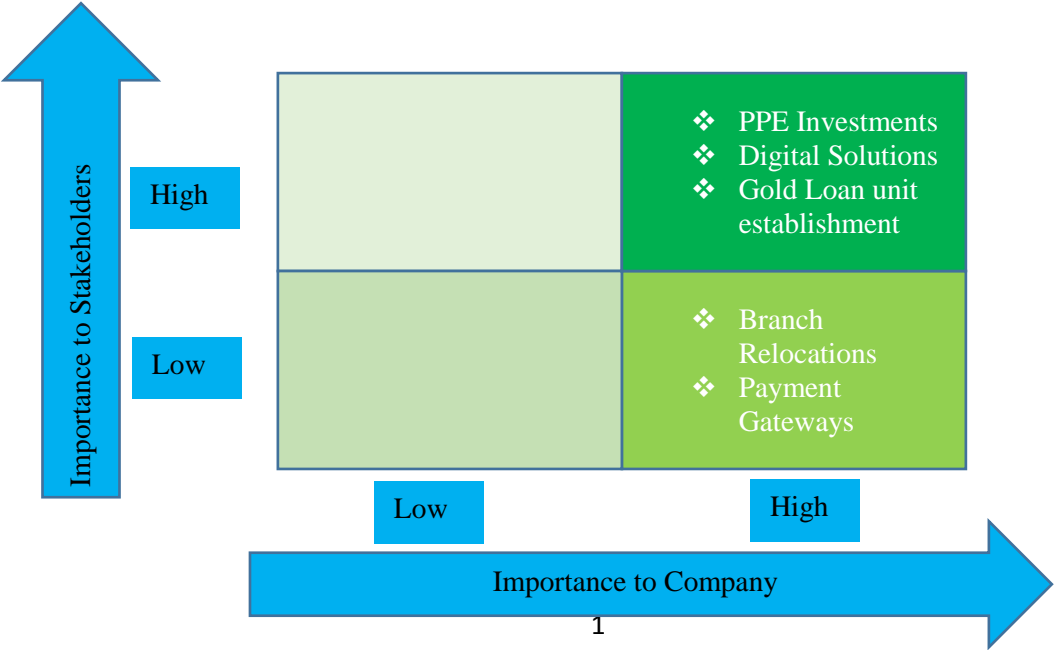


Infrastructure

As a premier finance company with a history of more than five decades, MI continues to harness vast amounts of knowhow and intelligence through its talented experienced team of financial professionals. Our exceptional service extended to our stakeholders is offered utilising this gathered expertise, evolving knowledge in the NBFBI sector. The strong corporate brand reputation that we possess has been built on a learning culture that we truly believe in. We are proud to be perceived as a pleasant financial specialist and a trustworthy partner throughout our remarkable journey which has played a critical role in defining the MI brand in terms of who we are and how we satisfy our stakeholder expectations.

