(13,296)	(10,493)	(3,364)	(28,002)	(24,616)	(16,730)	(11,552)	2,018	45,375	129,593	5,301,447	5,336,918
2021/22	(189)	35	(1,319)	(600)	(7)	(907)	2,599	7,936	4,256	48,097	70,143	2,797,360	-	2,927,405
2020/21	193	10,793	2,942	1,485	705	2,602	6,735	8,961	33,117	58,000	2,600,846	-	-	2,726,381
2019/20	-	321	5,515	1,591	1,014	2,667	4,325	37,666	79,873	3,398,413	-	-	-	3,531,385
2018/19	(120)	11,400	51	(11,575)	5,037	(3,500)	24,501	77,270	3,106,289	-	-	-	-	3,209,354
2017/18	(844)	9,001	(608)	14,290	5,742	15,721	37,716	2,692,279	-	-	-	-	-	2,773,296
2016/17	(945)	(128)	(16,949)	(10,511)	6,864	59,287	2,549,666	-	-	-	-	-	-	2,587,283
2015/16	1,599	6,454	(3,982)	34,203	16,076	2,184,019	-	-	-	-	-	-	-	2,238,369
2014/15	1,465	2,383	28,149	(15,128)	2,023,095	-	-	-	-	-	-	-	-	2,039,964
2013/14	3,157	51,343	(158,485)	2,034,125	-	-	-	-	-	-	-	-	-	1,930,139
2012/13	4,239	(15,515)	1,976,424	-	-	-	-	-	-	-	-	-	-	1,965,148
2011/12	4,621	1,224,087	-	-	-	-	-	-	-	-	-	-	-	1,228,708
2010/11	209,131	-	-	-	-	-	-	-	-	-	-	-	-	209,131
Current estimated of cumulative claims incurred	201,663	1,287,357	1,818,441	2,037,386	2,055,161	2,231,887	2,600,926	2,807,384	3,211,983	3,506,528	2,716,365	2,926,954	5,301,447	32,703,482

Accident Period	Current estimate of cumulative claims incurred													Total
	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000	2016/17 Rs. '000	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000	2022/23 Rs. '000	
2022/23	(650.0)	(4,594.1)	(11,107.1)	(12,938.6)	(10,260.8)	5,615.9	8,110.9	(9,960.3)	(2,125.6)	(9,019.3)	(31,406.9)	(826,283.9)	(3,479,856.5)	(4,384,476)
2021/22	-	(57.5)	(2,568.9)	(2,428.2)	(5,011.5)	(3,402.3)	(8,644.5)	(12,075.1)	(10,872.0)	(37,663.5)	(505,153.1)	(2,331,752.0)	-	(2,919,629)
2020/21	(193)	(3,154)	(7,835)	(4,584)	(6,434)	(10,697)	(11,371)	(12,311)	(15,045)	(487,549)	(2,149,086)	-	-	(2,708,260)
2019/20	-	(13,201)	(9,222)	(4,101)	(13,820)	(21,259)	(15,969)	(32,630)	(521,977)	(2,902,120)	-	-	-	(3,534,299)
2018/19	-	(16,329)	(5,532)	(11,079)	(15,396)	(26,799)	(25,385)	(492,761)	(2,619,040)	-	-	-	-	(3,212,322)
2017/18	(2,129)	(8,627)	(10,057)	(10,432)	(13,132)	(30,608)	(446,918)	(2,209,836)	-	-	-	-	-	(2,731,738)
2016/17	(390)	(8,244)	(16,282)	(12,833)	(23,866)	(387,579)	(2,075,965)	-	-	-	-	-	-	(2,525,160)
2015/16	(1,614)	(16,664)	(31,860)	(27,883)	(369,486)	(1,756,890)	-	-	-	-	-	-	-	(2,204,397)
2014/15	(2,328)	(17,415)	(29,152)	(329,884)	(1,581,957)	-	-	-	-	-	-	-	-	(1,960,736)
2013/14	(3,494)	(32,281)	(226,968)	(1,616,604)	-	-	-	-	-	-	-	-	-	(1,879,345)
2012/13	(5,121)	(248,761)	(1,457,472)	-	-	-	-	-	-	-	-	-	-	(1,711,355)
2011/12	(71,907)	(890,085)	-	-	-	-	-	-	-	-	-	-	-	(961,992)
2010/11	(132,617)	-	-	-	-	-	-	-	-	-	-	-	-	(132,617)
Cumulative payments to date	(220,443)	(1,259,412)	(1,808,055)	(2,032,767)	(2,039,363)	(2,231,619)	(2,576,142)	(2,769,574)	(3,169,061)	(3,436,352)	(2,685,646)	(3,158,036)	(3,479,857)	(30,866,325)
Total Gross claims outstanding	(18,780)	27,945	10,387	4,619	15,798	268	24,785	37,809	42,922	70,176	30,719	(231,082)	1,821,590	1,837,156

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.

MULTIFARIOUS TREASURES

Our company supports diversity in abundance, which gives us dynamic outcomes, ensuring a vibrant business portfolio.



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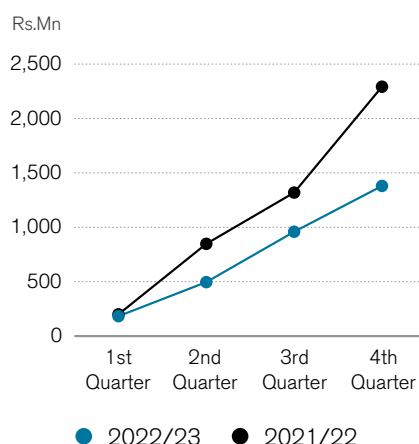
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QUARTERLY ANALYSIS

