

Alliances

In the contemporary and competitive business landscape, we firmly believe that a company's long-term viability hinges on the cultivated social license and the strength of the relationships forged with stakeholders. As a leading financial institution having a legacy of over five decades, we take pride in the enduring bonds and extensive partnerships we maintain with our stakeholders, which we fondly term as "alliances". These cohesive alliances have played a pivotal role in establishing MI's prominent brand recall and facilitating the seamless delivery of an unparalleled and personalized service in the market. Furthermore, these enduring connections have empowered us to grasp evolving needs, adapt proactively to challenges, and exhibit resilience in the face of multi-faceted adversities. As a socially responsible corporate entity, MI consistently strives to forge a more inclusive future for our stakeholders. This commitment is realized through a collaborative growth approach, ensuring mutually beneficial solutions that meet diverse stakeholder expectations and provide opportunities for prosperity. Our two-pronged strategy for cultivating corporate relationships has afforded us a competitive advantage in the industry, propelling both commercial and social alliances forged over decades, as we reach our 60th year in business operations this calendar year.

Performance Highlights



Expectation/Impact Assessment



Our extensive clientele and seamlessly integrated partnerships with investors, business intermediaries, suppliers, and the community serve as the bedrock of our alliances, constituting a fundamental element in our strategic approach to sustainable value creation. The development and sustained nurturing of robust connections with our esteemed business partners have proven instrumental in fortifying our resilience amidst the challenges, thereby bolstering our endeavors toward the realization of sustainable growth objectives. By engaging our stakeholders in strategic decision-making, we have consistently strengthened enduring relationships by fostering a shared growth paradigm, thereby creating a mutually beneficial operational environment conducive to optimizing their growth trajectories. Venturing beyond mere commercial confines, our strategic focus extends to addressing diverse societal needs, particularly those unmet requirements of the underprivileged; underscoring our unwavering commitment to contributing to a sustainable future for the entire society.

Alliances Forged



Commercial Alliances

As a legendary financial service provider, we recognize the paramount importance of fostering enduring partnerships and building steadfast loyalty among our customers, investors, and intermediaries, for setting our service apart and steering toward sustainable business growth. Consequently, we have persistently strengthened these relationships, concurrently formulating a comprehensive corporate strategy aimed at fortifying lasting commercial partnerships. This strategic approach not only served to enhance existing collaborations but also positioned us to strategically leverage these partnerships, thereby fortifying our resilience in the face of challenges encountered during unprecedented times.

Social Alliances

In the pursuit of our corporate mission and commitment to responsible business practices, we recognize the profound impact of social alliances as integral components of our operational framework. Social alliances embody collaborative efforts that extend beyond the traditional business boundaries, fostering meaningful connections with diverse stakeholders, driving towards strategic corporate sustainability. These partnerships are augmented on shared values, mutual respect, and a collective dedication to addressing societal challenges. In this section of our annual report, we proudly present an overview of our engagement in social alliances, emphasizing our dedication to creating positive social impact and contributing to the well-being of the communities we serve. Through these alliances, we strive to exemplify our corporate ethos and demonstrate the tangible outcomes of our commitment to corporate social responsibility.

Customer Relationship Management

Having endured a volatile economic environment and a dynamic landscape in conducting business operations; building stewardship of robust and lasting customer relationships stand as cornerstones in driving our corporate strategy. Recognizing the profound impact that satisfied and loyal customers have had on six (06) decades of our business journey, we have prioritized the constant need to manage customer relationships amidst a highly competitive finance industry offering ever-evolving financial options to people. This section of our annual report provides an insightful overview of our comprehensive approach to customer relationship management (CRM), elucidating our commitment to delivering exceptional customer experiences, anticipating evolving

needs, and fostering enduring connections. Through strategic initiatives, innovative technologies, and a customer-centric ethos, we aim not only to meet but exceed customer expectations, solidifying our position as a trusted partner of choice. Briefly shared are numerous strategies, milestones, and outcomes desired through our year-long dedicated efforts in managing invaluable relationships of our customers, driving business growth and prosperity.