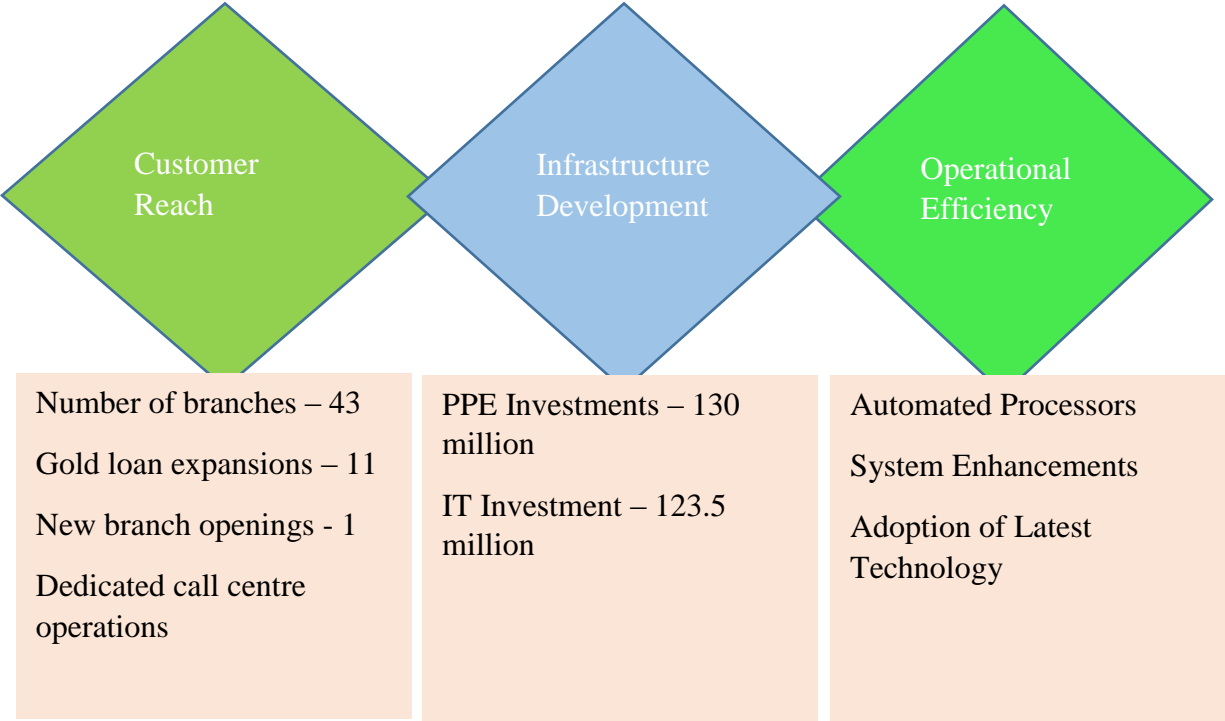
Despite the challenging encounters presented by an unfavourable operating environment, we deployed resources and made bold strategic investments to enhance our legendary service with the newest technology to drive growth, stay competitive and reinforce our position in the industry. We focused our attention on process efficiency, automating most