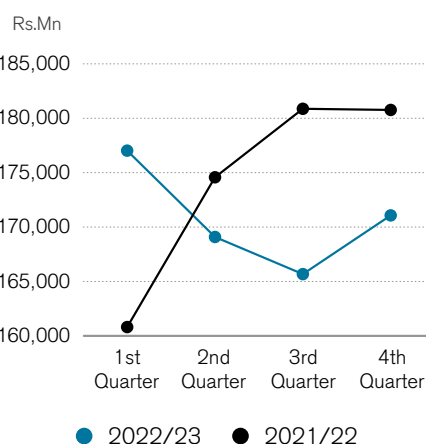
INCOME STATEMENT

Rs.Million	Company									
	1st Quarter Apr-Jun		2nd Quarter July-Sep		3rd Quarter Oct-Dec		4th Quarter Jan-Mar		Total	
	2022	2021	2022	2021	2022	2021	2023	2022	2022/23	2021/22
Interest income	6,774	5,348	7,413	5,619	7,814	6,177	8,196	6,738	30,197	23,882
Less: Interest expense	3,191	2,642	4,785	2,636	4,828	2,746	5,403	2,808	18,207	10,832
Net interest income	3,583	2,706	2,628	2,983	2,986	3,431	2,793	3,929	11,990	13,049
Fee and commission income	264	320	291	505	309	500	401	552	1,265	1,877
Net gains/(losses) on financial assets - FVTPL	(3)	11	7	19	(3)	4	8	(7)	9	27
Other operating income	85	455	1	4	269	4	192	494	547	957
Total operating income	3,929	3,492	2,927	3,511	3,561	3,939	3,394	4,967	13,811	15,909
Less: Impairment charges and other losses for loans and receivables	1,700	1,499	166	313	(142)	(205)	(1,156)	(952)	568	655
Impairment charges for goodwill	-	-	-	-	-	-	-	-	-	122
Net operating income	2,229	1,993	2,761	3,198	3,703	4,144	4,550	5,797	13,243	15,132
Less: Expenses										
Personnel expenses	1,034	914	1,062	918	1,057	987	1,336	1,183	4,489	4,002
Depreciation and amortisation	178	204	177	203	171	204	173	89	699	700
Other operating expenses	515	410	457	526	549	599	561	599	2,082	2,134
Total operating expenses	1,727	1,528	1,696	1,647	1,777	1,790	2,070	1,872	7,270	6,837
Operating profit before tax on financial services	502	465	1,065	1,551	1,926	2,354	2,480	3,925	5,973	8,295
Less: Tax on financial services	226	174	316	317	480	433	609	721	1,631	1,645
Profit before income tax expense	276	291	749	1,234	1,446	1,921	1,871	3,204	4,342	6,650
Less: Income tax expense	93	91	253	386	487	602	491	912	1,324	1,991
Profit for the period	183	200	496	848	959	1,319	1,380	2,292	3,018	4,659

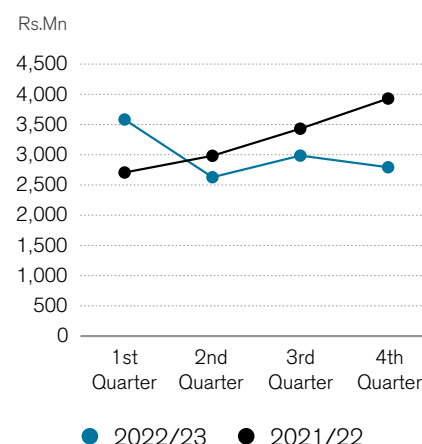
Profit After Tax



Total Assets



Net Interest Income



STATEMENT OF FINANCIAL POSITION

Rs.Million	Company							
	30th June		30th September		31st December		31st March	
As at	2022	2021	2022	2021	2022	2021	2023	2022
Assets								
Cash and cash equivalents	14,412	3,049	6,092	1,583	4,958	6,829	5,845	4,669
Balances with banks and financial institutions	2,018	1,634	9,488	12,239	18,983	8,733	29,840	5,118
Financial assets -Fair value through profit or loss	22	2,520	181	1,036	196	13	204	25
Loans and receivables - Amortised cost	140,298	137,521	131,942	140,524	121,857	146,449	114,278	151,274
Financial assets - Fair value through other comprehensive income	970	1,230	1,013	1,210	834	1,162	945	1,333
Debt Instrument - Amortised cost	10,998	6,696	11,796	9,985	10,314	9,940	10,904	9,827
Investments in subsidiaries	3,214	3,214	3,214	3,214	3,214	3,214	3,292	3,214
Investment property							285	
Other assets	614	1,145	1,004	759	1,088	1,074	1,030	749
Property, plant and equipment	1,383	1,180	1,365	1,368	1,356	1,391	1,481	1,414
Right-of-use assets	1,859	2,117	1,748	1,979	1,606	1,798	1,616	1,972
Deferred tax assets	1,217	389	1,229	595	1,248	211	1,335	1,147
Goodwill and intangible assets	19	114	16	83	22	57	19	22
Total assets	177,024	160,809	169,088	174,575	165,676	180,871	171,073	180,765
Liabilities								
Due to banks	10,843	5,705	11,148	6,742	8,574	12,699	7,724	11,749
Due to customers	106,314	100,741	99,474	100,149	97,414	106,473	100,935	103,368
Debt securities issued	16,161	13,049	15,925	23,544	16,315	16,836	16,706	17,244
Other financial liabilities	858	2,557	1,330	4,533	1,037	4,270	1,457	3,637
Lease liabilities	2,020	2,194	1,912	2,183	1,775	1,959	1,754	2,059
Current tax liabilities	1,562	424	441	595	708	224	1,014	1,852
Other liabilities	775	966	816	790	881	1,143	1,017	1,369
Retirement Benefit Obligation	688	643	703	694	700	666	674	668
Total liabilities	139,221	126,279	131,749	139,230	127,404	144,270	13,281	141,946
Equity								
Stated capital	17,072	14,892	18,016	16,170	18,016	17,072	18,015	17,072
Statutory reserve fund	2,640	2,407	2,640	2,407	2,640	2,407	2,791	2,640
Retained earnings	18,761	17,363	17,351	16,942	18,328	17,365	19,557	19,482
Other reserves	(670)	(132)	(668)	(174)	(712)	(243)	(571)	(375)
Total equity	37,803	34,530	37,339	35,345	38,272	36,601	39,792	38,818
Total liabilities and equity	177,024	160,809	169,088	174,575	165,676	180,871	171,073	180,765

TEN YEAR SUMMARY

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Financial Capital										
Operating result										
Income (Rs. million)	32,018	26,741	27,104	33,599	32,736	28,603	23,859	19,186	20,542	20,628
Interest income (Rs. million)	30,197	23,882	24,983	31,459	30,836	26,705	22,041	17,876	19,248	19,534
Interest expenses (Rs. million)	18,207	10,832	13,064	15,787	15,646	14,500	11,830	7,941	9,248	11,266
Net interest income (Rs. million)	11,990	13,049	11,919	15,672	15,190	12,204	10,212	9,935	10,000	8,268
Non-interest income (Rs. million)	1,822	2,860	2,120	2,140	1,899	1,898	1,818	1,310	1,294	1,094
Impairment and other losses (Rs. million)	568	777	1,143	4,752	1,955	1,430	216	258	1,645	1,218
Other operating expenses [Note 1] (Rs. million)	8,901	8,482	7,024	8,509	8,549	6,903	6,338	4,844	4,274	3,757
Profit before tax (PBT) (Rs. million)	4,342	6,650	5,873	4,552	6,585	5,770	5,476	6,143	5,375	4,387
Income tax expense (Rs. million)	1,324	1,991	1,840	1,609	2,169	1,460	1,467	1,796	1,622	1,263
Profit after tax (PAT) (Rs. million)	3,018	4,659	4,033	2,943	4,416	4,309	4,009	4,347	3,753	3,124
Return on assets (ROA) (%)	2.47	3.85	3.49	2.64	3.95	3.71	3.99	5.19	4.75	4.15
Cost to income (%)	52.64	43.74	42.03	36.53	37.81	39.73	45.01	37.24	34.63	37.01
Net Interest Margin (NIM) (%)	7.35	8.10	7.58	9.68	9.70	8.38	7.89	8.92	9.37	8.30
Total Assets to Equity Ratio (Times)	4.30	4.66	4.79	5.68	6.03	5.94	6.09	5.46	5.31	5.93
Price to Book Value (PBV) (Times)	0.41	0.39	0.59	0.66	0.74	0.92	1.00	1.11	1.65	1.18
Financial position										
Cash, balances with banks & reverse repo (Rs. million)	35,685	9,787	8,102	10,372	6,699	8,783	7,681	4,054	3,465	14,783
Loans & receivables (Rs. million)	114,278	151,274	141,388	147,748	151,708	140,165	134,055	109,872	98,411	90,218
Investments in subsidiaries (Rs. million)	3,292	3,214	3,214	3,214	3,214	3,214	2,075	1,875	1,875	1,475
Investments in government treasury bills and bonds (rs. million)	10,904	9,827	6,994	4,107	8,003	4,890	2,968	4,930	5,266	4,747
Total assets (Rs. million)	171,073	180,765	164,546	171,660	172,541	160,694	150,457	124,336	112,323	113,776
Borrowings (rs. million)	24,431	28,994	20,265	26,417	48,549	55,705	74,258	60,819	49,848	48,605
Deposits from customers [Note 2] (Rs. million)	100,935	103,368	101,503	106,701	88,369	69,763	44,723	33,836	34,094	40,921
Total equity (Rs. million)	39,792	38,818	34,341	30,247	28,603	27,030	24,697	22,772	21,136	19,196
Total liabilities and shareholders' funds (Rs. million)	171,073	180,765	164,546	171,660	172,541	160,694	150,457	124,336	112,323	113,776
Financial cash Inflows /(Outflows)										
Operating activities (Rs. million)	9,126	(3,602)	4,264	31,615	15,944	27,691	(998)	(8,533)	(7,351)	17,218
Investing activities (Rs. million)	(221)	(382)	60	(106)	302	(802)	(159)	(397)	(231)	(170)
Financing activities (Rs. million)	(7,712)	6,596	(9,477)	(27,310)	(16,452)	(28,716)	2,926	9,156	(738)	(8,927)
Net cash flows (Rs. million)	1,193	2,612	(5,153)	4,198	(206)	(1,827)	1,769	227	(8,320)	8,121
Human Capital										
Employees (Numbers)	2,114	2,245	2,343	2,401	2,329	2,085	2,085	1,834	1,666	1,575
PBT per employee (Rs.million)	1.99	2.90	2.48	1.92	2.98	2.77	2.79	3.51	3.32	2.79
Total assets per Employee (Rs. million)	80.92	80.52	70.23	71.50	74.08	77.07	72.16	67.79	67.42	72.24
Employees' salaries & benefits (Rs. million)	4,489	3,738	3,465	3,701	3,438	2,974	2,556	1,807	1,565	1,338
Natural Capital										
Investment in Environmental Conservation (Rs. million)	1.01	1.87	2.77	3.32	1.94	2.19	3.37	3.36	1.17	0.52
Carbon footprint (Tones of CO2 equivalent) [Note 3]	1,802.27	4,382	3,811	5,836	5,338	6,046	6,236	3,059	2,770	-