Fostering Customer Intelligence

Deploying various mechanisms of gathering customer intelligence remains an integral facet of MI's ongoing endeavors aimed at strengthening MI's core competencies and sustaining enduring value. Our fully fledged call center operations, comprehensive periodic surveys, and the implementation of a robust customer feedback mechanism contribute significantly to our receptivity, enabling the acquisition of invaluable insights. Through a meticulous understanding of customer behavior and expectations, MI has strategically expanded its reach and product mix; introducing innovative financial solutions that adeptly align with the evolving needs of the market.

To enhance accessibility and cater to the heightened demand for gold-backed lending, we strategically expanded our gold loan operations across our existing branches and managed to set up 14 gold units newly in 2023/24 period. We, in parallel, opened new branches targeting areas having intensive demand for Gold Loans by expanding to the Central Province with the opening of the Ragala branch under a new low cost branch concept to boost gold operations.

Intensifying Customer Outreach

During the year we rapidly expanded our physical reach across untapped markets entering strategic towns such as Kandy, Wellawatte, Kalutara, Bandarawela, Ragala, Jaffna, Horana City and Ambalangoda. These initiatives were undertaken to better serve our clientele and facilitate a more seamless experience for our customers. Moreover, embracing a multi-faceted approach, we expanded MI's outreach by offering services beyond traditional business premises transacting, utilizing mobile sales teams, web inquiries, and social networking platforms to extend services. In an effort to enhance accessibility and convenience, we continued to deploy online solutions, including the Sri Lanka Interbank Payment System, mobile cash, and internet payment gateway solutions towards customer convenience. These concerted efforts have not only broadened our

market presence but also enabled us to connect with a wider demographic; fostering meaningful interactions and understanding evolving customer needs. Complementing these initiatives, our dedicated call centers have played a pivotal role in providing personalized assistance and information, ensuring a high standard of customer service. These measures collectively underscore our dedication to enhancing accessibility, responsiveness, and overall customer satisfaction, fortifying our position as a customer-centric financial institution.

Integrity in Business Operations

As a responsible corporate citizen reaching six decades of legendary service, we stayed committed in upholding trust and confidence among our stakeholders, demonstrating highest standards of integrity and ethical business conduct. We take pride in affirming that ethical business practices are fundamental to our organizational ethos. Rigorous adherence to ethical principles and industry best practices permeates every facet of our operations. This commitment is reinforced by robust IT systems, which play a pivotal role in guaranteeing the secure and ethical management of sensitive information. We were successful in migrating to the “**Scienter**” technology fixed and savings deposits modules as the first phase in enhancing MI technology to a customer centric IT system, while plans are underway to kick off lending and other core modules to drive business with technological solutions. These systems not only uphold the integrity of our business processes but also embody the transparency and accountability that characterize our organizational culture. As we navigate the dynamic business landscape, our dedication to integrity remains steadfast, guiding our decision-making processes and bolstering trust among stakeholders. This commitment reinforces our position as a paragon of ethical business practices within the industry.

Distinctive Marketing Approach (GRI 417-1, 417-2, 417-3)

At MI, we emphasize conscientious marketing approaches, ensuring that our current and prospective customers are well-informed about our product offerings, terms and conditions; further enhancing the transparency of our business operations. Our marketing initiatives have been characterized by both innovation and adherence to regulatory standards. A cornerstone of our marketing strategy has been the meticulous implementation of a robust customer protection framework that aligns seamlessly with all relevant regulatory requirements. This unwavering

commitment serves as the bedrock of our ethical marketing practices, reinforcing our dedication to maintaining the highest standards in customer interactions.

