

SOCIAL AND RELATIONSHIP CAPITAL

CUSTOMER CAPITAL

MANAGING CUSTOMER CAPITAL - MAKING THE RIGHT MOVE AT RIGHT TIME



CRITICAL SUCCESS FACTORS

- ▶ Digital solutions for enhanced accessibility and convenience
- ▶ Drive superior customer experience through a culture of innovation
- ▶ Integration of Information and Communication Technology (ICT) to optimise internal processes and improve service delivery timelines

WHO ARE OUR CUSTOMERS?

- ▶ Individuals and businesses that make use of LBF's portfolio of investing, financing solutions and value-added services

WHY DO OUR CUSTOMERS CHOOSE US?

- ▶ The portfolio of customer-centric product offerings and promise of service excellence, all backed by the strength of LBF's long-standing brand reputation provide customers with the assurance of the best-in-class experience

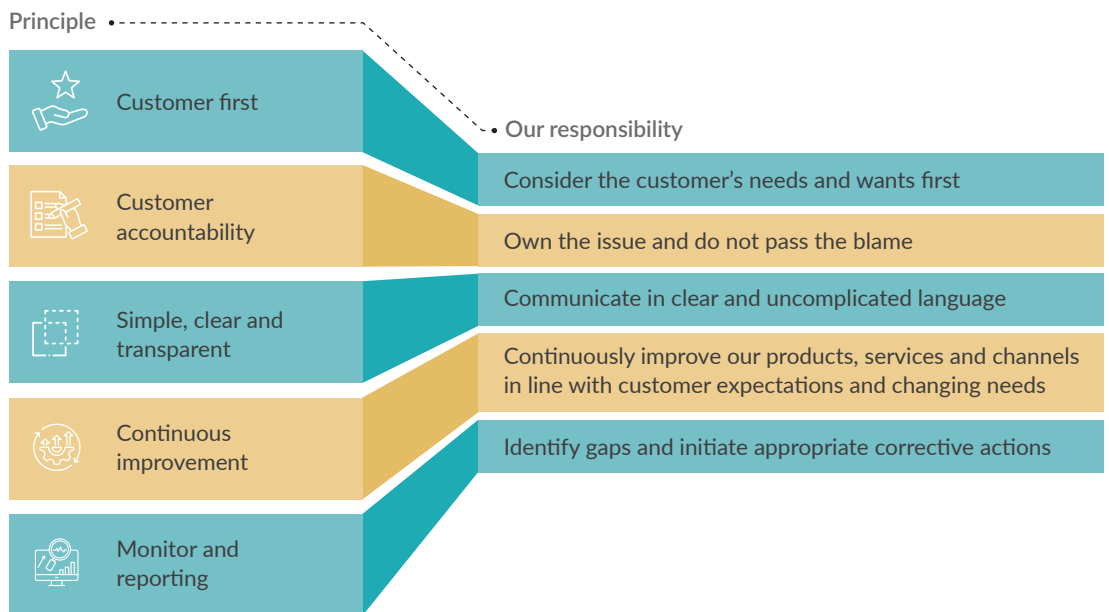
INTRODUCTION

Customer capital can be defined as the relationship that LBF has built with its customers over the years. Customer loyalty and satisfaction are the main indicators that denote the strength of our customer capital

1 FULFILLING OUR CUSTOMER PROMISE

LBF articulates its commitment to customers by embedding a customer-focused approach in all aspects of the business. Striving to uphold our commitment to not only meet but surpass customer expectations consistently, we adhere to all legal and regulatory requirements that apply to our operations, and make sure that our decision-making processes are based on strong customer-centric fundamentals.

LBF'S CUSTOMER PROMISE



Customer Value Proposition (CVP)

As part of our ongoing commitment to prioritising the customer's experience, we proactively engage with our customers to gain a deeper understanding of their evolving needs in light of changing social and economic conditions. These efforts continue to yield valuable insights that empower LBF to refine its CVP and enhance its preparedness to meet customer needs more comprehensively over time.