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Social and Relationship Capital										
Shareholders (Number)	10,770	10,926	10,027	8,644	8,961	8,801	9,176	9,407	8,880	10,054
Number of ordinary shares (Nos.million)	2,042	1,887	1,705	1,628	1,580	1,580	1,580	1,580	1,580	1,580
Earnings per share (EPS) (Rs.)	1.48	2.47	2.37	1.73	2.80	2.73	2.54	2.75	2.38	1.98
Net assets per share (NAPS) (Rs.)	19.49	20.57	20.15	18.58	18.10	17.11	15.63	14.41	13.38	12.15
Market price per share (Rs.)										
Highest	9.30	13.80	15.40	18.30	17.30	19.20	20.10	26.50	28.00	15.70
Lowest	4.90	8.00	9.10	12.00	12.90	15.50	15.30	15.40	14.20	13.00
Closing	7.90	8.10	11.80	12.20	13.40	15.80	15.60	16.00	22.10	14.30
Market capitalization (Rs. million)	16,131	15,286	20,114	19,858	21,170	24,962	24,646	25,278	34,915	22,592
Price Earnings ratio (PE) (Times)	5.34	3.28	4.99	6.67	4.79	5.79	6.14	5.82	9.29	7.22
Dividend per share (DPS) (Rs.)	0.50	1.25	0.60	1.20	1.25	1.25	1.25	1.25	1.25	1.25
Dividend paid (Rs. million)	944	2,180	977	1,929	1,975	1,975	1,975	1,975	1,975	1,975
Dividend yield (%)	6.33	15.43	5.08	9.84	9.33	7.91	8.01	7.81	5.66	8.74
Dividend cover (times)	3.20	2.14	4.13	1.53	2.24	2.18	2.03	2.20	1.90	1.58
Dividend payout (%)	31.28	46.79	24.22	65.57	44.72	45.83	49.26	45.43	52.62	63.22
Return on equity (ROE) (%)	7.68	12.74	12.49	10.00	15.88	16.66	16.89	19.80	18.61	16.79
Return on capital employed (ROCE) (%)	13.41	10.68	11.86	12.37	13.98	13.69	12.04	11.99	13.92	14.40
Debt to equity (Excluding deposits) (Times)	0.61	0.75	0.59	0.87	1.70	2.06	3.01	2.67	2.36	2.53
Debt to equity with contingent liabilities and commitments (Times)	0.76	0.92	0.91	1.05	1.97	2.34	3.25	2.77	2.57	2.80
Current ratio (Times)	1.17	0.79	0.76	0.83	0.82	0.80	0.84	0.85	0.93	0.88
Interest cover (Times)	1.24	1.61	1.45	1.29	1.42	1.40	1.46	1.77	1.58	1.39
Taxes paid to governments (Rs. million)	6,003	2,792	4,203	5,712	2,942	2,109	2,828	2,915	1,793	581
Taxes collected on behalf of government (Rs.million)	479	322	294	1,137	1,434	1,151	1,048	1,313	1,250	1,411
Investment on community outreach CSR (Rs. million)	5.57	27.53	17.60	55.53	120.29	101.53	187.64	76.25	71.68	55.48
Capital adequacy ratios										
Tier 1 Capital / Core capital ratio [Note 4]	25.76	18.77	17.72	15.12	14.36	18.38	17.56	19.56	20.22	19.12
Required minimum Tier 1 Capital/ Core capital ratio (%) [Note 4]	10.00	8.00	7.00	7.00	6.00	5.00	5.00	5.00	5.00	5.00
Total Capital Ratio / Total risk weighted capital ratio (%) [Note 4]	26.61	19.68	18.58	15.99	15.20	16.46	16.37	18.14	19.04	18.05
Required minimum total capital ratio/ Total risk weighted capital ratio (%) [Note 4]	14.00	12.00	11.00	11.00	10.00	10.00	10.00	10.00	10.00	10.00
Manufactured and Intellectual Capital										
Branches (Number)	111	111	104	103	103	103	103	92	89	85
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 5]	29th Position	27th Position	18th Position	13th Position	13th Position	15th Position	14th Position	17th Position	14th Position	18th Position

[1] Figures include total operating expenses and Tax on financial services (excluding impairment charges for loans and receivables and other losses)

[2] After receiving the finance license in 2012, the company started accepting fixed & savings deposits.

[3] The Company initiated evaluation of carbon emission from 2014.

[4] Central Bank of Sri Lanka introduced Finance Business Act Directions No 3 of 2018 Capital Adequacy Requirements with effect from 01 July 2018.