processes to enhance customer convenience and overall productivity. Whilst our staunch leadership and good governance enriched our brand image, we managed all elements of intellectual capital synergistically to enhance our service value chain toward maximizing customer satisfaction.

Impact Analysis

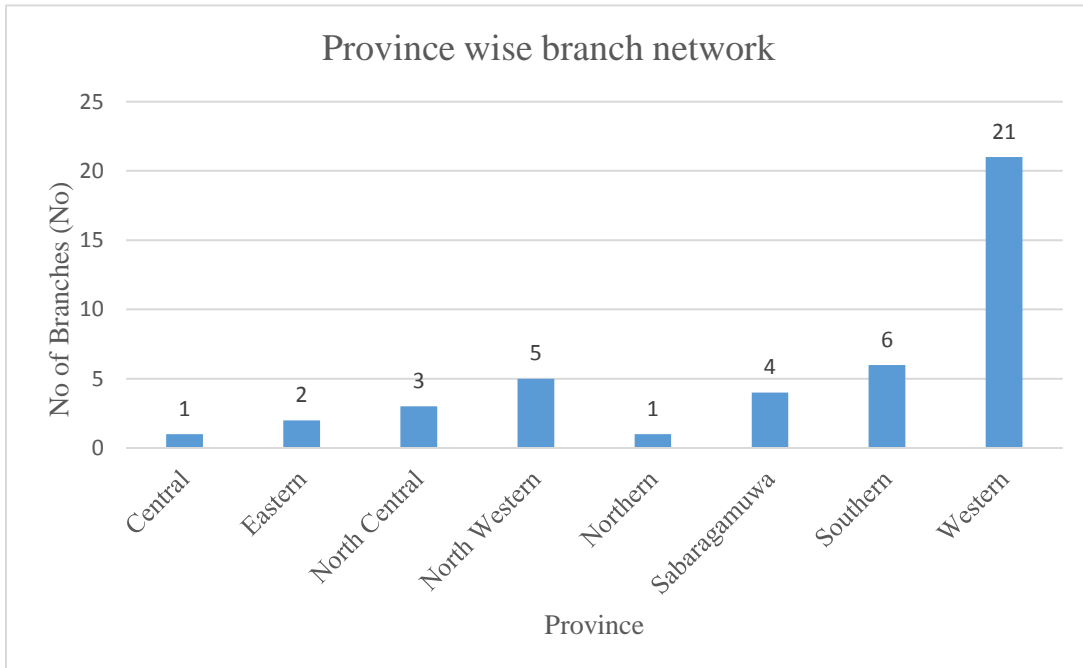
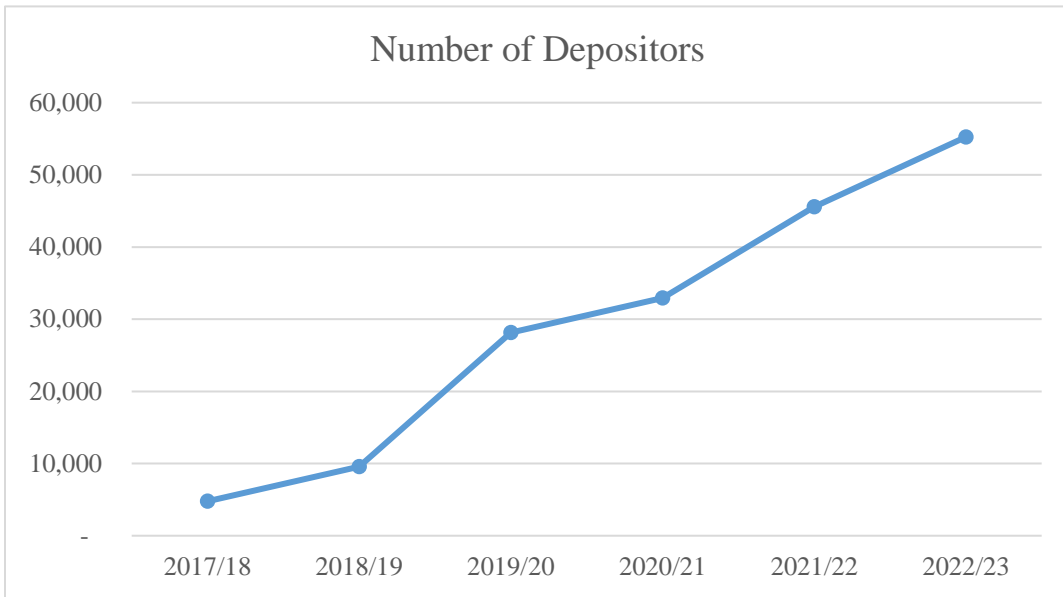