Embracing the evolving landscape of digitalization, we strategically harnessed digital platforms to coordinate and manage our marketing activities. This deliberate integration has not only showcased our adaptability to contemporary trends but has also elevated the precision, reach, and efficiency of our outreach initiatives. Furthermore, we have integrated our marketing activities using three languages Sinhala, English and Tamil to ensure the understanding of every person in the market. By leveraging digital tools, we have enhanced our ability to engage with our target audience in meaningful and impactful ways, fostering a deeper connection with our brand.

A noteworthy testament to the success of our customer-centric approach is the absence of any customer complaints related to our marketing mechanisms. This achievement underscores the effectiveness of our strategy in ensuring that our communications are not only impactful but also respectful and well-received by our valued clientele. As we continue to innovate and refine our marketing strategies, we remain steadfast in our commitment to maintaining a harmonious and complaint-free relationship with our customers, thereby reinforcing our position as a trusted and responsible financial service provider. Correspondingly, our wary strategies led us to maintain zero level of incidents of non-compliance concerning product and service information and labelling and also for zero level of incidents of non-compliance concerning marketing communication.

Consumer Grievance Handling (GRI 2-25, 2-26)

At MI, we prioritize customer satisfaction as a foundational element of our business philosophy. Our commitment to ensuring a seamless consumer experience extends beyond merely the experiencing of our services to the effective resolution of any grievances our valued customers may encounter. In alignment with this commitment, MI has formed a specialized team comprising of highly skilled officers with the specific task of managing any complaints. These officers possess the expertise to promptly address and resolve any issues raised by our customers, reinforcing our pledge to uphold the highest standards of customer service.

Throughout the reporting period, our Consumer Grievance Handling team has demonstrated remarkable efficiency in managing and resolving consumer complaints. Their proactive approach, coupled with a focus on continuous improvement, has resulted in a significant reduction in the resolution time for reported issues. We are proud to report that, on average, consumer grievances are now addressed and resolved within a time frame that surpasses industry benchmarks. This accomplishment underscores MI's unwavering commitment to not only meet but exceed customer expectations; fostering a sense of trust and loyalty within our customer base.

Upholding Customer Data Privacy (GRI 418-1)

MI recognizes the criticality of safeguarding customer data privacy in today's interconnected digital landscape. As custodians of sensitive information, we have implemented robust measures to ensure the utmost security of customer data throughout its lifecycle. Our holistic strategy involves the implementation of cutting-edge system firewalls, consistently updated to combat evolving cyber threats. Furthermore, MI places a strong emphasis on fostering a culture of awareness among our employees, conducting regular training sessions and disseminating information through internal communication channels. This multifaceted strategy ensures that our staff remains vigilant and well-informed, actively contributing to the overall fortification of our data protection framework.

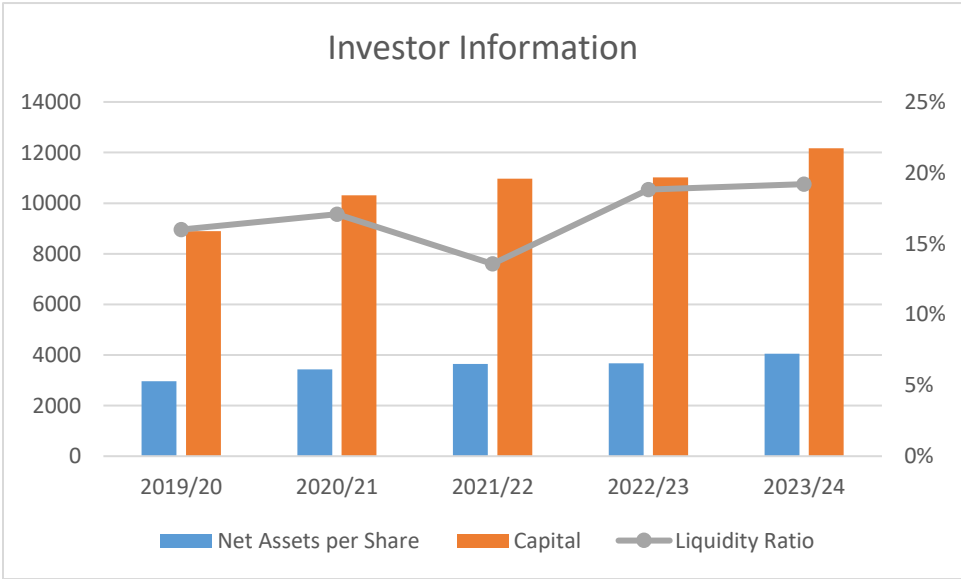
Amidst our concerted efforts, MI is pleased to report that, during the reporting period, we have not received any customer complaints related to the breach of customer data privacy from external parties or regulatory bodies. This affirmation underscores the effectiveness of our proactive measures and the robustness of our security protocols. As we embrace technological advancements, including system migrations, we remain steadfast in our commitment to staying ahead of potential threats, thereby maintaining the trust and confidence of our valued customers for the security of their personal information.