STATEMENT OF PROFIT OR LOSS IN US \$

	Company		Group	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
For the year ended 31st March				
Income	97,840	89,436	119,672	109,134
Interest income	92,274	79,871	102,084	86,712
Less: Interest expenses	55,636	36,228	58,886	37,475
Net interest income	36,638	43,643	43,198	49,237
Net earned premiums	-	-	14,282	16,519
Fee and commission income	3,866	6,276	2,112	4,420
Net trading income	28	90	13	289
Other operating income	1,672	3,199	1,181	1,194
Total operating income	42,204	53,208	60,786	71,659
Less: Impairment charges for loans and receivables and other losses	1,737	2,193	2,151	3,183
Impairment charges for goodwill	-	407	-	407
Net operating income	40,467	50,608	58,635	68,069
Less:				
Personnel expenses	13,716	13,386	17,515	16,544
Depreciation of property, plant and equipment	2,135	2,341	2,017	2,136
Benefits, claims and underwriting expenditure	-	-	9,936	10,798
Other operating expenses	6,364	7,140	7,764	8,721
Total operating expenses	22,215	22,867	37,232	38,199
Operating profit before taxes on financial services	18,252	27,741	21,403	29,870
Taxes on financial services	4,985	5,502	5,114	5,705
Operating profit after taxes on financial services	13,267	22,239	16,289	24,165
Profit before income tax expense	13,267	22,239	16,289	24,165
Less : Income tax expense	4,046	6,659	5,771	8,050
Profit for the year	9,221	15,580	10,518	16,115

Exchange rate of US\$ was Rs 327.25 as at 31st March 2023 (Rs 299.00 as at 31st March 2022).

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	
	2023 US \$ '000	2022 US \$ '000	2023 US \$ '000	2022 US \$ '000
As at 31st March				
Assets				
Cash and cash equivalents	17,860	15,615	19,300	18,069
Balances with banks & financial institutions	91,184	17,117	104,583	31,871
Financial assets -Fair value through profit or loss	623	84	1,055	2,840
Loans and receivables	349,206	505,935	383,126	546,224
Insurance and reinsurance receivables	-	-	4,578	4,423
Financial assets - Fair Value other comprehensive income	2,887	4,459	4,195	5,461
Debt Instrument at amortised cost	33,319	32,867	48,463	53,557
Investments in subsidiaries	10,058	10,748	-	-
Other assets	3,148	2,506	3,915	2,782
Investment property	871	-	3,668	2,745
Property, plant and equipment	4,526	4,728	12,135	13,681
Right of use assets	4,938	6,597	4,194	5,149
Deferred tax assets	4,081	3,835	4,339	3,750
Goodwill and intangible assets	59	73	420	467
Total assets	522,760	604,564	593,971	691,019
Liabilities				
Due to banks	23,605	39,295	33,823	51,172
Due to customers	308,434	345,712	329,962	372,755
Debt securities issued	51,050	57,673	50,619	57,201
Other financial liabilities	4,453	12,162	5,224	13,523
Insurance liabilities and reinsurance payable	-	-	15,910	19,744
Lease Liabilities	5,359	6,886	4,516	5,311
Current tax liabilities	3,098	6,193	4,298	7,019
Other liabilities	3,107	4,582	3,674	4,679
Retirement Benefit Obligation	2,059	2,234	2,311	2,505
Total liabilities	401,165	474,737	450,337	533,909
Equity				
Capital	55,051	57,097	55,051	57,097
Statutory reserve fund	8,528	8,829	8,879	9,128
Retained earnings	59,761	65,156	71,042	77,334
Other reserves	(1,745)	(1,255)	1,068	3,000
Total shareholders' equity	121,595	129,827	136,040	146,559
Non -controlling interest	-	-	7,594	10,551
Total equity	121,595	129,827	143,634	157,110
Total liabilities and equity	522,760	604,564	593,971	691,019
Contingent liabilities and commitments	17,194	22,917	17,572	23,074

Exchange rate of US\$ was Rs 327.25 as at 31st March 2023 (Rs 299.00 as at 31st March 2022).

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 2023	Current Year (Rs. 000)	Percentage Change (%)				Base Year (Rs. 000)
	2023	2023	2022	2021	2020	2019
Assets						
Cash and cash equivalents	5,844,798	77.43	41.74	(17.94)	117.49	3,294,055
Balances with banks & financial institutions	29,839,914	776.48	50.33	58.58	(5.79)	3,404,533
Financial assets -Fair value through profit or loss	203,975	779.58	8.41	373.42	4348.98	23,190
Loans and receivables - Amortised cost	114,277,945	(24.67)	(0.29)	(6.80)	(2.61)	151,707,902
Financial assets - Fair value through other comprehensive income	944,653	651.81	961.10	146.01	158.16	125,651
Debt instrument - Amortised cost	10,903,577	36.25	22.80	(12.60)	(48.68)	8,002,625
Investments in subsidiaries	3,291,604	2.42	0.00	0.00	0.00	3,213,788
Investment in Associate	-	-	-	-	-	237,633
Investment property	284,961	-	-	-	-	-
Other assets	1,030,138	0.54	(26.89)	(43.86)	11.94	1,024,644
Property, plant and equipment	1,481,005	34.85	28.73	(4.46)	4.16	1,098,286
Right of use assets	1,615,939	1822.25	2246.26	2567.51	2207.08	84,065
Deferred tax assets	1,335,460	-	-	-	-	-
Goodwill and intangible assets	19,193	(94.09)	(93.24)	(54.93)	(20.72)	324,905
Total assets	171,073,162	(0.85)	4.77	(4.63)	(0.51)	172,541,277
Liabilities						
Due to banks	7,724,671	(71.68)	(56.92)	(76.39)	(70.89)	27,273,933
Due to customers	100,935,114	14.22	16.97	14.86	20.75	88,368,656
Debt securities issued	16,706,049	(21.48)	(18.95)	(35.02)	(13.14)	21,275,031
Other financial liabilities	1,457,388	(41.24)	46.61	66.57	21.52	2,480,377
Operating lease liabilities	1,753,723	-	-	-	-	-
Current tax liabilities	1,013,703	(54.71)	(17.27)	(83.81)	(19.43)	2,238,257
Other liabilities	1,016,790	(30.57)	(6.52)	(27.00)	(33.38)	1,464,489
Retirement Benefit Obligation	673,659	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	837,179
Total Liabilities	131,281,097	(8.79)	(1.38)	(9.54)	(1.75)	143,937,922
Equity						
Stated Capital	18,015,559	36.11	28.98	12.51	5.13	13,236,073
Statutory reserve fund	2,790,828	35.59	28.26	16.95	7.15	2,058,219
Retained earnings	19,556,826	46.36	45.80	28.42	6.48	13,361,805
Other reserves	(571,148)	982.91	611.40	122.55	93.61	(52,742)
Total equity attributable to equity holders of the Company	39,792,065	39.12	35.71	20.06	5.75	28,603,355
Total equity	39,792,065	39.12	35.71	20.06	5.75	28,603,335
Total liabilities and equity	171,073,162	(0.85)	4.77	(4.63)	(0.51)	172,541,257

