Strategy and Resource Allocation

PLC's strategy is designed to ensure alignment with its long-term vision, stakeholder expectations, and evolving market conditions. It is informed by insights from structured stakeholder engagement, internal assessments of organisational strengths and weaknesses, and a rigorous analysis of external market dynamics, including emerging opportunities and threats. These insights are systematically translated into actionable strategies using the TOWS matrix. Strategic plans are then executed across business units through clearly defined objectives and key performance indicators (KPIs), supported by continuous monitoring and periodic reviews that enable timely course corrections and drive ongoing improvement.

Strengths

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

Weaknesses

- Limited product innovation
- Gaps in digital infrastructure
- Sensitivity to interest rate volatility due to reliance on lending income
- High credit risk exposure
- Moderate use of advanced analytics

Tactical Strategies

- Leverage People's Leasing's key strengths including its strong brand reputation, skilled workforce, financial stability, and robust technological infrastructure to design inclusive and innovative financial solutions that deepen penetration in underserved communities and expand support for the SME segment.
- Leverage the Company's strong IT infrastructure, industry expertise, and robust risk management frameworks to strengthen credit assessment, monitoring, and early-warning mechanisms, thereby proactively mitigating credit risk.
- Increase the use of advanced analytics to improve credit underwriting, portfolio optimisation, and cross-selling opportunities.
- Continue to enhance Employee Value Proposition to retain talent.

Opportunities

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

Threats

- Competitive pressures
- High staff attrition
- Cyber security threats

Strategy and Resource Allocation

Strategic Imperatives and Resource Allocation

The strategies developed using the TOWS analysis are distilled further, into five core areas that form the basis of PLC's strategic imperatives. Each of these strategic imperatives together with the tactical focus and resource allocation are discussed below.

Responsible Growth

We are committed to aligning our growth journey with Sri Lanka's economic progress by empowering the SME sector and advancing financial inclusion among underserved communities. Innovation, enhanced operational efficiencies, and a strong customer-centric approach will be central to achieving these objectives.

Related Material Matters

- Financial stability
- Macro-economic Environment
- Digitalisation of services
- Advancing Financial Inclusion
- Driving Sustainable Growth through Sustainable Finance

Key Risks *(refer risk management section on pages 283 to 298)*

- Pursuing responsible growth through SME financing and financial inclusion may increase exposure to credit and market risks arising from economic uncertainty, fluctuating repayment capacity, and changes in interest rates and market conditions, which could impact portfolio performance and sustainable growth.

Tactical Focus

Customer Centric products and services	Strengthen the balance sheet through prudent growth of the loan portfolio	Operational efficiency and cost optimisation	Integration of ESG criteria into the investment decision - making processes

Key Initiatives in FY 2025/26

- Increased efforts on lending including gold loans.
- Ongoing additions to product portfolio.
- Strategic expansion of customer touchpoints and improvements to service delivery via strategic relocations.
- Streamlining of customer complaints framework.
- Digitalisation initiatives and improvements to customer digital interface.
- Strengthened the Company's balance sheet position through employee engagement, enhancement of the branch network, improved responsiveness to customer expectations, and continued support for SME growth and financial inclusion.
- Focused on reducing maturity mismatches by encouraging longer-tenure fixed deposits to align with longer-tenure leases and loans, while expanding short-term lending products such as gold loans to better match short-term deposit profiles.
- Strengthened the capital base to support sustainable and accelerated balance sheet growth.
- Conducted targeted brand-building and engagement campaigns including "PLC AutoEX", a signature vehicle sales exhibition.
- Launch of "ඔන දේකට PLC – PLC RAP" brand advertising campaign to build brand resonance with younger demographic.
- Introduction of advanced encryption for fixed deposit and savings transactions, together with internal IT enhancements to reinforce deposit-related data protection.

Resource Allocation

- Rs. 18.9 Mn incurred on Branch expansion
- Rs. 302,056 Mn new granting
- Rs. 966.81 Mn spent on digitalisation efforts
- Rs. 7,374.08 Mn monetary benefits provided to employees to boost employee morale

Impact			Capital Trade-off
Stakeholders Impacted	41.01% YoY growth in profitability 65.13% YoY growth in total assets 75.53% YoY growth in Lending Portfolio Rs. 33,447.41 Mn disbursed through Green Financing Schemes Cost to Income ratio – 51.16%	**SDG's Impacted**	Financial Capital (+) Social and Relationship Capital (+) Intellectual Capital (+)

Future Plans

- Branch expansion to underserved areas.
- Drive greater operational efficiencies through process improvements.
- Expand green financing products.
- Expand digital platforms to expand reach.
- Secure longer-tenure financing facilities to support sustainable business growth.
- Strengthen risk assessment frameworks for sustainable portfolio growth.
- Support the country's economic growth by empowering SMEs through accessible and customer-centric financial solutions that promote entrepreneurship, business expansion, and financial inclusion.

