

PUBLICATION OF FINANCIAL STATEMENTS IN TERMS OF SECTION 29(5) OF FINANCE BUSINESS ACT NO. 42 OF 2011

KEY FINANCIAL DATA FOR THE SIX MONTHS ENDED 30<sup>TH</sup> SEPTEMBER 2025 (UNAUDITED)

Income Statement	Current Period		Previous Period	
In Rupees Million	From 01/04/2025 To 30/09/2025	As a % of Interest Income	From 01/04/2024 To 30/09/2024	As a % of Interest Income
Interest income	6,781	100.0%	5,361	100.0%
Interest expenses	(3,298)	-48.6%	(2,551)	-47.6%
<b>Net interest income</b>	<b>3,484</b>	<b>51.4%</b>	<b>2,809</b>	<b>52.4%</b>
Gains/(losses) from trading activities	(10)	-0.1%	(8)	-0.1%
Other income	614	9.1%	221	4.1%
Operating expenses (excluding impairment charge)	(2,654)	-39.1%	(2,036)	-38.0%
Impairment charge	(129)	-1.9%	(34)	-0.6%
Profit before tax	1,305	19.2%	953	17.8%
Taxes *	(801)	-11.8%	(579)	-10.8%
<b>Profit after tax</b>	<b>504</b>	<b>7.4%</b>	<b>375</b>	<b>7.0%</b>

\* Including indirect taxes (such as VAT on Financial Services) and direct taxes (corporate income tax)

Statement of Financial Position				
In Rupees Million	As at 30th September 2025	As a % of total assets	As at 30th September 2024	As a % of total assets
<b>Assets</b>				
Cash and bank balances	5,882	6.0%	1,136	1.9%
Government securities	4,405	4.5%	4,487	7.6%
Due from related parties	84	0.1%	61	0.1%
Loans (excluding due from related parties)	75,774	77.9%	43,099	73.3%
Investments in Equity	5,007	5.1%	4,505	7.7%
Investment property	258	0.3%	259	0.4%
Property, plant and equipment**	5,059	5.2%	4,742	8.1%
Other assets***	801	0.8%	538	0.9%
<b>Total Assets</b>	<b>97,269</b>	<b>100.0%</b>	<b>58,825</b>	<b>100.0%</b>
<b>Liabilities</b>				
Due to banks	22,541	23.2%	5,126	8.7%
Due to related parties	-	0.0%	-	0.0%
Deposits from customers	51,424	52.9%	38,866	66.1%
Other borrowings	4,867	5.0%	-	0.0%
Other liabilities****	2,983	3.1%	2,238	3.8%
<b>Total liabilities</b>	<b>81,814</b>	<b>84.1%</b>	<b>46,230</b>	<b>78.6%</b>
<b>Equity</b>				
Stated capital	36	0.0%	36	0.1%
Statutory reserve fund	941	1.0%	887	1.5%
Retained earnings	5,664	5.8%	3,482	5.9%
Other reserves*****	8,813	9.1%	8,189	13.9%
<b>Total equity</b>	<b>15,454</b>	<b>15.9%</b>	<b>12,595</b>	<b>21.4%</b>
<b>Total liabilities &amp; equity</b>	<b>97,269</b>	<b>100.0%</b>	<b>58,825</b>	<b>100.0%</b>
<b>Net Assets Value Per Share (Rs)</b>	<b>5,141</b>		<b>4,190</b>	

Amounts stated in loans and property, plant and equipment are net of impairment and depreciation.

\*\*Property, plant & equipment includes right-of-use assets, leasehold property and intangible assets.

\*\*\*Other assets include other financial assets and inventories.

\*\*\*\*Other liabilities include other financial liabilities, current tax liabilities, deferred tax liabilities, retirement benefit obligation and lease liability.

\*\*\*\*\*Other reserves include revaluation reserve, general reserves and Fair Value through OCI reserve.