Statement of Profit or Loss for the year ended 31 March 2023	Current Year (Rs. 000)	Percentage Change (%)				Base Year (Rs. 000)
	2023	2023	2022	2021	2020	2019
Gross income	32,018,308	(2.19)	(18.31)	(17.20)	2.64	32,735,639
Interest Income	30,196,588	(2.07)	(22.55)	(18.98)	2.02	30,836,300
Interest Expenses	18,206,943	16.37	(30.77)	(16.50)	0.90	15,646,099
Net Interest Income	11,989,645	(21.07)	(14.09)	(21.53)	3.18	15,190,201
Other Operating Income	1,821,720	(4.09)	50.57	11.64	12.68	1,899,339
Total Operating Income	13,811,365	(19.18)	(6.91)	(17.85)	4.23	17,089,540
Impairment Charges	568,485	(70.92)	(60.25)	(41.53)	143.07	1,954,880
Total Operating Expenses	7,269,656	12.50	5.80	(10.23)	0.69	6,462,193
Operating Profit before Taxes on financial services	5,973,224	(31.12)	(4.35)	(18.19)	(24.42)	8,672,467
Tax on financial services	1,631,468	(21.83)	(21.18)	(41.42)	(4.06)	2,087,210
Profit before income tax expense	4,341,756	(34.07)	0.98	(10.82)	(30.88)	6,585,257
Income Tax Expense	1,324,118	(38.96)	(8.21)	(15.19)	(25.81)	2,169,136
Profit for the Year	3,017,638	(31.67)	5.50	(8.68)	(33.37)	4,416,121

VERTICAL ANALYSIS

Statement of Financial Position as at 31 March 2023		Percentage Change (%)			
	2023	2022	2021	2020	2019
Assets					
Cash and cash equivalents	3.42	2.58	1.64	4.17	1.91
Balances with banks & financial institutions	17.44	2.83	3.28	1.87	1.97
Financial assets - Fair value through profit or loss	0.12	0.01	0.07	0.60	0.01
Loans and receivables - Amortised cost	66.80	83.69	85.93	86.07	87.93
Financial assets - Fair value through other comprehensive income	0.55	0.74	0.19	0.19	0.07
Debt instrument - Amortised cost	6.37	5.44	4.25	2.39	4.64
Investments in subsidiaries	1.92	1.78	1.95	1.87	1.86
Investment in Associate	-	-	-	-	0.14
Investment property	0.17	-	-	-	-
Other assets	0.60	0.41	0.35	0.67	0.59
Property, plant and equipment	0.87	0.78	0.64	0.67	0.64
Right of use assets	0.94	1.09	1.36	1.13	0.05
Deferred tax assets	0.78	0.63	0.25	0.22	-
Goodwill and intangible assets	0.01	0.01	0.09	0.15	0.19
Total assets	100.00	100.00	100.00	100.00	100.00
Liabilities					
Due to banks	4.52	6.50	3.91	4.62	15.81
Due to customers	59.00	57.18	61.69	62.16	51.22
Debt securities issued	9.77	9.54	8.40	10.77	12.33
Other financial liabilities	0.85	2.01	2.51	1.76	1.44
Operating lease liabilities	1.03	1.14	1.39	1.11	-
Current tax liabilities	0.59	1.02	0.22	1.05	1.30
Other liabilities	0.59	0.76	0.65	1.11	0.85
Retirement Benefit Obligation	0.39	0.37	0.45	-	-
Deferred tax liabilities	-	-	-	-	0.49
Total Liabilities	76.74	78.53	79.13	82.38	83.42
Equity					
Stated Capital	10.53	9.44	9.05	8.11	7.67
Statutory reserve fund	1.63	1.46	1.46	1.28	1.19
Retained earnings	11.43	10.78	10.43	8.29	7.74
Other reserves	(0.33)	(0.21)	(0.07)	(0.06)	(0.03)
Total equity attributable to equity holders of the Company	23.26	21.47	20.87	17.62	16.58
Total equity	23.26	21.47	20.87	17.62	16.58
Total liabilities and equity	100.00	100.00	100.00	100.00	100.00

Statement of Financial Position as at 31 March 2023		Percentage Change (%)			
	2023	2022	2021	2020	2019
Gross income	100.00	100.00	100.00	100.00	100.00
Interest Income	94.31	89.31	92.18	93.63	94.20
Interest Expenses	56.86	40.51	48.20	46.98	47.80
Net Interest Income	37.45	48.80	43.98	46.65	46.40
Other Operating Income	5.69	10.69	7.82	6.37	5.80
Total Operating Income	43.14	59.49	51.80	53.02	52.20
Impairment Charges	1.78	2.91	4.22	14.14	5.97
Total Operating Expenses	22.70	25.57	21.40	19.37	19.74
Operating Profit before Taxes on financial services	18.66	31.02	26.18	19.51	26.49
Tax on financial services	5.10	6.15	4.51	5.96	6.38
Profit before income tax	13.56	24.87	21.67	13.55	20.12
Income Tax Expense	4.14	7.45	6.79	4.79	6.63
Profit for the Year	9.42	17.42	14.88	8.76	13.49

INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORTING



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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF PEOPLE'S LEASING & FINANCE PLC SCOPE

We have been engaged by People's Leasing & Finance PLC ("the Entity") 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 the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report (the "Subject Matter") as of 31st March 2023.

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 GRI's global website www.globalreporting.org.

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report FY 2022/23 is 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's management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report 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 02 May 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented 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 CONTROL

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and 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 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.

Partners: H H A Jayasinghe FCA FCMA, R R de Saram FCA FCMA, M A A De Silva FCA ACMA, W R N De Silva FCA ACMA, M Y A De Silva FCA, M R R M Fernando FCA ACMA, N Y R L Fernando FCA, W B S P Fernando FCA FCMA, M L K H L Rensara FCA, D N Gamage FCA ACMA, A P A Gunasekera FCA FCMA, A Hara FCA FCMA, D K Indragunas FCA FCMA LLB (London), M D G S Manananga FCA, A A J R Perera FCA ACMA, M P Y E N Seneviratne FCA, N M Subraman FCA ACMA, H E Wijesinghe FCA FCMA, C A Yalagala FCA ACMA

Principal: W S J De Silva BSc (Hons) MSc MScIT, G B Goudarzi ACMA, D S B Karunathilaka ACMA, M P S Ratnayake BSc ACMA LLB (Columbia), T P M Roberts FCA FCMA

A member firm of Ernst & Young Global Limited

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.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated 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 Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.



