

EMBRACING INNOVATION IN A CHANGING DIGITAL WORLD

Annual Sustainability Report 2021



Growing Together...

ACTIVITY HIGHLIGHTS



Prioritized health of employees and other stakeholders first during COVID-19 pandemic.

Developed tailored product for women with a view to empowering women.



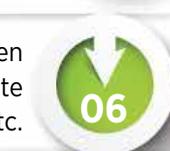
Focused of digital transformation to ensure prompt and time demanded service to customers, vendors and other stake holders.

Continuous employee development program and various training facilitation.



Endeavour including organization restructuring, making relocation, optimization of work force to ensure precise use of power and energy.

Green initiatives include Green Banking, Green office project, promoting no print day, waste management etc.



Committed to society in large and conduct various CSR activities to support society directly along with keep ethical practices within the Company.

Ensure compliance to regulators and government; contribute due to government exchequer.



Maintain healthy and progressive environment for employee, keeping proper blended demography of male, female and of different region.

Achieved profitability, maintained credit worthiness which kept trust of investors.



ABOUT THE REPORT

GRI: 102-1, GRI: 102-46, GRI: 102-50, GRI: 102-51, GRI: 102-52, GRI: 102-53, GRI: 102-54

LankaBangla Finance Limited and its subsidiaries recognized the significance of long-term growth in terms of environmental, social, and economic aspects. This sustainability report is an illustrated portrayal of its performance in the key focus areas and material topics of 2021 as compared to previous years and the industry. LankaBangla Finance Limited, often known as the Company or LBFL, and its subsidiary companies are collectively referred to as the Group or the LBFL Group.

Reporting Guidelines

The Report has been prepared in congruence with the 'GRI Standards - Core' option for reporting performance on material topics, as disclosed in the materiality assessment section. A comprehensive list of disclosures made in accordance with GRI standards, as disclosed in the GRI Content Index in this Report, with references to GRI standards.

Reporting Boundary

The Boundary encompasses all relevant general and particular disclosures required to meet GRI reporting context standards for all topics designated as material under our materiality assessment.

Reporting Principles

We assessed materiality by taking into account stakeholder interest and the impact of the themes on the business. This report explicates the entire evaluation process, data collection procedures, and the report's legitimacy. Finally, we disclosed both the good and negative impact of our performance to ensure reliability.

External Assurance

Currently we do not have any practice of taking any external assurance on any report except financial statements and corporate governance guidelines.

Scan the QR Code by following these simple steps:



Get it

Download the "QR Code Reader" App from Google Play (Android Market), App Store (iOS/iPhone)



Run it

Run the QR Code Reader App and point your camera at the QR Code



Access it

Get access to LankaBangla's website



Feedback

We need your feedback to make sure we are covering the things that matter to you. For the feedback form, scan the QR Code with your smartphone.

You can also email info@lankabangla.com



FOOTPRINT

LBFL has footprint in **27** Geographical location



EMPLOYEES

More than **1,300** number of employees



CUSTOMERS

Served **112,473** numbers of customers in 2021



FUM

FUM reached to BDT **154,473** million

CONTENTS

01	ABOUT LANKABANGLA	5
	ORGANIZATIONAL OVERVIEW	6
	SHAREHOLDING COMPOSITION	7
	BUSINESS OVERVIEW	8
	PRODUCTS AND SERVICES	9
	SECTOR WISE PORTFOLIO	10
	SCALE OF THE ORGANIZATION	11
02	CORPORATE GOVERNANCE AND RISK MANAGEMENT	12
	STATEMENT FROM THE CHAIRMAN	13
	STATEMENT FROM THE CEO AND MANAGING DIRECTOR	15
	ORGANOGRAM OF LANKABANGLA	17
	MANAGEMENT COMMITTEE	18
	BOARD OF DIRECTORS	19
	RISK MANAGEMENT APPROACH	21
03	JOURNEY TOWARDS SUSTAINABILITY	28
	SUSTAINABLE BUSINESS PRACTICES STANDARDS	29
	STAKEHOLDERS ANALYSIS	30
	ENGAGING WITH OUR STAKEHOLDERS	33
	APPROACH TOWARDS SUSTAINABILITY	35
	VALUE CREATION STRUCTURE	37
	ASSESSING MATERIALITY	38
04	ECONOMIC TOPICS	41
	SUPPLY CHAIN	44
	ANTI-CORRUPTION	45
	ECONOMIC PERFORMANCE	46
	APPROACH TO TAX	47
	CONTRIBUTION TO GOVERNMENT EXCHEQUER	48

