

A man in a dark suit, white shirt, and dark tie is sitting in a black office chair in a modern office hallway. He is smiling and has his hands clasped in his lap. The hallway is long and brightly lit with recessed ceiling lights. To the right, there are glass partitions with a perforated pattern. The floor is light-colored and reflective. The overall atmosphere is professional and forward-looking.

Following structural reforms last year, we are now better geared for the future.

Building a legend

Realising our Vision

Chairman's message

GRI 102-14

The financial year just ended, was a year of consolidation for People's Leasing. Following structural reforms, the overhaul of our product portfolio, and the identification of new customer segments, we have already laid the groundwork for a successful future.

The year is also the perfect example of progress under duress. Within, and in spite of, an environment that was continually challenging, the Company turned in a robust performance. The economic, social and environmental pressures that impacted our business were far beyond our control and their impact was significant, rendering our operating environment difficult to navigate. What was within our power, however, was to be innovative and responsive as we pushed forward.

For the fiscal year just ended, we recorded a profit after tax of Rs. 4,416.12 million with year on year growth of 2.48% supported by the growth in headline net interest income, despite the higher taxes and impairment charges. Newly introduced Debt Repayment Levy resulted in an additional Rs. 436.97 million expense for the Company. In addition a further Rs. 348.79 million was provided against an investment in the associate. Both these items had not been budgeted for. The People's Leasing Group recorded a profit after tax of Rs. 5,011.27 million. Our ROA and ROE outpaced the industry average, standing at 3.95% and 15.88% respectively. The asset base of People's Leasing and the Group grew to Rs. 172,541.28 million and Rs. 185,932.64 million respectively as at end March 2019.

These figures are particularly satisfying given the mitigating circumstances, including economic slowdown, the depreciating rupee, political instability, subdued investment and construction, power disruptions and inclement weather – all of which resulted in a significantly lower disposable income among our customer base and the general population.

Operating in a volatile environment becomes even more challenging given the fact that our customers are the first to be affected in an economic downturn. This presents us with a conundrum that is not the easiest to crack. Nevertheless, we persevered and, as the CEO will discuss in detail in his review, our work during the year was geared towards offering customers products and services that catered

to their businesses and lifestyle goals and set People's Leasing apart from the competition.

Looking ahead, we are focusing on diversification and differentiation to maintain our position as the leading non-bank financial institution (NBFI) in the country. While all our subsidiaries are performing well and delivering sound financial results, our operations in Bangladesh are also turning in a profit, despite the competitive environment within which we must work, showing promise for capitalising on the great potential that this growing economy has to offer. Here too, we stand out from the competition with products and services that speak to the customers' financial needs. We will also reinforce our investment in long-term growth by expanding and strengthening our prowess in information and communications technology (ICT) as this is an area where we can face increasing risks but also increasing opportunities.

Maintaining good governance has always been paramount at People's Leasing and always will be. It is part of our DNA. This year was no different. We remained committed to sustainability and in compliance with all relevant rules and regulations prescribed by the regulators.

In conclusion, I extend my appreciation and thanks to the non-banking supervision division of Central Bank of Sri Lanka for their corporation and unstinted support. I would also like to extend my warm appreciation to the Board of Directors for their dedication and guidance towards the Company, the CEO Mr A S Ibrahim for his leadership in demanding times, the Corporate Management and all our employees for their commitment in striving towards achieving the Vision and Mission of People's Leasing, while adhering to the Company's Corporate Values. Their contribution over the years has contributed to our leading position in the NBFI sector, realising our Vision, and the building of a legacy that will take us far into the future.

Hemasiri Fernando
Chairman

13 June 2019

Given that People's Leasing serves a large extent of the market, we can be proud of our contribution to financial inclusion – bringing unbanked and under banked Sri Lankans to the formal financial system, and uplifting lives and livelihoods.