Investor Relationship Management

Adhering to our fundamental goals of enhancing shareholder value and harmonizing our strategies with their aspirations, our steadfast commitment to investor wealth has endured over the decades. Despite encountering unprecedented challenges, our resilience shone through with an unwavering

dedication to safeguarding investor capital with satisfactory returns, capitalizing on emerging opportunities and taking proactive measures to mitigate the risks. Though our ordinary share base is relatively modest, we place paramount importance on cultivating robust and transparent relationships with all our investors. This involves meeting their informational needs and safeguarding their rights, reinforcing our commitment to maintaining strong connections with our investor community.

Recognizing the importance of disseminating timely and accurate information, essential updates and crucial insights were readily available on our website, ensuring investors have access to real-time information. Furthermore, by publishing a concise, all-encompassing Annual Report serves as a thorough guide, offering detailed insights into financial performance with comparatives, strategic initiatives, corporate governance practices and a plethora of information and futuristic information including stress tests for those future investors. By maintaining an open line of communication through these channels, we aim to foster a strong sense of trust and transparency with our investors, providing those with the right information they need to make informed decisions and reinforcing our commitment towards shareholder value.

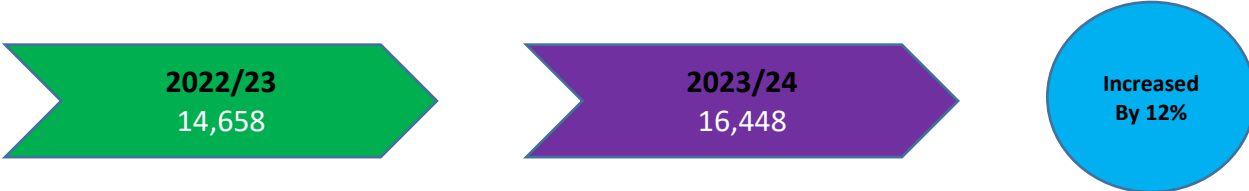


Collaborating with Commercial Intermediaries (GRI 2-6)

In the dynamic landscape of financial services, collaboration plays a pivotal role in fostering innovation and driving sustainable growth. In this spirit, we are proud to present our collaborative efforts with commercial intermediaries, an evidence to our commitment to expanding and enhancing our service offerings. As a leading financial service provider, we understand the value of strategic partnerships in delivering comprehensive and tailored solutions to our clients. This collaborative approach not only strengthened our market position and reach, but also allowed us to leverage the expertise and network to achieve sustainable growth targets and provide innovative financial solutions. In this Annual Report, we highlight the synergies forged through these partnerships, emphasizing how they contributed to the success of our business journey and the fulfillment of our clients' diverse financial needs.