Having identified the significance and impact of infrastructure capital to our business model and value creation, we have carefully deployed our strategies to manage and strengthen our infrastructure to satisfy our stakeholders. During the year we broad-based our branch presence by opening new branch at Chunnakam, while expanding our Gold Loan operations across 11 branch locations to reach the diverse and untapped market needs. Our continuous focus on upgrading IT infrastructure has led us to make another significant milestone in our business journey, by expediting the transformation to an integrated business solution. Although these investments required significant cash outflows initially, we stayed committed and bold in our technology and other infrastructure investments hoping to optimise in the long run by lowering operational expenses through increased productivity and capacity.

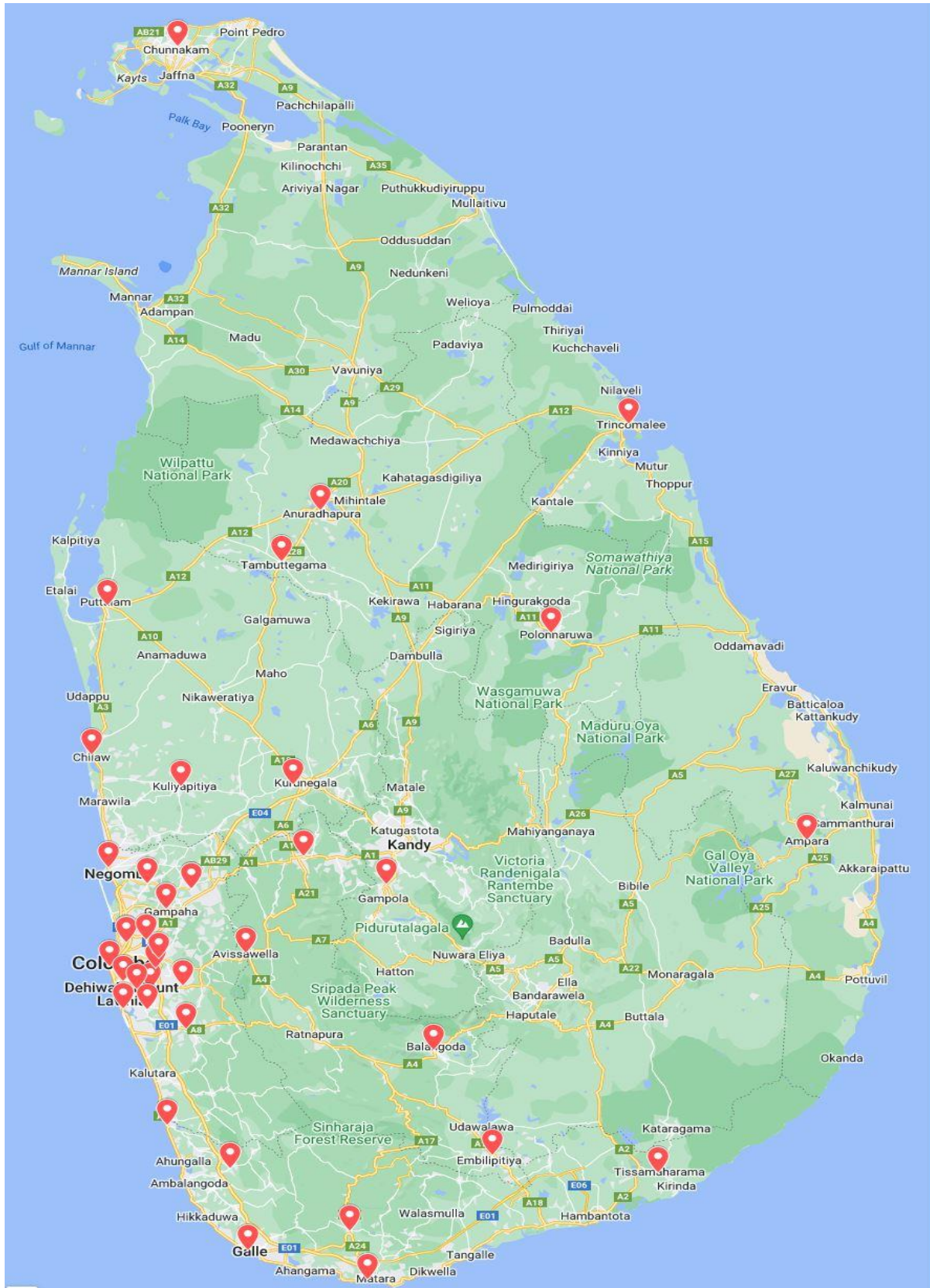
Performance Highlights



Province-Wise Branch Location



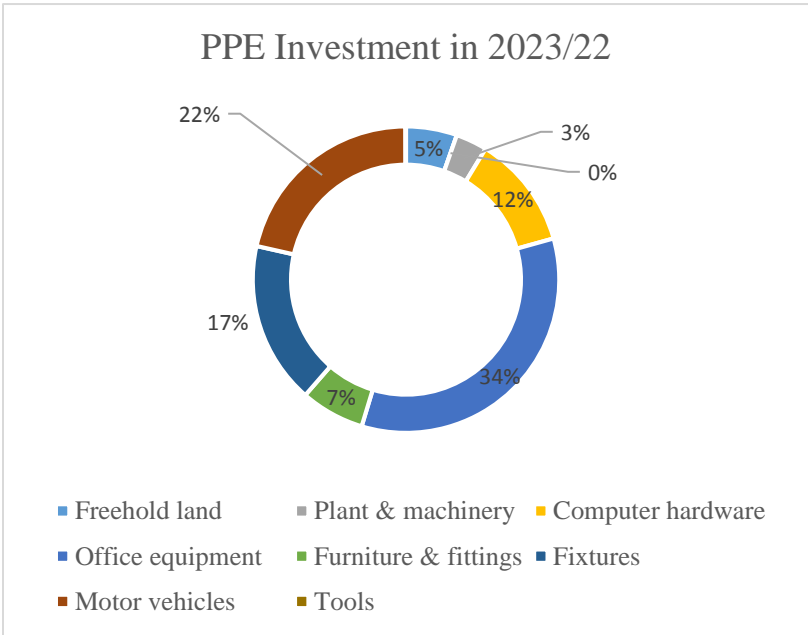
Branch Map (GRI 2-1)