02 June 2023
Colombo

GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	374	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	06			
	2-3 Reporting period, frequency and contact point	03-04			
	2-4 Restatements of information	04			
	2-5 External assurance	03-04			
	2-6 Activities, value chain and other business relationships	103,28-29			
	2-7 Employees	90,93			
	2-8 Workers who are not employees	108			
	2-9 Governance structure and composition	130			
	2-10 Nomination and selection of the highest governance body	184-185			
	2-11 Chair of the highest governance body	120			
	2-12 Role of the highest governance body in overseeing the management of impacts	146			
	2-13 Delegation of responsibility for managing impacts	129			
	2-14 Role of the highest governance body in sustainability reporting	16			
	2-15 Conflicts of interest	134-135			
	2-16 Communication of critical concerns	136			
	2-17 Collective knowledge of the highest governance body	16			
	2-18 Evaluation of the performance of the highest governance body	184-185			
	2-19 Remuneration policies	180-181			
	2-20 Process to determine remuneration	180-181			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	
	2-22 Statement on sustainable development strategy	16,22-24			
	2-23 Policy commitments	92			
	2-24 Embedding policy commitments	92			
	2-25 Processes to remediate negative impacts	89,106			
	2-26 Mechanisms for seeking advice and raising concerns	89,106			
	2-27 Compliance with laws and regulations	138			
	2-28 Membership associations	89			
	2-29 Approach to stakeholder engagement	30-35			
	2-30 Collective bargaining agreements	98			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	42-43	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.		
	3-2 List of material topics	44-49			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	09-10			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	10			
	201-2 Financial implications and other risks and opportunities due to climate change		201-2	Information Unavailable	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	307-309			
	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	139			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	201			
	205-2 Communication and training about anti-corruption policies and procedures	139			
	205-3 Confirmed incidents of corruption and actions taken	89,201			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	172,233,237,309-311			
GRI 207: Tax 2019	207-1 Approach to tax	172,233,237,309-311			
	207-2 Tax governance, control, and risk management	172,233,237,309-311			
	207-3 Stakeholder engagement and management of concerns related to tax	172,233,237,309-311			
	207-4 Country-by-country reporting	172,233,237,309-311			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	114			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	114			
	302-2 Energy consumption outside of the organisation	114			
	302-3 Energy intensity	114			
	302-4 Reduction of energy consumption	114			
	302-5 Reductions in energy requirements of products and services		302-5	Information Unavailable	This data cannot be quantified.
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	114			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	114-115			
	305-2 Energy indirect (Scope 2) GHG emissions	114-115			
	305-3 Other indirect (Scope 3) GHG emissions	114-115			
	305-4 GHG emissions intensity	114			
	305-5 Reduction of GHG emissions	114			
	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	116			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	116			
	306-2 Management of significant waste-related impacts	116			
	306-3 Waste generated	116			
	306-4 Waste diverted from disposal	116			
	306-5 Waste directed to disposal	116			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	108			
	308-2 Negative environmental impacts in the supply chain and actions taken	108			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	94,95			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	94			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	95			
	401-3 Parental leave	95			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	95			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	95			
	403-2 Hazard identification, risk assessment, and incident investigation	95			
	403-3 Occupational health services	95			
	403-4 Worker participation, consultation, and communication on occupational health and safety	95			
	403-5 Worker training on occupational health and safety	96-97			
	403-6 Promotion of worker health	95			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	95			
	403-8 Workers covered by an occupational health and safety management system	95			
	403-9 Work-related injuries	32			
	403-10 Work-related ill health	32			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	96-97			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	97			
	404-2 Programs for upgrading employee skills and transition assistance programs	96-97			
	404-3 Percentage of employees receiving regular performance and career development reviews	96			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	99			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	93			
	405-2 Ratio of basic salary and remuneration of women to men	99			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	99			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	91, 99			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	98			
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	98			
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	91			
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	91			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	108			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	110			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	110-111			
	413-2 Operations with significant actual and potential negative impacts on local communities	110			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	108			
	414-2 Negative social impacts in the supply chain and actions taken	108			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	102			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	102			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	102			
Marketing and labelling					
GRI 3: Material Topics 2021	3-3 Management of material topics	105			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	105,108			
	417-2 Incidents of non-compliance concerning product and service information and labelling	105			
	417-3 Incidents of non-compliance concerning marketing communications	105			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	107			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	107			

ABBREVIATION

ACA	Associate Chartered Accountant
ACMA	Associate Chartered Management Accountant
AGM	Annual General Meeting/Assistant General Manager
AIB	Associate of Institute of Bankers
AICM	Associate of Institute of Credit Management
AIF	Al-Safa Islamic Financial Service
ALCO	Assets and Liability Management Committee
AR	Annual Report
ATM	Automated Teller Machine
AWDR	Average Weighted Deposit Rate
AWPLR	Average Weighted Prime Lending Rate
BAC	Board Audit Committee
BCP	Business Continuity Plan
BI	Business Intelligence
BIRMC	Board Integrated Risk Management Committee
BMS	Building Management System
BSc	Bachelor of Science
CBSL	Central Bank of Sri Lanka
CCPI	Colombo Consumer Price Index
CDM	Cash Deposit Machine
CEFT	Common Electronic Fund Transfer Switch
CEA	Central Environment Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIM	Chartered Institute of Marketing
CM	Chief Manager
CMA	Certified Management Accountant
CPM	Certified Professional Managers
CRIB	Credit Information Bureau of Sri Lanka
CSE	Colombo Stock Exchange
CSR	Corporate Social Responsibility
DGM	Deputy General Manager
ECL	Expected credit loss
EGM	Extraordinary General Meeting
EIR	Elective Interest Rate
EIRMC	Executive Integrated Risk Management Committee
EMS	Environmental Management System
EPF	Employees' Provident Fund
EPS	Earnings Per Ordinary Share
ESG	Environmental, Social and Governance
ETF	Employees' Trust Fund
EVA	Economic Value Added
FCA	Fellow Chartered Accountant
FCMA	Fellow Chartered Management Accountant
FD	Fixed Deposit
FVTPL	Fair Value Through Profit or Loss
FY	Financial year

GDP	Gross Domestic Product
GHG	Green House Gases
GM	General Manager
GRI	Global Reporting Initiative
GWP	Gross Written Premium
HHI	Herfindahl–Hirschman Index
HR	Human Resources
HRD	Human Resource Department
HRIS	Human Resource Information System
IBSL	Institute of Bankers of Sri Lanka
ICASL/ CASL	Institute of Chartered Accountants of Sri Lanka
ICT	Information and Communications Technology
ID	Independent Directors
IMF	International Monetary Fund
IPFF	Investment Promotion and Financing Facility
IPO	Initial Public Offering
IR	Integrated Reporting
ISIN No.	International Securities Identification Number
ISO	International Organisation for Standardisation/ Information Security Officer
IT	Information Technology
IUCN	International Union for Conservation of Nature
KMP	Key Management Personnel
KPI	Key Performance Indicators
KYC	Know Your Customer
LAFL	Lankan Alliance Finance Limited
LAT	Liability Adequacy Test
LFC	Licensed Financial Companies
LGD	Loss given Default
LMS	Learning Management Solution
LTV	Loan to Value Ratio
MBA	Master of Business Administration
MIS	Management Information Systems
MSc	Master of Science
MVA	Market Value Added
NBFI	Non-Bank Financial Institution
NED	Non-Executive Directors
NIBM	National Institute of Business Management
NII	Net Interest Income
NIM	Net Interest Margin
NP	Non Performing
NPA	Non Performing Advance
NPL	Non-Performing Loan
OCI	Other Comprehensive Income
PAT	Profit After Tax
PBIT	Profit before interest & tax
PBT	Profit Before Tax

PD	Probability of default
PI	People's Insurance PLC
PIM	Postgraduate Institute of Management
PLFML	People's Leasing Fleet Management Limited
PLHPL	People's Leasing Havelock Properties Limited
PLPDL	People's Leasing Property Development Limited
PML	People's Micro-commerce Ltd.
PPE	Property plant and equipment
QR	Quick response
RCD	Risk and Control Department
RMF	Risk Management Framework
RMV	Department of Motor Traffic
ROA	Return on Assets
ROCE	Return on Capital Employed
ROE	Return on Equity
RTGS	Real-time Gross Settlement systems
RPT	Related Party Transactions
RPTRC	Related Party Transactions Review Committee
SASB	Sustainability Accounting Standards Board
SDGM	Senior Deputy General Manager
SDGs	Sustainable Development Goals
SLFR	Standing Lending Facility Rate
SLFRS/ LKAS	Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards
SLIBFI	Sri Lanka Islamic Banking & Finance Institutions
SLIBOR	Sri Lanka Inter Bank Offer Rate
SLICM	Sri Lanka Institute of Credit Management
SLIM	Sri Lanka Institute of Marketing
SLIPS	Sri Lanka Interbank Payment
SME	Small and Medium Enterprises
SRR	Statutory Reserve Ratio
TB	Treasury Bill
TOR	Terms of Reference
UAT	User Acceptance Testing
UN	United Nation
VAT	Value Added Tax
VPN	Virtual Private Network
WHT	Withholding tax
SENSEX	Stock Exchange Sensitive Index
CGHU	Complain Grievance Handling Unit
BIC	Board Investment Committee
BCC	Board Credit Committee
SID	Senior Independent Director
TAGS	Transparency, Accountability, Governance and Sustainability
SAFA	South Asian Federation of Accountants
IIRC	International Integrated Reporting Council
COO	Chief Operating Officer