Business Agents & Intermediaries

In the realm of financial services, our strategic partnerships with business agents, particularly those closely aligned with vehicle sales owners, have been instrumental in shaping our growth trajectory. These business agents serve as crucial business interlinks, bridging the gap between our financial offerings and the unique needs of customers and individuals involved in the automotive industry. Having reach six (06) decades of legendary experience in the finance sector, we recognize the significance of these alliances in expanding our reach and tailoring our solutions to the specific requirements of vehicle sale owners. Through collaborative efforts, we've created a symbiotic relationship that not only facilitates seamless financial transactions but also enhances the overall experience for our clients in the automotive sector. This Annual Report provides an in-depth exploration of our collaboration with these business agents, showcasing how their insights and local market knowledge contributed to the development and implementation of financial products that resonate with the diverse needs of vehicle sales agents.



Fund Providers

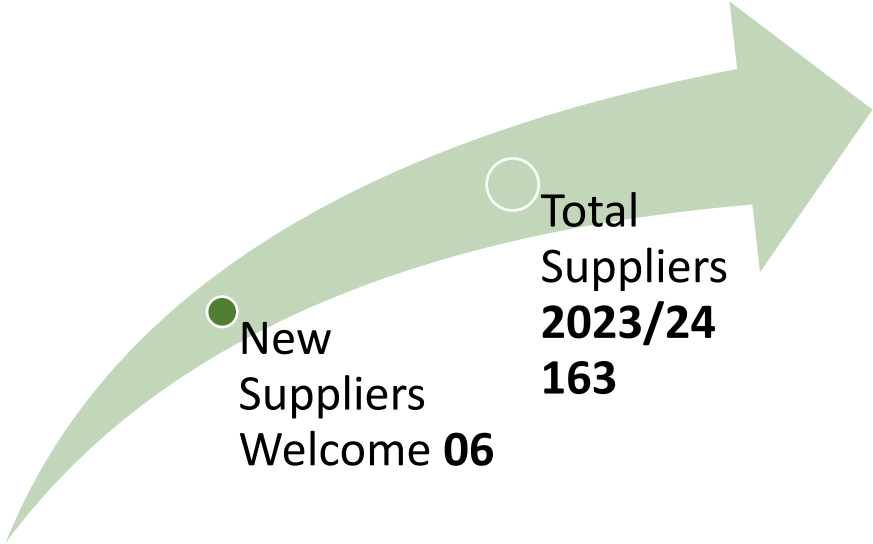
Through strategic collaborations with esteemed banking and financial institutions, we have diligently nurtured constructive and win-win relationships that has propelled our financial resilience to new heights. In the face of prevailing economic volatility, we maintained a robust liquidity position throughout the period, whilst maintaining an optimum funding mix. Through our collaborations, we obtained long-term funding to support matching loan book growth, whilst maintaining debt covenants backed by a sound capital base that exceeded Rs. 12 Bn. This judicious approach not only shielded us from adverse market dynamics but positioned us strategically to capitalize on emerging opportunities; fostering sustained growth and unwavering stability. We ensured that through wise treasury management MI's liquidity was maintained well above corporate needs and strategic levels.

Our Procurement Management System

Our steadfast dedication to nurturing a transparent and effective Procurement Management System serves as a clear demonstration of our unwavering commitment to upholding effective sourcing governance towards operational excellence. In aligning with international best practices, we have meticulously designed and implemented a procurement framework that serves as a bulwark against malpractices. By embracing a culture of openness and accountability, we have instilled confidence in stakeholders and established a procurement ecosystem characterized by fairness, integrity, and adherence to regulatory standards. This conscientious approach not only mitigates risks associated with improprieties but enhances the competitiveness of our purchasing processes, ensuring optimal value extraction while fortifying the trust of our shareholders and partners.