Province	No of Branches	Interest Income	Average Revenue Per Branch
Central	1	97,849,799	97,849,799
Eastern	2	166,512,261	83,256,130
North Central	3	407,050,330	135,683,443
North Western	5	826,610,790	165,322,158
Northern	1	370,933	370,933
Sabaragamuwa	4	534,224,820	133,556,205
Southern	6	747,811,270	124,635,212
Western	21	5,969,437,733	284,258,940

Property, Plant & Equipment (GRI 203-1)

MI branches are fully equipped with sustainable physical infrastructure including furniture, office equipment and adequate space in order to assist the frontline and back office staff to offer a pre-eminent service. Though we controlled our capital expenditure during this challenging period, we invested Rs. 130 million in upgrading Property, Plant & Equipment, of which the net book value stands at Rs. 3,930 million as at the balance sheet date.



Property Plant & Equipment Composition

PPE Item	Net Book Value (Rs 000')
Freehold Land	7,055,619
Plant & Machinery	9,001,084
Computer Hardware	40,200,276
Office Equipment	87,311,187
Furniture & Fittings	39,835,198
Fixtures	22,276,996
Motor Vehicles	267,447,599
Office Bicycles	1,851,482
Tools	74,768

Vehicle Fleet Management

Through a well-established workshop and repair centre housed in Kohuwala, we maintain our own vehicle fleet to boost operational productivity and assist employees by offering hassle-free travelling between the Head Office and branches. To maintain higher levels of efficiency and fuel consumption, routine vehicle maintenance and repairs were carried out under the supervision of the Head of Transport and General Manager – Workshop.

Upgrading IT Infrastructure

As technology has become the driving force in shaping customer needs and productivity, we anchored a forward-focused strategy to invest in the development and upkeep of IT infrastructure, with the aim of extending a better client experience and increased operational efficiency. Hence we expedited transforming MI operations to an advanced platform, upgrading our core banking systems and other operating platforms to a well-reputed ERP system to stay competitive in the marketplace and to offer a faster and wider array of services to customers. In the meantime, we

continued to strengthen our in-house systems, including anti-money laundering risk profiling and other enhancements to meet the evolving reporting needs and support better decision making. Moreover, we made notable strides in upgrading our digital platforms whilst ensuring regulatory compliance, ethical business conduct and data and personal information security protection. MI also continued to implement routine upgrades to its hardware, network and information security systems to ensure smooth functioning of business operations without any failures.

Digital and ICT Infrastructure

Digital Payment Modes

During the last two years we expedited our digital journey, allocating more resources to improve our digital infrastructure by broad basing our payment platforms and customer access points, while introducing innovative solutions to meet the emerging customer demands and boost our productivity level. Hence, within a span of less than two years, we are now geared with a variety of digital tools, including SLIPS, ATM withdrawals, Internet Payments Gateway (IPG), M-cash and Common Electronic Fund Transfers Switch (CEFTS), all of which are part of the company's growing infrastructure towards contactless customer convenience. Currently we are partnering with a private bank to launch CDM services island-wide.



MCash Application



Online Fund Transfer



mi.com.lk/pay online

Internet Payment Gateway (IPG)

IPG services, which are provided through MI's official website, were launched with the advent of COVID in March 2020, with the collaboration of Seylan Bank. This digitalised online payment platform enabled MI customers to use their debit cards to make payments. With the emergence of COVID-19, borrowers have continued to increasingly adopt digital platforms to make payments, thereby limiting physical human interaction. 21,936 transactions were facilitated through this facility by the end of March 2023, causing the transaction volume to reach a total of Rs. 945 million

M Cash Application

To make banking more accessible to our retail clients, who are increasingly looking to offer our clients contactless ways to pay, we have accordingly tied up with Mobitel (Pvt) Ltd. to accept lease and loan payments through the M Cash app which was introduced in July 2021. With the increasing demand for digital apps, M Cash transaction volumes climbed by 8.27% and transaction values increased to 15 million Year on Year.

Automated Teller Machines (ATMs)

By partnering with Hatton National Bank PLC, we successfully expanded client access points by launching ATM services since November 2021. The entire transaction value has grown to Rs. 4.2 million by the end of March 2023.

Common Electronic Fund Transfer Switch (CEFTs) and SLIPs

Recognising the need to evolve with the times, the company invested in real-time transacting via CEFTS as the next phase of MI's digital transformation, which was launched in FY 2022/23. This allows for real-time self-fund transfers between customer accounts to MI accounts to deposit money and to make outward CEFT payments to third parties, enhancing client convenience and satisfaction.