INSIGHTS FROM RECENT CUSTOMER NEEDS ASSESSMENT		
Cost-effective and affordable financial products and services	Consistent support for the achievement of financial goals	Simple and secure platforms with 24/7-365-day transactional capability
Tailor-made solutions for different customer segments - financial solutions that are easily accessible on the go, along with an array of payment options to enable customers to settle their dues from anywhere, and at any time	Purchase relevant financial products and services and other valuable services from any location, at any time, while being rewarded for loyalty	Convenience at a competitive price via a range of simple-to-use channels

Supporting the needs of diverse customer segments

Product categorisation - Gold Loans

As we continue to strive towards our goal of becoming the most preferred financial institution in Sri Lanka, we remain committed to addressing the needs of all our customers. Whether they are individuals, micro-entrepreneurs, or small and medium-sized enterprises (SMEs), we make a deliberate effort to provide customised products and services and re-engineer our channel architecture to maximise synergies for each respective customer segment.

Witnessing a strong market uptake for gold loans in the current financial year, LBF further enhanced its gold loan proposition. The advance quota offered on all gold loan products was dynamically revised in tandem with the upward movement in world gold prices, thus allowing customers to automatically benefit from the net value gain for their gold items. Meanwhile, as part of a focused approach to reach out to new customer segments, it was decided to expand LBF's gold loan channel infrastructure in the North and East regions of the country.