ESQR	European Society for Quality Research
EFF	Extended Fund Facility
SSCL	Social Security Contribution Levy
LMU	Loan Monitoring Unit
ICAPP	Internal Capital Adequacy Assessment Process
MSME	Micro, Small, and Medium Enterprise
SOE	State Owned Enterprises
ROI	Return on investment
BCC	Board Credit Committee
BIC	Board Investment Committee
FC	Finance Company
RAS	Risk Appetite Statement
REMCO	Remuneration Committee
CIA	Chief Internal Auditor
MCC	Management Credit Committee
CRO	Chief Risk Officer
FBA	Functional Behavioural Assessment
ERM	Enterprise Risk Management
ITSC	IT Steering Committee
FTSE	Financial Times Stock Exchange
NASDAQ	National Association of Securities Dealers Automated Quotation

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.

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.

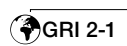
Y**YIELD**

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.

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.

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@sitnet.lk

Auditor

Auditor General
Auditor General's Department,
No. 306/72, Polduwa Road,
Battaramulla.

Bankers

People's Bank
Sampath Bank PLC
Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Standard Chartered Bank
Habib Bank Limited
Indian Bank
Indian Overseas Bank
Pan Asia Banking Corporation PLC

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, Kuliapitiya,

Kurunegala, Maharagama, Mahiyanganaya, Mannar, Matale, Matara, Mathugama, Mawanella, Medawachchiya, Melsiripura, Merigama, Metropolitan (Vauxhall Street), Minuwangoda, Monaragala, Moratuwa, Mutur, Narammala, Nattandiya, Nawalapitiya, Negombo, Negombo City, Nelliady, Neluwa, Nittambuwa, Nugegoda, Nuwara Eliya, Panadura, Pelmadulla, Pettah, Pilimathalawa, Piliyandala, Polonnaruwa, Puttalam, Ragama, Ratnapura, Tangalle, Thabutteagama, Thissamaharama, Trincomalee, Udugama, Union Place, Urubokka, Vavuniya, Walasmulla, Warakapola, Wariyapola, Wattala, Welimada, Wellawatha, Wellawaya, Wennappuwa

Board of Directors

Mr. M.P. Amirthanayagam - Chairman - Appointed to the Board w.e.f 15th July 2022 and appointed as the Chairman w.e.f 12th September 2022

Mr. Sujeewa Rajapakse - Resigned w.e.f 12th September 2022

Mr. Rohan Pathirage

Mr. Azzam A. Ahamat

Mr. K.C.J.C. Fonseka

Mr. C.J.Wijetillake

Mr. U.L.A.W.Bandara

Ms. M.C. Pietersz

Mr. Ranjith Kodituwakku -

Resigned w.e.f 3rd February 2023

Mr. M.S.H Gunawardana -

Appointed w.e.f 28th November 2022 and Ceased to hold the directorship w.e.f 21st March 2023

Ms.G. M. Roshini P. Wijerathne - Appointed w.e.f 21 April 2023

Board Audit Committee

Ms. M.C. Pietersz - Chairperson

Mr. U.L.A.W. Bandara - Member

Mr. Azzam A. Ahamat - Member

Board Integrated Risk Management Committee

Mr. C.J.Wijetillake - Chairman

Mr. Azzam A. Ahamat - Member

Mr. K.C.J.C. Fonseka - Member

Human Resources and Remuneration Committee

Mr. U.L.A.W. Bandara - Chairman

Ms. M.C. Pietersz - Member

Mr. Rohan Pathirage - Member

Nomination Committee

Mr. U.L.A.W. Bandara - Chairman

Ms. M.C. Pietersz - Member

Mr. Rohan Pathirage - Member

Related Party Transaction Review Committee

Mr. C.J.Wijetillake – Chairman
 Mr. U.L.A.W. Bandara – Member
 Mr. Rohan Pathirage – Member

Board Investment Committee

Mr. K.C.J.C. Fonseka - Chairman
 Mr. C.J.Wijetillake – Member
 Mr. Azzam A. Ahamat - Member

Board Credit Committee

Mr. Ranjith Kodituwakku - Chairman
 Ceased on 3rd February 2023
 Mr. C.J.Wijetillake - Member
 Mr. U.L.A.W. Bandara - Member
 Ms.G. M. Roshini P. Wijerathne -
 Appointed w.e.f 27 April 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

Lankan Alliance Finance Limited

Corporate Memberships

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)

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
 Ketagalolla, Beligamuwa, Galewela, Sri Lanka

Tax Payer Identity Number (TIN)¹

14 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.

Credit Rating

The Company has been assigned A-(Ika) (Rating Watch Negative) by Fitch Ratings Lanka Limited

CIRCULAR TO SHAREHOLDERS

Dear Shareholder(s),

PEOPLE'S LEASING & FINANCE PLC – ANNUAL REPORT FOR THE YEAR 2022/23

In Compliance with the guidelines of the Colombo Stock Exchange (CSE) in hosting of virtual/hybrid Annual General Meetings, the Twenty Seventh (27th) 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 Seventh (27th) Annual General Meeting (AGM) of the Company will be conducted via a virtual platform on 30th June 2023 at 2.30 p.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 Scrutinizers where applicable) and in house shareholders/proxy holders who are essential for the administration of the formalities of the meeting will be physically & virtually 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 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 2022/23 could be accessed via the following;

Corporate Website

<https://www.plc.lk/pdf/ar/plc-annual-report-2022-23-English.pdfmm>

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 thereof, 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 30th June 2023. 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 8.30 am and 4.30pm 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

2nd June 2023

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 2.30 p.m. on 28th June 2023. 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, re enter 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 login 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 pop up 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 2nd June 2023.
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 2023

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

Notes:

- 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:

The Company Secretary,
People's Leasing & Finance PLC,
No. 1161, Maradana Road,
Colombo 08.

Dear Sir/Madam,

PEOPLE'S LEASING & FINANCE PLC

REQUEST FOR A PRINTED COPY OF THE ANNUAL REPORT- 2022/23

With reference to the circular to shareholders dated 02nd June 2023, 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 2022/23.

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 Seventh (27th) Annual General Meeting (AGM) of People's Leasing & Finance PLC (the Company) will be held on Friday 30th June 2023 at 2.30 p.m as a virtual meeting. With the re- emergence of the COVID 19 virus, The Board of Directors have proposed to hold the AGM as per the Guidelines issued by the Colombo Stock Exchange in hosting of virtual/hybrid Annual General Meetings. Only the Board of Directors, Company Secretary, Key Management Personnel, Management Officials, representatives of the Auditors and Legal Counsel (and Scrutinizers where applicable) and in house shareholders/proxy holders will be present at the meeting venue.