Customer Payment Collection Channels

Payment Mode	Total payments received through collection channels (Rs 000,)
IPG	944,893
Bank Deposit	3,645,427
Cash	18,925,488
M cash	15,242
Recovery mobile application	106,623

IT Risk Assessment

Whilst technology has grown to become a crucial business engine, it has also exposed companies to rising cyber risks with the expanded use of online solutions and multiple digital transitions. To overcome the IT risks posed by growing online and digital transitions, we devised strategies to strengthen IT security and operational procedures, focusing more on the strategic, financial, operational, regulatory and reputational repercussions. Under the expertise of the AGM – IT and team, continuous risk assessments were done and adequate risk management controls in built to asses and manage IT security protocols. A thorough review was done on IT strategy through an expert IT consulting firm to ensure that we are aligned to industry and regulatory needs and future growth potential.

Our Approach to Protect Our Systems

MI's Information Security team constantly ensures that preventative security measures are maintained in line with the required standards to combat evolving cyber security threats. MI uses a three-tiered architecture for data security and an isolated server segment with access restricted to authorised staff members. We further strengthened our secondary-level firewalls to protect against cyber security threats and ensured separate segments such as backup, emails, Head Office and branches to avoid sudden failures and simultaneous malfunctions of systems. We ensure that virus guards and OS updates are also monitored on a daily basis to ensure that MI's security system has fewer flaws. An incident management process was also implemented outlining the management of critical incidents such as server breakdowns and other failures. Furthermore, annual Disaster Recovery (DR) testing was performed for critical systems to ensure that

Information Technology (IT) systems can be restored in the event of an actual disaster. An ‘Acceptable Use Policy’ has been set forth formally that spells out acceptable staff practices when using information technology and staff members are also regularly updated on cyber risks using email campaigns. Moreover, vulnerability assessments were performed to identify cyber-attack loopholes in servers and PCs and penetration testing was performed to assess the damages that could actualise from any unauthorised access.

Statutory IT Audits

To protect stakeholder interests, the MI Board has established efficient IT policies and procedures in accordance with Central Bank directives and other rules, regulations and industry best practices on IT technology. While we performed IT compliance internal audits through an independent audit services provider, Messrs PricewaterhouseCoopers (Private) Ltd. (PwC), we also ensured that external auditors’ recommendations were also adhered to as part of our annual audit. Our Internal Audit Division, in collaboration with PwC, carried out audits to ensure that proper controls are in place and industry best practices are followed while including accounting standards. Key audit findings were presented to the Audit Committee for resolution.

Optimising Resource Utilisation

Whilst supporting the attainment of our strategic goals and objectives, we focused on resource optimisation and evaluated our capital investment projects in advance during the strategic planning phase. Considering the prevailing economic conditions, we prioritised the critical business activities and allocated resources accordingly. Moreover, our Business Process Re-engineering and HR team worked closely with every core business line and support divisions to prioritise key tasks and move surplus resources to optimise resource utilisation. We were also able to curtail expenses and streamline processes while maintaining product quality thanks to our centralised procurement strategy, which is based on Head Office-based central procurement and distribution practices.

Capital Interdependencies

Capital/Activities	Expansion of Branch Network	PPE Acquisitions	Digital Solutions	Resource Allocation
Financial Wealth	Financial Profit ↓	Cash Inflow ↓	Revenue ↓	Economic Profit ↑
Alliances	Customer Interaction ↑	Business Partnerships ↑	Business Partnerships ↑	
Human Strength	Employee Recruitment ↑	Asset Management Skills ↑	Employee Productivity & Efficiency ↑	Employee Experiences ↑
Intellect	Company Brand ↑		Capital Stock ↑	
Nature	Location Impact ↑	Asset Disposal Effects ↓	Paper and other scraps ↓	

Future Aspirations

Short Term (Within One year)

- Transforming core and supporting systems to an advanced platform
- Leverage technology to simplify operating processes and enhance productivity

Medium Term (2 – 5 Years)

- Increase Branch Footprint and wider our branch saturation
- Enhanced digital transformation

Long term (5 & Beyond)

- Drive the adoption of the digital branch concept models
- Dynamically improve the digital Onboarding process