Right Solutions

Right Value

Right Direction

Right Experience

Right Vision

Right Strategy

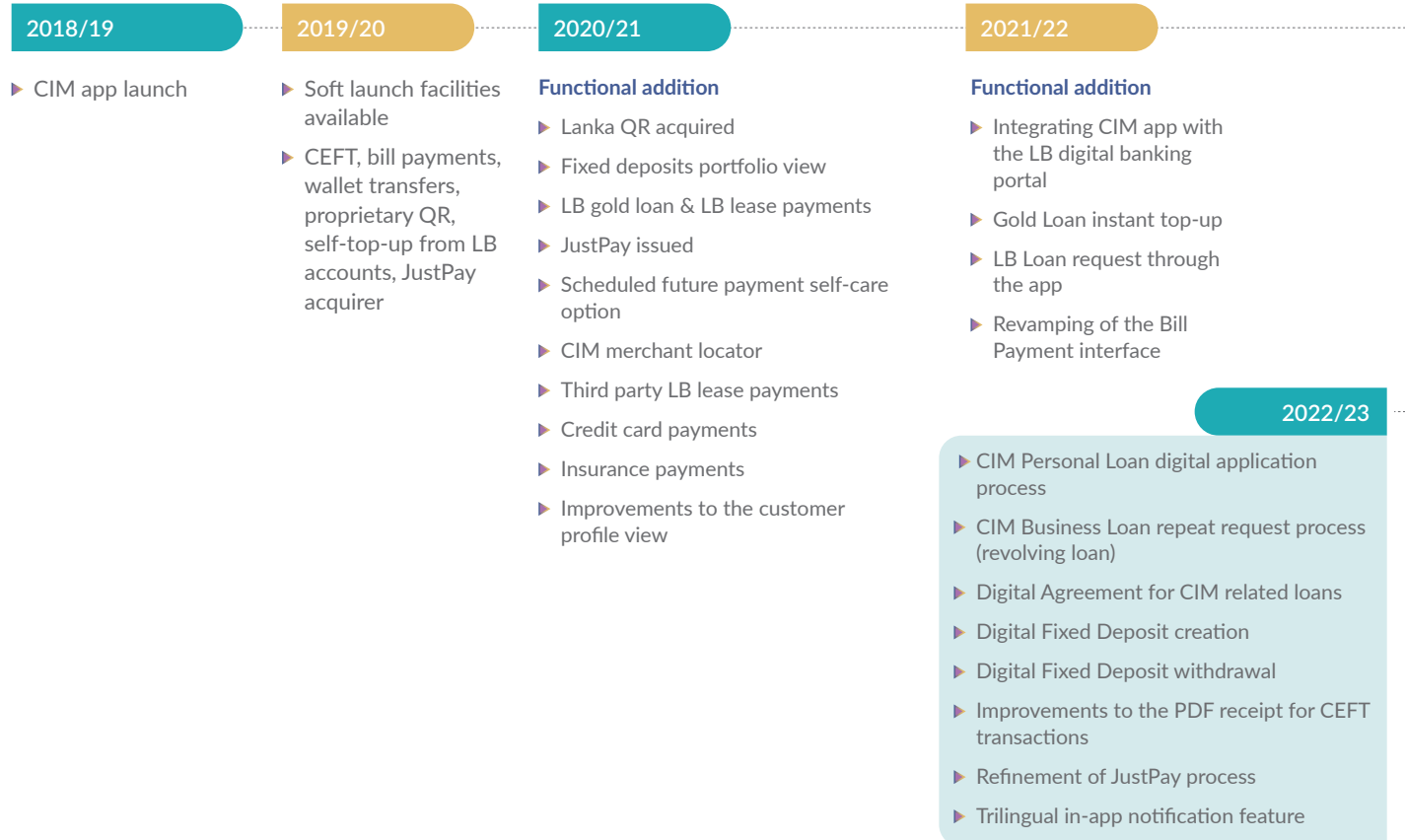
Introduction

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

Leveraging our digital platforms to meet our customer's needs

JOURNEY OF THE CIM APP



Leveraging the growing popularity of the LB CIM wallet app, the digital personal loan was launched in mid-2022 as a fully digitised loan facility specifically for salaried employees.

LB CIM business loan (CBL) to empower MSME (Micro, Small, and Medium Enterprises) entrepreneurs by providing access to flexible and highly affordable working capital finding. Further strengthening its commitment towards extending affordable access to working capital among the MSMEs, LBF entered into a Memorandum of Understanding (MoU) with WEBXPAY Ltd., a leading provider of SaaS-based digital payments solutions to MSMEs, to jointly promote the CBL product among the target market.

DIGITISING CUSTOMER JOURNEYS

Customer life-cycle management

Seamless customer on-boarding through digital KYC

24/7 - 365 day transactional and service capabilities through digital channels

Integrated end-to-end solutions

Focus on excellent customer experiences across all front end interfaces

Strengthening service delivery through back end system developments

Leverage our competency in data and analytics

Customer behavioural analysis to enable personalisation

Predictive analysis using machine learning, AI based insights

Delighting customers by delivering an exceptional customer experience

Driven by our goal to provide outstanding customer experiences, we are always searching for new and ever more creative methods to improve our internal systems and infrastructure, with the aim of boosting their scalability and efficiency.

In FY 2022/23 our internal data science teams made good progress in enabling LBF's gold loan offerings to be customised based on the customers' credit scores. Accordingly, customers with high credit scores were eligible to receive a higher advance quota on the value of their gold items.

Meanwhile, the functionality of the LB CIM wallet app was further upgraded with the integration of the end-to-end FD solution, enabling customers to activate the digital KYC, proceed to instant FD placement, and receive the digital FD certificate in an easily downloadable format