Strategy and Resource Allocation

Empowered People

We remain committed to empowering our people to build a future-ready workforce capable of driving sustainable change and supporting long-term business growth. This is achieved by fostering an inclusive and supportive environment where employees feel valued, respected, and motivated to perform at their best. We continue to invest in capability development, leadership enhancement, and employee well-being, enabling our people to adapt to evolving business needs while contributing meaningfully to the Company's strategic objectives.

Related Material Matters

- Talent attraction and retention
- Employee Health and Wellness

Key Risks *(refer risk management section on pages 283 to 298)*

- Operational risks arising from system failures, process inefficiencies, or operational disruptions may affect employee productivity, workforce development, and the Company's ability to build a future-ready workforce.

Tactical Focus

- Enhance the employee value proposition
- Customer Service Training
- Performance Management
- Leadership Development
- Foster a happy and engaging workplace where employees feel valued

Key Initiatives in FY 2025/26

- Implementation of a competency-based recruitment framework to attract and select the right talent with the required skill set.
- Reviewed and rectified identified salary anomalies across both executive and non-executive cadres.
- Standardisation of employee learning and capability development practices through a new Training and Development Policy.
- Introduced a comprehensive insurance cover to enhance employee welfare and financial security and increased the outdoor medical allowance.
- Introduced a structured increment scheme to promote greater alignment between performance and salary progression.
- KPIs of senior roles were reviewed and realigned to strategic objectives.
- Strengthened employee conduct and disciplinary framework by Merging of Code of Conduct and Disciplinary Policy.
- Introduction on an updated grievance policy.

Resource Allocation

- Training and Development Spend Rs. 42.44 Mn
- Monetary benefits to Employees Rs. 7,374.08 Mn
- 10% Salary increment for employees

Impact

Stakeholders Impacted

Employee Retention Rate-78.42%

No. of New Recruits – 1,128

No.of employee promoted-910

SDG's Impacted

Capital Trade-off

Human Capital (+)

Intellectual Capital (+)

Social and Relationship Capital (+)

Financial Capital (+)

Future Plans

- Digitalisation of HR Function.
- Introduce performance-aligned KPIs to ensure effective performance management and strengthen incentive structures.
- Enhance employee engagement levels through branch visits and digital communication channels.
- Build strong leadership pipeline via mentorships, job rotations, and professional growth initiatives.
- Align training and development programs with future skill requirements.

Building Stronger Relationships

Relationships remain at the heart of our business and are fundamental to the way we create sustainable value. We remain committed to strengthening our connections with customers, business partners, and the communities we serve, recognising that these relationships are essential to our long-term success and resilience. Our customers continue to shape our priorities and drive our business forward, while our business partners provide the vital support and collaboration that enable us to expand our reach and deliver value effectively. By fostering trusted, mutually beneficial, and enduring relationships, we continue to strengthen stakeholder confidence, enhance customer experience, support inclusive growth, and drive sustainable long-term value creation.

Related Material Matters

- Customer Experience
- Relationship with Business Partners
- Resource optimisation
- Ethics and governance
- Advancing Financial Inclusion

Key Risks *(refer risk management section on pages 283 to 298)*

- Operational risks such as service disruptions, process inefficiencies, or cybersecurity threats may affect customer experience and stakeholder confidence, while strategic risks arising from ineffective partnerships or failure to respond to changing customer and market expectations may limit growth opportunities and long-term value creation.

Tactical Focus

- Product Development
- Digitalisation
- Increase product awareness among employees and customers
- Stronger customer relationships
- Building a strong and reliable supplier network
- Greater Industry collaboration

Key Initiatives in FY 2025/26

- Continuously enhanced the core system to improve service efficiency and deliver faster customer service.
- Expanded customer reach through the opening of new branches and strategic branch relocations.
- Strengthened gold loan operations to cater to increasing customer demand.
- Entered into nine strategic Memorandums of Understanding (MOUs) with leading corporates across key industry sectors.
- Ongoing supplier engagement.
- Ongoing engagement with employees, customer, suppliers and business partners to create awareness on climate action.
- Partnerships for strategic CSR initiatives.

Resource Allocation

- Rs. 39.25 Mn spent on marketing and branding
- Strategic expansion of customer touchpoints and improvements to service delivery
- Additions to product portfolio
- Payments to suppliers – Rs. 204,841.94 Mn

Impact

Stakeholders Impacted

Improved customer satisfaction levels as indicative from higher customer retention

Increased customer base with new business volume of Rs. 302,056 Mn

111,196 number of new customers

100% ESG screening for new suppliers

Over 16 CSR strategic initiatives carried out during the year

SDG's Impacted

Capital Trade-off

Social and Relationship Capital (+)

Financial Capital (+)

Human Capital (+)

Future Plans

- Strengthen engagement channels with customers through improvements to customer service and digital service delivery.
- Work closely with suppliers to build capacity in ESG aspects.
- Drive closer industry collaboration.
- Establish regional centres to enhance support towards branch operations.