The said Annual General Meeting will be held for the following purposes:

Ordinary Business

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 2023 and the Report of the Auditors thereon.
2. To re-elect Ms. G. M. Roshini Wijerathna in terms of Article 27(2) of the Articles of Association of the Company being appointed to the Board since the last Annual General Meeting.
3. To authorise the Board of Directors to determine contributions to charities and other donations for the financial year ending 31st March 2023
4. To consider any other business of which due notice has been given.

Special Business

1. Amendments to the Articles of Association

In order to align the Articles with the applicable regulatory and procedural requirements, it is proposed to consider and if thought fit to pass the below as a Special Resolution (with or without necessary amendments).

1.To introduce the following under A2 - INTERPRETATION

"electronic" means information generated, sent received or stored by electronic, magnetic, optical, or similar capacities regardless of the medium ;

The expressions "written" "in writing" and "signed" shall include facsimile transmission or any other form of Electronic Communication and the use of any security and/or identification procedures and devices approved by the Directors for such purpose from time to time. The expression excludes electronic communication in the case of Article 19.

2. Amend Article 15 by the addition of sub clauses 15(a) and 15(b)

15. METHOD OF HOLDING MEETINGS

A meeting of shareholders (including a meeting where it is intended to propose a resolution as a special resolution) may be held

- (a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting. Or
- (b) by means of audio, or audio visual communication method or platform specified by the Board by which all Shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

3. To amend Article 18(1) by adding the words "or any electronic/ online platform approved by the Directors"

18. VOTING

(1) Voting at a meeting of shareholders held under Article 15 above shall, unless a poll is demanded, be by a show of hands or any electronic/online platform approved by the Directors.

4. To amend Article 27(1) by amending the minimum number of Directors on the Board to Seven (07) and maximum number of Directors to Thirteen (13)

27. APPOINTMENT AND REMOVAL OF DIRECTORS

(1) Unless otherwise determined by ordinary resolution of the shareholders of the Company, the number of Directors shall not be less than seven (7) and not more than thirteen (13).

5. To amend Article 28(1) by substituting the words "Section 4(5) of the Corporate Governance Direction No.3 of 2008", "with Section 3(3.8) of the Corporate Governance Direction No.5 of 2021" and to delete the words "in addition to his own right of voting as a Director" in line 6.

28. ALTERNATE DIRECTORS

(1) A Director may, if he is unable to attend to his duties as a Director, by notice in writing under his hand, appoint any person, subject to Section 3(3.8) of the Corporate Governance Direction No.5 of 2021, to be an Alternate Director of the Company to act for him for a period as may be determined by such Director. Such Alternate Director shall be entitled to receive notices of all meetings of Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and to exercise the rights of the appointer at meetings of the Board"

6. To amend Article 48(1) by adding the word "by electronic means of communication";

48. NOTICES

(1) Where the Company is required to send any document to a shareholder or to give notice of any matter to a shareholder, it shall be sufficient for the Company to send the document or notice to the registered address of the shareholder, by ordinary post and/or courier and/ or by electronic means of communication. Any document or notice so posted/couriered is deemed to have been received by the shareholder on the day following the dispatch of a properly addressed and prepaid letter containing the document or notice.

7. To amend Article 37 (1) by adding the words "in line with the applicable regulations/legislation" after the word 'number' in the first line

37. CHAIRPERSON

(1) The Directors may elect one (1) of their number, in line with the applicable regulations/legislation, to be the chairperson of the Board and may determine the period for which the chairperson is to hold office.

8. To amend Article 51 by substituting the words "if and so long as the Company is registered as a finance company in terms of the Finance Business Act, the Company shall comply with the provisions of the Finance Business Act including regulations directions, determinations rules, orders or requirements made given or imposed thereunder" with "the Company shall comply with the provisions of the Finance Business Act, Finance Leasing Act , any and all other statutes applicable to the finance business and leasing business from time to time

51. COMPLIANCE WITH THE FINANCE BUSINESS ACT / FINANCE LEASING ACT

Notwithstanding anything to the contrary contained in these Articles, with the Company shall comply with the provisions of the Finance Business Act, Finance Leasing Act, any and all other statutes applicable to the finance business and leasing business from time to time..

*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
2nd June 2023
Colombo

- 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 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

- Notice of Meeting, Circular to the 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://www.plc.lk/pdf/ar/plc-annual-report-2022-23-English.pdf>

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://www.plc.lk/pdf/ar/plc-annual-report-2022-23-English.pdf>

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 QRcode.



[illegible]

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 Rohan Pathirage	whom failing
3. Mr Mohamed Azzam Ali Ahamat	whom failing
4. Mr Kurukulasuriya Canicious Joachim Clive Fonseka	whom failing
5. Mr Chanura Jayanta Wijetillake	whom failing
6. Mr Upul Lakshman Asoka Wickramasinghe Bandara	whom failing
7. Ms Miriam Coralie Pietersz	whom failing
8. Ms G.M. Roshini P. Wijerathna	

as my/our proxy to represent me/us and vote on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on Friday, 30th June 2023 at 2.30 p.m. as a virtual 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
Ordinary Business		
1. To receive and consider the Annual Report of the Board of Directors ended 31 March 2023 and the Report of the Auditors thereon.	☐	☐
2. To re-elect Ms. G. M. Roshini Wijerathna in terms of Article 27(2) of the Articles of Association of the Company.	☐	☐
3. To authorise the Board of Directors to determine contributions to charities and other donations for the financial year ending 31 March 2023.	☐	☐
Special Business		
1. Amendments to the Articles of Association as detailed in the Notice of Meeting.	☐	☐

AUDITORS OF THE COMPANY

According to Section 55 of the National Audit Act No. 19 of 2018, People's Leasing & Finance PLC falls under the definition of "auditee entity" and the Auditor General or any person authorised by the Auditor General shall carry out the audit of the Company.

Signed this day of 2023.

.....
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.

INSTRUCTIONS AS TO COMPLETION

1. As provided for in Article 19(5) 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 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 2022/23.

1. Your interest in People's Leasing performance is as a (n)

Employee	
Customer	
Supplier	
Shareholder	
Investor	
Finance analyst	
Journalist	
Local resident	
Educator/Student	
Special interest group	
Regulatory body	
Other	

2. Please rate your answer on the scale from excellent to poor for 2.1 to 2.5

1 Meeting your information

Excellent	
Very good	
Good	
Average	
Poor	

2.2 Openness and transparency

Excellent	
Very good	
Good	
Average	
Poor	

2.3 Clarity and ease of understanding

Excellent	
Very good	
Good	
Average	
Poor	

2.4 Appearance and layout

Excellent	
Very good	
Good	
Average	
Poor	

2.5 Overall impression of the report

Excellent	
Very good	
Good	
Average	
Poor	

3. Which sections did you find least useful?

Organisational overview	
Value creation model	
Management discussion and analysis	
Stewardship	
Financial reports	
Other	

4. Which section did you find most useful?

Organisational overview	
Value creation model	
Management discussion and analysis	
Stewardship	
Financial reports	
Other	

5. In your opinion what are the sustainability topics/areas People's Leasing needs to have better focus on?

6. How do you think we could improve?

7. Please provide your overall impressions and comments about the Integrated Annual Report 2022/23

Your Name:

Your email:

Assistant 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



**PEOPLE'S
LEASING**

පිළිගැනීමේ නායකයා
THE TRUSTED LEADER

People's Leasing & Finance PLC

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