05	SOCIAL TOPICS	49
	EMPLOYMENT	52
	WOMEN EMPOWERMENT	57
	CORPORATE SOCIAL RESPONSIBILITY (CSR) OF LANKABANGLA	58
	DIGITALIZATION	61
06	ENVIRONMENTAL TOPICS	62
	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	63
	WASTE MANAGEMENT	64
	GREEN BANKING	65
07	CAPITAL MANAGEMENT	66
	FINANCIAL CAPITAL	67
	HUMAN CAPITAL	70
	INTELLECTUAL CAPITAL	76
	MANUFACTURED CAPITAL	82
	SOCIAL AND RELATIONSHIP CAPITAL	87
	NATURAL CAPITAL	90
08	SUPPLEMENTS	92
	CORPORATE INFORMATION	93
	LOCATION OF OPERATIONS	94
	GROUP STRUCTURE	96
	GRI CONTENT INDEX	97



ABOUT LANKABANGLA

GROWING TOGETHER FOR A SUSTAINABLE FUTURE...

LankaBangla Finance Limited (LBFL), a major integrated financial services company in Bangladesh, crafts and delivers products and solutions that enable its customers to shape their future. We assist to the nation's inclusive and sustainable development agenda, with a special emphasis on responsible finance, as well as global sustainability goals, in the process. We are infusing sustainability into every lending and investment decision, with a special focus on Economic, Social, and Environmental predispositions, driven by proven experience and an unwavering focus on governance. Our clients are at the heart of all we do at LBFL. We have a diverse foothold across the financial services sector, allowing us to address our customers' long-term demands.

We wish to be at the forefront of social change and green transition, drafting a long-term sustainability strategy, embedding all the factors in our risk framework and improving transparency. We recognize the importance of being purpose-driven global leaders, contributing to a more equitable and sustainable society: this is a great business opportunity we cannot miss.



ORGANIZATIONAL OVERVIEW

GRI: 102-2

LankaBangla is the country's leading provider of integrated financial services including corporate financial services, retail financial services, SME financial services, stock broking, and corporate advisory and wealth management services. Under the broadest umbrella of products and service offerings, we are the lone financial institution to operate credit card (Mastercard and VISA). Since 2006 LankaBangla has been listed in both DSE & CSE in Bangladesh. Two decades back LankaBangla Finance Limited started its journey in 1997 as a joint-venture financial institution in multinational collaboration with a license from Bangladesh Bank under Financial Institution Act-1993.

LankaBangla has implemented business process re-engineering to build capacity for its clients' superior service experience. The company now operates from a centralized administrative framework through cutting edge technological environment. LankaBangla is fueling a wide operational periphery covering major business hubs of the country.

LankaBangla is the market leader in the capital market services and has been giving an all-out effort to develop an efficient, vibrant and transparent capital market in Bangladesh. Its subsidiary, LankaBangla Securities Limited is providing top-notch brokerage services and leading the industry with cutting edge trading, top rated research information, and customer service. The group has another subsidiary, LankaBangla Investments Limited. It is a premier investment bank in the country providing corporate advisory, issue management, and portfolio management services. LankaBangla Asset Management Company Limited is providing professional wealth management services to some of its customers.

