Value Creation Model of People's Leasing

People's Leasing's value creation model reflects how the Company transforms multiple forms of capital into sustainable value for stakeholders through a connected, resilient, and continuously evolving business model. Inspired by the concept of a living network, the model demonstrates how financial, operational, human, technological, and relationship-based strengths interact dynamically and interdependently to support long-term growth, resilience, and sustainable stakeholder value creation.

Operating within an increasingly complex and rapidly evolving external environment shaped by economic conditions, regulatory developments, technological advancement, environmental risks, social expectations, and market competition, the Company continuously adapts its strategies, operating model, and resource allocation decisions to remain resilient, responsive, and future-ready. This adaptive approach enables People's Leasing to effectively manage risks, capture emerging opportunities, and sustain its relevance in a changing financial services landscape.

Core Value Creation Process

At the core of the model is the Company's role as a financial intermediary, where funds mobilised through deposits, borrowings, and shareholder capital are efficiently channelled towards productive economic activities through leasing, lending, gold loans, Islamic finance, margin trading, and treasury-related activities. Through this process of financial intermediation and maturity transformation, People's Leasing facilitates the efficient flow of capital across the economy while supporting entrepreneurship, business expansion, financial inclusion, and broader national economic development.

The Company's value creation process is guided by a set of interconnected strategic pillars comprising responsible growth, empowered people, building stronger relationships, commitment to environment and social responsibility and effective governance and risk management. These strategic pillars collectively guide decision-making, operational execution, risk management, stakeholder engagement, and capital allocation across the organisation, ensuring that growth remains balanced, responsible, and sustainable over the long term.

The process begins with six interconnected capital inputs that collectively form the foundation of the Company's operations:

Our Six Capitals

Natural Capital
- Environmental resources
- Resource efficiency initiatives
- Paperless operations
- Commitment to sustainability and responsible resource use

Financial Capital
- Deposits and borrowings
- Shareholder equity
- Liquid asset base
- Treasury and funding capabilities

Social & Relationship Capital
- Customers
- Regulators
- Suppliers and business partners
- Investors
- Communities

Manufactured Capital
- Branch infrastructure
- Digital platforms
- IT infrastructure and systems
- Property, plant and equipment

Human Capital
- Skilled workforce
- Leadership capability
- Skills and competencies
- Training and development
- Performance-driven culture

Intellectual Capital
- Brand value
- Technological capability
- Policies and frameworks
- Data analytics and risk models
- Organisational knowledge and expertise

These capitals are transformed through the Company's core operational cycle:

- Mobilising funds
- Allocating capital
- Generating returns
- Reinvesting and growing sustainably

This interconnected process is supported by strong governance frameworks, disciplined risk management practices, treasury and liquidity management, customer relationship management, digital transformation initiatives, and sustainability-focused decision-making mechanisms, all of which collectively strengthen operational resilience, financial stability, and long-term sustainability.

The Company's value creation model further recognises that sustainable value generation extends beyond short-term financial performance. Through responsible lending, customer-centric service delivery, digital innovation, and strategic investments in people and infrastructure, People's Leasing seeks to create value across all stakeholder groups while preserving the long-term strength and resilience of the organisation.

Through this model, the Company generates a broad range of financial and non-financial outputs, including portfolio growth, deposit mobilisation, profitability, digital transactions, expanded customer reach, operational efficiencies, and sustainable finance initiatives. These outputs contribute towards broader organisational outcomes across all six capitals by strengthening profitability, operational capability, customer trust, employee development, environmental responsibility, brand value, and institutional resilience.

Furthermore, People's Leasing recognises that sustainable long-term success depends on maintaining a strong culture of accountability, ethical conduct, and continuous learning across the organisation. Through employee empowerment, leadership development, collaboration, and performance-driven practices, the Company continues to strengthen its human capital capabilities while fostering innovation, adaptability, and responsible business practices. This people-centric approach supports the Company's long-term strategic ambitions and reinforces its commitment towards sustainable stakeholder value creation.

Continuous Feedback Loop

The model also recognises that value creation is not static, but part of a continuous and interconnected feedback loop where stakeholder insights, performance outcomes, data analytics, and strategic reviews continuously influence decision-making, process improvements, innovation, and future capital allocation. This continuous learning and adaptation process enables the Company to remain agile and responsive amid changing market dynamics while continuously strengthening its operating model and stakeholder value proposition.

In addition, continuous monitoring, strategic performance evaluations, and stakeholder engagement mechanisms enable the Company to identify emerging risks and opportunities at an early stage. This proactive approach supports informed decision-making, enhances organisational adaptability, and strengthens the Company's ability to deliver sustainable value creation over the long term.

Creating Shared Value for a Sustainable Future

Beyond financial performance, the Company's value creation process contributes towards broader economic, social, environmental, and institutional impact. These include supporting capital formation, facilitating financial inclusion, enabling entrepreneurship and employment generation, strengthening stakeholder confidence, advancing responsible financing practices, supporting climate-conscious initiatives, and contributing towards sustainable national development priorities.

The Company also recognises that long-term value creation requires careful balancing of competing priorities, including growth and risk, profitability and sustainability, innovation and stability, as well as customer needs and responsible financing practices. Accordingly, strategic decisions are made with a strong emphasis on resilience, ethical conduct, sustainability integration, and long-term stakeholder value.