Strategy and Resource Allocation

Commitment to environmental and social responsibility

We, People's Leasing is committed to environmental stewardship and community upliftment through responsible business practices. By offering sustainable finance solutions, advancing eco-friendly initiatives, and supporting community-driven programmes, we seek to create positive and lasting value for future generations. We continue to integrate environmental and social considerations into our operations and lending practices, enabling us to minimise our environmental footprint while contributing to inclusive economic development. Through active engagement with communities and stakeholders, we aim to strengthen social resilience, promote responsible resource use, and support long-term sustainable growth.

Related Material Matters

- Advancing Financial Inclusion
- Driving Sustainable Growth through Sustainable Finance
- Resource optimisation
- Climate Action

Key Risks *(refer risk management section on pages 283 to 298)*

- Operational risks such as system disruptions or process inefficiencies may affect the effective implementation of environmental and social initiatives, while sustainability risks arising from climate change, regulatory changes, and evolving stakeholder expectations may impact long-term sustainability objectives and business resilience.

Tactical Focus

- Reducing the carbon footprint through responsible consumption of resources
- Promote financial inclusivity
- Efforts to drive greater water efficiency Waste management through 3 R principle
- Enhancing sustainable finance solutions to promote a greener economy
- Targeted community development initiatives aimed at community empowerment

Key Initiatives in FY 2025/26

- Invested in energy efficient technology such as LED lighting and energy efficient air conditioning across branch network.
- Optimising vehicle deployment to reduce travel-related fuel consumption.
- Continuation of paperless drive.
- Ongoing automation efforts.
- increasing the use of virtual meetings.
- Continued to explore renewable energy integration, including rooftop solar feasibility at selected locations.
- Calculation of group carbon footprint for the 12th consecutive year to measure and monitor our impact.
- Over 44 facilities granted through solar leasing scheme and 8,947 green leasing facilities for electric and hybrid vehicles.
- Ongoing engagement with employees, customer, suppliers and business partners to create awareness on climate action.

Resource Allocation

- Investments in energy efficient technology and Greener operations
- CSR Spend Rs. 13.23 Mn

Impact

Stakeholders Impacted

Carbon Footprint – 5,819 tCO_2e

100% of lending clients assessed for ESG considerations

Our CSR projects benefit people across the country.

SDG's Impacted

Capital Trade-off

Social and Relationship Capital (+)

Natural Capital (+)

Financial Capital (-)

Future Plans

- Expand sustainable finance product portfolio.
- Continue to integrate ESG considerations into all aspects of operation.
- Develop a Strategic CSR Agenda to align with the Company's long term. vision
- Conduct campaigns aimed at enhancing community level knowledge on financial and digital literacy.

Effective Governance and Risk Management

We are committed to upholding the highest standards of ethics, transparency, and accountability through robust governance frameworks and disciplined risk management practices. Supported by responsible leadership and strong oversight, these frameworks enable effective decision-making, safeguard stakeholder interests, and ensure long-term organisational resilience and sustainability.

Related Material Matters

- Ethics and governance
- Financial stability
- Digitalisation of services
- Customer experience
- Driving sustainable growth through sustainable finance

Key Risks *(refer risk management section on pages 283 to 298)*

- Effective governance and risk management support the proactive identification, assessment, and management of key risks including credit, market, operational, compliance, and sustainability risks.

Tactical Focus

- Risk base approach on governance
- Compliance with rules and regulations
- Strengthen the governance structure including cyber security
- Integration of sustainability related risks and opportunities into Risk Management Framework
- Enhancing Reporting Transparency

Key Initiatives in FY 2025/26

- Strengthened governance oversight through active involvement of the Board, Board Committees, and Management Level Committees.
- Set-up several Board Sub-Committees to overlook specific functions such as IT, Sustainability, Marketing etc.
- Enhanced the Integrated Risk Management Framework to improve identification, assessment, and monitoring of emerging risks.
- Strengthened the information security governance forming separate department as Information Security Department.
- Upgraded cybersecurity and information security measures, including real-time monitoring systems and enhanced data protection.
- Strengthen internal policies and procedures of the Company in line with the changes in the business context.
- Integrated climate-related risks into the risk framework, including updates to risk appetite and reporting mechanisms.

Resource Allocation

- Formed 3 new Board Sub-Committees
- Set up Management Level Committees
- Investment in training and awareness on SLFRS S1 and S2

Impact

Stakeholders Impacted

100% compliance with CSE Listing Rules

Compliance with the Finance Business Act Directions of the CBSL

SDG's Impacted

Capital Trade-off

Intellectual Capital (+)

Social and Relationship Capital (+)

Financial Capital (-)

Future Plans

- Fully integrate ESG risks into risk management.
- Embed an ethics-driven governance culture across the organisation through training and process enhancements.
- Continuously evolve governance frameworks with global standards.
- Establish new policies and procedures to strengthen internal controls.