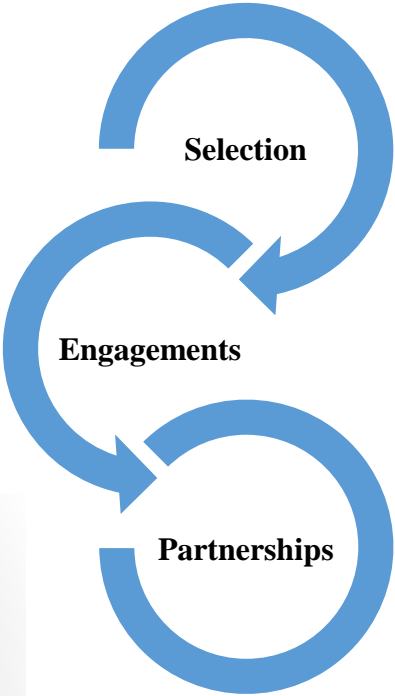
The strides we made in our Procurement Management System have not only eliminated possible weaknesses but have also significantly elevated our operational efficiency. Through the deployment of advanced technologies and streamlined workflows, we have achieved a harmonious balance between expeditious procurement processes and comprehensive due diligence. This heightened efficiency not only accelerates our time-to-market but also empowers us to proactively respond to dynamic market conditions. As we navigate an ever-evolving business landscape, our robust Procurement Management System serves as a cornerstone for sustainable growth;

positioning us strategically to capitalize on emerging opportunities and contribute to the long-term prosperity of our organization.



Supplier Relationship Management

Carried out through a systematic progression in accordance with internal procedures, we guarantee conformity to ethical behavior, transparency, and reliability—essential attributes for fostering strong relationships.



In line with digital platforms we kept our engagement mechanism to boost relationships and regularized suppliers for stationary and related fast moving items.

We endeavor to uphold contractual commitments while aligning our pricing policies with internal group guidelines. Our business continuity plan incorporates provisions to address unforeseen circumstances.

Payments to Suppliers (GRI 204 -1)

Expenses Type	2023/24				2023/22			
	Head Office		Other Locations		Head Office		Other Locations	
	000	%	000	%	000	%	000	%
Electricity	40,563	8.59%	47,689	10.85%	21,955	5.00%	22,185	7.08%
Telephone	32,598	6.91%	59,020	13.42%	31,068	7.07%	41,493	13.24%
Premises Maintenance	67,510	14.30%	134,992	30.70%	69,221	15.75%	84,154	26.85%
Security Chargers	20,861	4.42%	20,245	4.60%	18,711	4.26%	15,311	4.89%
Water	2,008	0.43%	3,893	0.89%	1,523	0.35%	2,340	0.75%
Stationary	20,271	4.29%	29,554	6.72%	12,586	2.86%	28,011	8.94%
Fuel	94,128	19.94%	88,587	20.15%	96,758	22.02%	77,321	24.67%
Insurance	59,392	12.58%	17,684	4.02%	49,591	11.29%	18,170	5.80%
Advertising and Promotions	72,499	15.36%	25,577	5.82%	66,209	15.07%	16,243	5.18%
Computer Equipment and Maintenance	62,172	13.17%	12,449	2.83%	71,815	16.34%	8,147	2.60%
Total	472,000	100%	439,691	100%	439,437	100%	313,375	100%

Social Alliances (GRI 413-1, 413-2)

We remained dedicated to our wider goals of enhancing the well-being of the individuals we support and the communities in which we operate. Through the adoption of efficient business practices and visionary strategies, we fostered impactful social bonds and steered our efforts towards shaping a future that is both inclusive and sustainable for communities.