Moreover, the Company remains committed to creating shared value by integrating economic progress with social and environmental responsibility. Through sustainable financing initiatives, responsible business conduct, community engagement, and environmentally conscious operational practices, People's Leasing continues to contribute meaningfully towards inclusive economic growth and broader national development objectives.

By integrating strategic focus, sustainability principles, stakeholder engagement, disciplined governance, and continuous innovation into a single connected framework, People's Leasing continues to strengthen its position as a resilient and responsible financial institution committed to creating sustainable value for all stakeholders while contributing meaningfully towards Sri Lanka's long-term economic and social progress.

Value Creation Model

Inputs - Our 6 Capitals

Financial Capital
- Deposits, Borrowings, Equity
- Strong Liquidity Rs. 25.2 Bn
- Tier 1 Capital Ratio 22.94%
- Number of shareholders 9,896

Manufactured Capital
- Branch Network (110)
- IT Infrastructure & Systems
- Digital Platforms
- Property, Plant & Equipment Rs.1,788 Mn

Intellectual Capital
- Brand Value Rs.5.40 Bn
- Software Value Rs.34 Mn
- Plocies, Procedures & Frameworks
- Data Analysis & Risk Models

Human Capital
- 2679 + Employees
- Training and Skills Development
- Performance Culture
- Salaries & Benefits Paid Rs. 4.9 Bn

Social & Relationship Capital
- 324,966 Deposit Customers
- 129,763 Lending Customers
- Regulators Suppliers Communities & Shareholders

Natural Capital
- Energy Consumption 24,907 Gj
- Carbon Footprint 5,664 tCO_2e
- Communication Sustainable & Paperless Finance
- Resource Efficiency

External Environment

Economic Conditions | Regulatory Landscape | Technological Change | Environmental Risks | Social Expectations | Market competitions

Guided By Our Strategic Pillars

Responsible Growth | Empowered People | Building Stronger Relationships | Environment & Social Responsibility | Effective Governance and Risk Management

Our Core Process (Financial Intermediation)

Mobilise Funds
- Customer Deposits
- Borrowings
- Shareholders Funds

Reinvest & Grow
- Strengthen Capital
- Expand Portfolio
- Invest in digital & People
- Build Long-term Capability

Living Network
(Core Process)

Allocate Capital
- Loans (Lease, Vehicle, gold, Islamic
- Treasury Investment
- Margin Trading

Generate Returns
- Interest Income
- Fee & Commission income
- Trading Income
- Other Income

Risk Management | Treasury & Liquidity Management | Digital Transformation | Customer Relationship Management | Governance & Compliance

Feedback Loop (Continuous Value Cycle)

Outcomes Review | Insights & Analysis | Strategic Decisions | Capital Allocations | Improved Processes | Stronger Inputs & Better Outcomes

Driven By Purpose

Strengthened By Values

GRI 2-6

Outputs (What We Deliver)

- Portfolio Growth Rs. 118.65 Bn
- Deposit Growth Rs. 40.92 Bn
- Profit After Tax Rs. 5,081 Mn
- Digital Transactions Volume 1.4 Mn
- Customers 476,631 (Deposit + Lending)
- Branches - 112
- Market Share Growth Across Key Segments
- Sustainable Finance & Green Initiatives
- Widespread Presence Across Sri Lanka

Outcomes

Value Creations

- PAT increased to Rs. 5.08 Bn
- Portfolio increased to Rs. 275.74 Bn
- Share price increased to Rs. 22.40
- Green finance disbursements increased by 56 times
- Expansion of the customer base and branch network
- Employee growth, promotions, and training investments
- Reduction in customer complaints by 29.87%

Value Preservation

- Retained earnings increased to Rs. 23.47 Bn
- Shareholders' funds strengthened to Rs. 47.53 Bn
- Total Capital Ratio maintained at 18.88%, above the regulatory minimum
- Liquidity Ratio maintained at 19.74%
- Cost-to-income ratio improved to 51.16%
- Strengthened stated capital to Rs. 20.51 Bn
- Strong governance structure and Board oversight

Value Erosion (Risks)

- Increase in carbon footprint to 5,819 tCO_2e
- Rising technology and cybersecurity risks
- Disputes related to digital transactions increased to 1,663
- Staff retention ratio decreased to 78.42%

Impact, Stakeholder Value & Feedback Loop

Economic Impact

- Credit expansion
- Capital formation
- Supporting economic activity through financing
- Wealth creation
- Efficient capital development

Social Impact

- Financial inclusion
- Empowering individual & businesses
- Employment generation
- Community development

Environmental Impact

- 66% reduction in energy intensity (YoY)
- Strengthened paper reduction initiatives
- ESG consideration in lending decisions
- Responsible operations with lower environmental impact

Institutional Impact

- Compliance & governance excellence
- Strengthened stakeholder trust & confidence
- Binding a resilient financial ecosystem

Stakeholder Value

- Shareholders - Sustainable returns,dividend and Long term capital appreciation
- Customers - Access to affordable and recoverable financial solution
- Employee - Fair Compensation,Career growth
- Regulators - Compliance transparency and financial policy
- Society & Community - Economic development
- Environment - Reduced footprint and invaluable financing solutions

Trade-Off (Balancing Properties)

- Growth vs Risk
- Short-term vs Long-term
- Innovation vs Stability
- Customer Needs vs Responsible Finance

Balancing our priorities to create long-term value for all stakeholders while adopting to a dynamic external environment.

Delivered By Integrity

Creating Value For A Sustainable Future