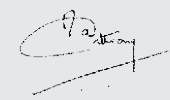
Selected Key Performance Indicators				
Item	As at 30th September 2025		As at 30th September 2024	
<b>Regulatory Capital Adequacy (%)</b>	<b>Actual</b>	<b>Required</b>	<b>Actual</b>	<b>Required</b>
Tier 1 Capital Adequacy Ratio	11.55%	8.50%	14.92%	8.50%
Total Capital Adequacy Ratio	17.49%	12.50%	16.17%	12.50%
Capital Funds to Deposit Liabilities Ratio	23.44%	10.00%	24.74%	10.00%
<b>Quality of Loan Portfolio (%)</b>				
Gross Stage 3 Loans Ratio		4.65%		8.86%
Net Stage 3 Loans Ratio		2.84%		6.18%
Net Stage 3 Loans to Core Capital Ratio		21.98%		33.31%
Stage 3 Impairment Coverage Ratio		40.26%		32.61%
Total Impairment Coverage Ratio		2.34%		3.40%
<b>Profitability (%)</b>				
Net Interest Margin		7.16%		9.55%
Return on Assets		2.68%		3.24%
Return on Equity		6.52%		5.95%
Cost to Income Ratio		64.92%		67.34%
<b>Liquidity (%)</b>				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)		203.03		148.66
Liquid Assets to External Funds		13.37		13.33
<b>Memorandum information</b>				
Number of Branches		84		61
External Credit Rating		Long-term Financial Institution Rating at BBB-(lka) (Stable outlook) by Fitch Ratings		Long-term Financial Institution Rating at BBB-(lka) (Stable outlook) by Fitch Ratings

**The Company does not have any regulatory penalties or regulatory restrictions on deposits, borrowings and lendings during the period ended to 30th September 2025 and 2024.**

**CERTIFICATION:**

We, the undersigned, being the Chief Financial Officer, the Finance Director, the Managing Director and the Compliance Officer of Mercantile Investments and Finance PLC certify jointly that:

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (CBSL);
- the information contained in these statements have been extracted from the unaudited financial statements of the Licensed Finance Company unless indicated as audited.



**Deva Anthony**  
Chief Financial Officer/Director (Non-Board)  
20/11/2025



**Shermal Jayasuriya**  
Finance Director  
25/11/2025



**Shyamali Pamarathna**  
Compliance Officer  
20/11/2025



**Gerard Ondaatjie**  
Managing Director  
20/11/2025

EXPLANATIONS / GLOSSARY

<b>Capital Adequacy Ratios</b>	Indicates the ability of the financial institution to absorb losses without affecting depositors and creditors. This ratio is computed by dividing capital by risk weighted assets as specified by the Direction, and high ratio indicates a better loss absorption capacity.
<b>Stage 3 Impairment Coverage Ratio</b>	Indicates the level of loss allowance for Stage 3 loans and advances.
<b>Total Impairment Coverage Ratio</b>	Indicates the level of total loss allowance for total loans and advances.
<b>Net Interest Margin</b>	Indicates profitability of the core business operation of the financial institution. i.e. granting loans and advances and accepting deposits.
<b>Cost to income ratio</b>	Represents operating expense, excluding impairment charges on loans and advances as a percentage of net revenue (net interest income and other income). Lower ratio will result in higher profitability.
<b>Liquid Assets</b>	A liquid asset is an asset that can easily be converted into cash.
<b>Cap</b>	Maximum limit imposed by CBSL.
<b>Downsizing</b>	Gradual reduction of the business operation imposed by CBSL.

<b>Freezing</b>	An order of CBSL that is in place preventing LFC engaging in further transactions of the Company.
<b>Tier 1 Capital</b>	Represents permanent shareholder equity and reserves.
<b>Total Capital</b>	Represents Tier 1 and supplementary capital including instruments with characteristics of equity and debt, revaluation gains, impairment allowances.
<b>Risk Weighted Assets</b>	Sum of on-balance sheet risk weighted assets and the total credit equivalent of risk weighted off-balance sheet assets.
<b>Tier 1 Capital ratio</b>	Tier 1 capital as a percentage of risk weighted assets.
<b>Total Capital ratio</b>	Total capital as a percentage of risk weighted assets.
<b>Capital Funds</b>	Paid up capital, permanent free reserves and any other securities approved by CBSL.
<b>Net Interest Margin</b>	Annualised net interest income (interest income less interest expenses) as a percentage of total assets (as at end of period).
<b>Return on Assets</b>	Annualised profit before tax as a percentage of total assets (as at end of period).
<b>Return on Equity</b>	Annualised profit after tax as a percentage of total capital (as at end of period).
<b>External Funds</b>	Includes only deposits and borrowings.