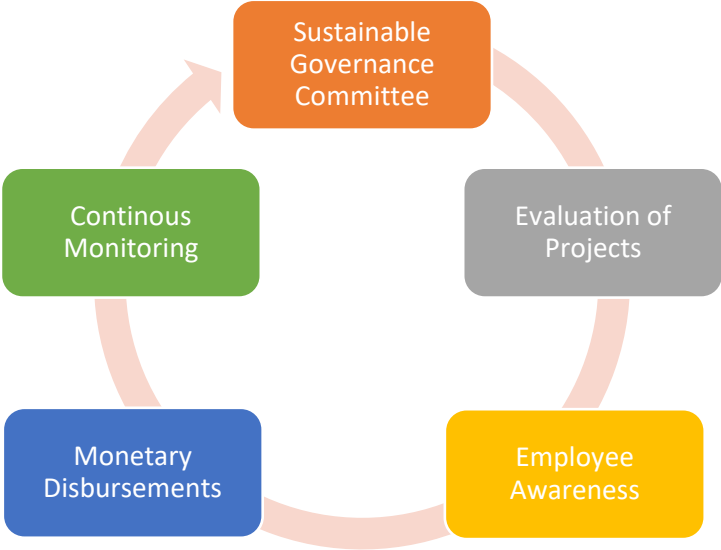
Our efforts especially through the micro financing services towards empowering women entrepreneurs was aimed at enhancing the quality of life of low income earners to alleviate poverty and improve quality of living amongst communities. Those in the middle income communities were guided by pragmatic solutions that empowered people financially and provided additional social support, especially during these challenging times. As a responsible corporate entity, we channeled our resources into community development, thereby not only bolstering our reputation but also fortifying our path toward sustainable advancement. Throughout the reporting period, we refrained from engaging in any operations that could have a substantial actual or potential adverse impact on local communities.

Community Assistance (GRI 413-1)

Our commitment to advancing financial empowerment stands as a fundamental pillar in constructing a sustainable future. Whilst extending our support for micro financing needs we rapidly expanded our Gold loan operations especially in rural areas in 2023 and 2024 in Northern and Central provinces-empowering individuals from diverse backgrounds. These expansions facilitated increased financial inclusion amidst challenging economic conditions, providing financial assistance to the underprivileged and segments of society lacking access to funds for their needs. Through initiatives such as promoting financial literacy and delivering affordable financial services, we cultivated a culture of financial well-being, which is crucial to the development of sustainable communities. Consequently, we not only elevated Mercantile Investments image across communities but also played a role in fostering a more prosperous future even during these unprecedented times.

Whilst addressing financial needs of low-income earners, meeting both their immediate and emerging financial requirements, we contributed to enhancing their living standards by aiding them to develop their entrepreneurial skills and instilling in them the habit of saving through our micro loan and savings products.

Management Process of Community Development Programs



We extended our involvement beyond commercial boundaries, to connect with communities, identifying unaddressed social needs like education, healthcare, sanitation, and more, with a commitment to aiding in their fulfillment. Our impact assessments incorporated various forms of community engagement, utilizing surveys and community networks to discern distinctive characteristics. Despite facing constraints on direct social engagement activities throughout the year due to complex macroeconomic challenges, we persisted in supporting several community development initiatives in vital areas such as healthcare, education, small and medium enterprises (SME), and other pressing needs.

We actively participated in various socially responsible projects driven by our aspirations for social sustainability, largely influenced by the outcomes derived from stakeholder engagement processes and feedback from surveys and community networks. The analysis and prioritization of community development initiatives were carried out through the Sustainability Governance Committee, ensuring alignment with the anticipated outcomes of these projects with the UN Sustainable Development Goals.

Our CSR Activities 2023/24

Category	Activity	Location	Direct Cost
Social	Wanitha Day Program	-	122,100.00
	Release of Goats prepared for death	MI Matara Branch	165,000.00
	Build new Two washrooms	Wimala Elders Home Kalutara - Payagala	170,575.00
	Donation for ICASL project for clean water - Gammedda	Welgala Kanishta Vidyalaya - Nelliya	50,000.00
	Donation to a Customer of Polonnaruwa Branch	MI Polonnaruwa Branch	75,000.00
Environment	T shirt Printing for Wild Life Crime App Launch	-	56,000.00
	Monkey Protection Cage at Attidiya Sanctuary	-	125,500.00
	Insurance Chargers for Wild Life Fund	-	100,000.00
	FHA Tree Planting Project	-	515,000.00
Education	Donation of School Books to Grade 1 Students	Pahala Vitiyala Kanishta Vidyalaya	75,000.00
	Renovate existing washroom and built new washroom	Ku/ Sri Saranankara Maha Vidyalaya	273,975.00
	Distribution of school books for Christmas gifts	Kalahe Methodist Church	50,000.00