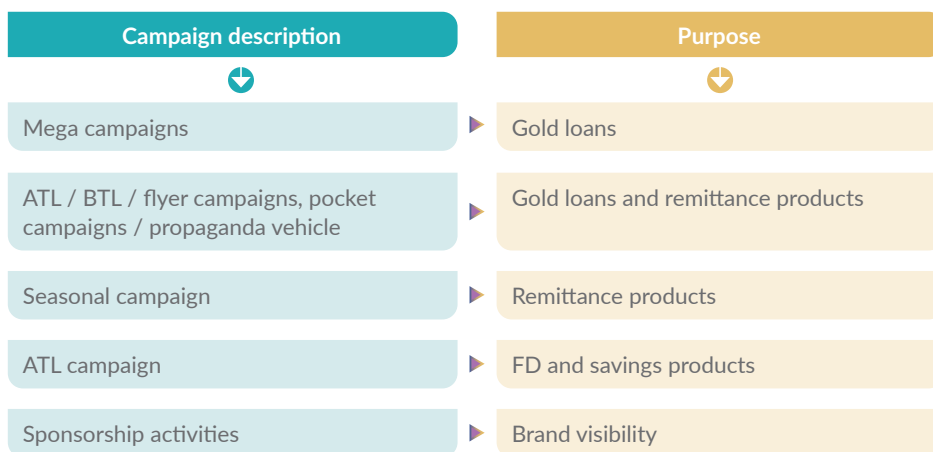
Building customer awareness

To earn and retain the trust of our customers, we believe we must communicate with our customers openly. Accordingly, we ensure that our promotional materials are designed to present relevant information regarding our products and services in a clear and uncomplicated manner, in conformity with all regulatory compliance requirements as well as industry norms and standards.

A highly principled approach supports our efforts to achieve these objectives, wherein all product-specific promotional and marketing content are screened by the respective product head, while generic content is reviewed by the head of marketing to verify compliance with the Company's ethics guidelines. All promotional content (product specific and generic) must be approved by the management prior to publication.

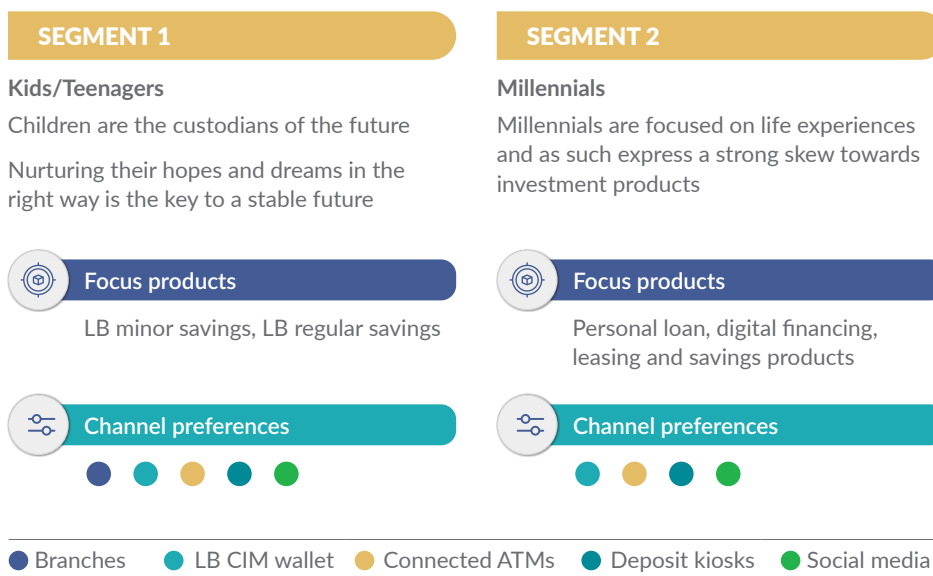
In keeping with our ambition to maximise customer outreach, we employ multiple communication mediums from conventional ATL and BTL activities to new-age social media platforms. LBF's dedicated in-house social media management unit oversees the management of LBF's social media footprint in line with the stated objectives set out by the Board approved social media plan.

We often conduct market studies to assess the quality of our promotional activities and the efficacy of our delivery mediums in achieving the intended purpose of building customer awareness.



2 MANAGING OUR CHANNELS

We consider our channel infrastructure to be a key component of our customer value proposition. Our channel management decisions are influenced by a range of factors, including customer profiles, life cycles, geographical location, population density, and competitive positioning. At the same time, we continue working to improve the responsiveness of our channels to better meet customer needs, which has put us on a path to developing an omnichannel environment that will seamlessly integrate our physical and digital channel architecture. For more detailed information on our channel operations, refer to the manufactured capital Report on page 140.











CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

<p>SEGMENT 3</p> <p>Young families Young families are often under financial pressures brought on by lifestyle aspirations including; bigger homes, family vehicles, etc.</p> <p>Focus products Leasing, mortgage loan, gold loan, digital financing and savings products</p> <p>Channel preferences ● ● ● ● ●</p>	<p>SEGMENT 4</p> <p>Established families Balancing work commitments, children’s education expenses and retirement planning often compels the need of flexible products to accommodate unplanned expenses</p> <p>Focus products Education loan, gold loan and savings products</p> <p>Channel preferences ● ● ● ● ●</p>	<p>SEGMENT 5</p> <p>Mature well-off Mature, financially –stable customers who focus on a higher quality of life and enjoying their retirement</p> <p>Focus products FD products and savings products</p> <p>Channel preferences ● ● ● ● ●</p>
<p>SEGMENT 6</p> <p>Senior Citizens Senior citizens who expect secure product returns in order to maintain quality of life they are accustomed to</p> <p>Focus products Senior citizen’s FD and savings products</p> <p>Channel preferences ●</p>	<p>SEGMENT 7</p> <p>Self-employed individuals Independent self-sufficient individuals seeking dynamic solutions to progress to the next level</p> <p>Focus products Personal loan, leasing, savings, mortgage and gold loan</p> <p>Channel preferences ● ● ● ● ●</p>	<p>SEGMENT 8</p> <p>SMEs Deemed the backbone of the national economy, SMEs require stable long term solutions that would help their businesses to grow and mature</p> <p>Focus products Personal loan, gold loan, mortgage, micro leasing and savings</p> <p>Channel preferences ● ● ● ● ●</p>

● Branches ● LB CIM wallet ● Connected ATMs ● Deposit kiosks ● Social media

Social media presence

Key imperative	key enablers
 Lead with persistence and deliver shared value to a wide-ranging range of stakeholders	 Continue to invest in strategic capabilities that drive market leadership
 Address customers’ essential needs through hyper-personalised propositions provided in the right time and right moments	 Continue to build a modern technology design that powers digital transformation of systems and process
 Deliver propositions through effective, digital first distribution channels that complement our customers’ behavioural patterns	 Evolve our execution model to deliver fast-lane innovation
 Establish a diverse market footprint that best meets our customers’ expectations	 Develop and nurture an entrepreneurial culture

3 ENSURING TRUST AND SAFETY

At LBF, we recognize that accountability, credibility, and integrity are the fundamental covenants for maintaining trust and safety. To this end, we are dedicated to fostering an environment that safeguards customers' rights and interests. Our Code of Conduct and Anti-Corruption and Bribery policy (ABC) delineate the requisite behaviours that all employees are expected to uphold when forging professional relationships with customers. Additionally, we committed to

providing ongoing training for our staff to ensure they are well-versed in customer rights and understand the significance of honesty and integrity in their interactions with customers.

4 CUSTOMER PRIVACY

As a responsible financial institution, LBF has an embedded commitment to safeguarding the integrity of its data assets, including customer information. A Board-approved data privacy policy describes how the

Company collects, handles, and processes customer information obtained via the LBF website and social media platforms. In the year under review, we began working to update our data privacy policy and create a necessary framework to align with the newly mandated Personal Data Protection Act No. 9 of 2022.

The intellectual capital report on page 160 offers more comprehensive coverage regarding measures taken to safeguard customer privacy.

5 CUSTOMER RELATIONSHIP MANAGEMENT

From its very inception, LBF has encouraged its customers to reach out and let us know any issues they may have with our products, services, or any other concerns they may have. To support this, we have established 3 separate call centres, one for gold loan customers, one for marketing and DFS-related matters, and one for recovery-related aspects. Given the high volume of calls received by our call centres about balance inquiries, a special hotline was created on WhatsApp and published on all social media platforms and the corporate website. We also established a dedicated inbound hotline to manage inquiries coming through our social media platforms.