Nurturing a Sustainable Corporate Culture (GRI 2-24)

We take pride in consistently upholding our corporate values across all echelons of the organizational hierarchy. Simultaneously, we ensure that our corporate endeavors are executed with the highest standards of professionalism, responsibility, ethics, and legality, underscoring our commitment to utmost integrity and strict adherence to regulatory benchmarks and industry best practices within a robust governance framework. Our commitment to transparency extends from the senior leadership- spiraling from the Managing Director downwards to the frontline, supported by an open-door policy and well-defined whistle-blowing mechanisms. This strategic combination establishes a robust foundation, providing a secure platform for the reporting of any concerns pertaining to unethical or unlawful conduct. To foster an environment of candor and impartiality,

we have implemented both mandatory and voluntary training programs, complemented by comprehensive employee awareness sessions.

We are pleased to convey that the effectiveness of these initiatives is evident, as there have been no formal reports of malpractices or fraudulent activities received through established channels. This underscores our commitment to nurture an organizational culture characterized by integrity, accountability, and the highest standards of ethical conduct.

Our AML Policy (GRI 205-1, 205-2, 205-3)

In alignment with the stipulations of the Financial Transactions Reporting Act (FTRA) and regulatory mandates prescribed by the Financial Intelligence Unit, our organization has instituted a robust Anti-Money Laundering (AML) policy. Our commitment is underlined by a heightened emphasis on customer due diligence and verification, exemplified through the implementation of an enhanced 'Know Your Customer (KYC)' policy. This proactive approach serves as a barrier against illicit activities, thereby safeguarding society from potential adverse impacts. Furthermore, we extend our commitment beyond mere compliance with regulatory imperatives by strengthening our internal processes.

We foster a deeply ingrained culture of anti-money laundering (AML) through consistent training efforts and meticulous risk assessments. These actions not only fulfill our legal duties but also play a proactive role in shaping a financial landscape characterized by integrity, security, and resilience against illicit financial dealings. In fortifying our commitment to compliance, we have instituted a thorough and all-encompassing compliance policy, conducting comprehensive training programs to remain vigilant and stay abreast of the regulatory changes. These endeavors have yielded tangible results, evidenced by our effective control over AML risks and development of a corporate culture that places a premium on compliance, ethical conduct, and robust corporate governance practices.

MI's Anti-Corruption Pledge (GRI 205-1, 205-2, 205-3)

Recognizing the pivotal role of integrity in driving our value creation, we have strategically implemented robust anti-corruption procedures and all our operations were assessed for risks related to corruption. These measures are meticulously grounded in contextual analyses and systemic evaluations of fraud and corruption, seamlessly integrated into MI's code of employee conduct. Our proactive commitment to fostering a strong, ethical corporate culture is further underscored by transparent communication channels and the facilitation of a whistle-blowing policy and open door culture, providing employees to escalate their concerns to the top.

Moreover, we have consistently conducted comprehensive training programs for our employees totaled to 51 representing 4.26% out of total employees, emphasizing the intrinsic value of maintaining elevated standards of ethics and integrity in their professional endeavors. Our internal audit team collaborated closely with the Audit Committee to identify and report flaws and gaps in internal procedures including any instances of corruption, whilst exercising professional skepticism, to detect, prevent, and respond to mitigate internal control deficiencies within the organization. During the year, key operation functions were routinely evaluated, and no occurrences involving risks of corruption were reported.

Our ethical commitments transcend commercial boundaries, as we actively encourage both employees and business partners to embrace and uphold the code of conduct and associated best practices. These concerted efforts not only bolster MI's brand reputation but also generates positive impacts in the communities we engage in, contributing significantly to social sustainability and enhancing overall living conditions.

Interrelated Capital Structures



Future Aspirations