As a follow, up to the fully automated customer relationship management system that was rolled out in 2021, the complaint handling process was further streamlined with call center agents empowered to provide on-the-spot solutions in coordination with relevant and operational teams. The spot resolution measures have resulted in a significant reduction in the average complaint resolution timelines.

Customer complaints 2022/23

Area	No. of complaints received	Customer complaints solved
Credit	95	93%
Gold loan	32	97%
Insurance	26	100%
Recovery	184	93%
Savings and deposits	14	100%
General	14	93%

Digital customer engagement

Digital customer engagement activities are carried out under the purview of the social media unit. When formulating our social media content in the current financial year, we deviated from the traditional sales-driven approach and instead focused on incorporating more educational and informative content in order to increase customer engagement. This approach was consistent with our efforts to inform

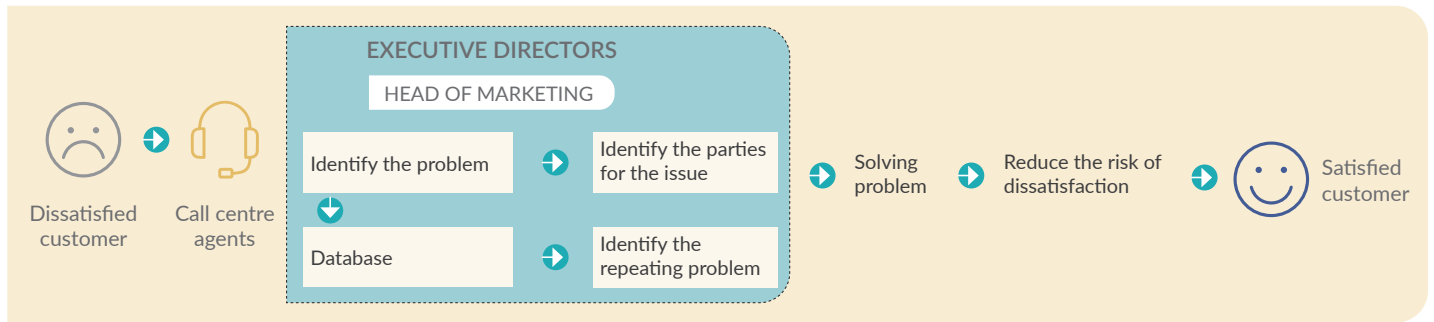
customers and the wider community to exercise greater financial discipline during challenging economic conditions.

We leveraged LBF's facebook page to create positive conversations revolving around solutions to ongoing challenges with all content made shareable to spread the message to a wider audience. 'LB Saara Siththam', a short movie series on

CUSTOMER RELATIONSHIP MANAGEMENT MODEL



SOCIAL AND RELATIONSHIP CAPITAL



the importance of human connections was one of the key facebook campaigns run in the current financial year. Special content was also developed to increase viewership of the LB sustainability- facebook page. The linked-in platform was used to convey LBF's people-centric approach toward its

employees, while instagram feeds were revamped with new thematic content on more contextual topics introduced at regular intervals. Steps were also taken to further expand LBF's social media presence into the TikTok space in order to reach out to a different audience. In parallel, the corporate

website was also revamped with simplified content and user-friendly access along with AI-based imagery for a more visually engaging user experience.



6 MONITORING CUSTOMER SATISFACTION

LBF holds the belief that the most effective way to evaluate the success of its efforts is through the quantifiable measurement of customer satisfaction. In the current year, we activated a new customer rating dashboard to assess customer satisfaction with spot resolutions provided by call center agents. Findings from the customer rating mechanism are collated weekly, summarized, and submitted to the audit committee quarterly.