LankaBangla practices participatory management and adheres to industry's best practices in all its endeavors. Increasing stakeholders' value is a natural driving force for the people at LankaBangla. Our long-standing sustainability efforts are creating environmental and social value while we move forward. By embracing high ethical standards, governance, and transparency, LankaBangla dreams to go further and grow bigger. Its ethos is simple. The company envisions its success lies in becoming the growth partner of its enterprising clients. LankaBangla is committed to empowering lives and inspire changes in immunity.



VISION

To be the most preferred financial service provider in creating, nurturing and maximizing value to the stakeholders, thereby, Growing Together.



MISSION

- ▶ Be a growth partner for our customers, ensuring financing and superior experience
- ▶ Maintain a culture of meritocracy in the DNA of the company
- ▶ Be sustainable and ensure quality returns to our valued shareholders
- ▶ Uphold efforts to develop our community



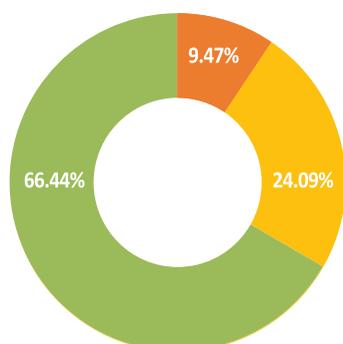
CORE VALUES

We have strong values that are well embedded in our culture. Our values create the following goals to help us deliver our strategy:

- ▶ Cherish a sense of ownership
- ▶ Be customer centric
- ▶ Grow as a team
- ▶ Act with integrity and professionalism
- ▶ Deal with respect

SHAREHOLDING COMPOSITION

Authorised Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	1,000,000,000	10,000,000,000
Paid up Capital:	No. of Share	Taka
(Ordinary Shares of TK. 10.00 each)	538,838,623	5,388,386,230
Details of shareholding structure is as under:		
Sponsors and/or directors	Total Holding (No. of Share)	% of Shareholding
a) Foreign Institution:		
Sampath Bank PLC (Sri Lanka)	51,036,605	9.47%
Sub-Total	51,036,605	9.47%
b) Local Institution:		
ONE Bank Limited	20,362,737	3.78%
Sub-Total	20,362,737	3.78%
c) Individuals:		
Mr. Mohammad A Moyeen	22,842,546	4.24%
Mrs. Aneesha Mahial Kundanmal	41,503,844	7.70%
Mr. Mahbubul Anam	23,998,741	4.45%
Mr. Tahsinul Huque	20,993,703	3.90%
Mrs. Jasmine Sultana	77,883	0.01%
Sub-Total	109,416,717	20.31%
Sponsors and/or directors Total	180,816,059	33.56%
General Shareholders	358,022,564	66.44%
Grand Total	538,838,623	100.00%



- Foreign Sponsors and/or directors
- Local Sponsors and/or directors
- General Shareholders

BUSINESS OVERVIEW

GRI: 102-2

Corporate Financial Services Division

There are few NBFIs that can deliver the full range of 360-degree corporate finance solutions to large and middle-market organizations in both the public and private sectors, as the LBFL team can.

The value we provide is evidenced through our unique relationship model, industry experience, and local market advantage through the units which are Large Corporate, Emerging Corporate, Supply Chain Finance, Project, Structured and Sustainable Finance and Corporate Liability.

Retail Financial Services Division

Individuals' requirements are met by the Retail Financial Service Division, which provides a variety of particular financial services. LankaBangla Finance's Retail Division is an industry leader in retail financial services by offering innovative, tailored solutions and services. The division currently offers services through three distinct sectors: Loan Unit, Card Center, and Deposit. Auto Loan, Home and Mortgage Loan, Personal Loan, Credit Card, Retail Liability, and Alternative Business Delivery Channel are the division's six service units (ABDC).

SME Financial Services Division

Cottage, micro, small, and medium enterprises (CMSMEs) are widely recognized around the world as the lifeblood of local trade, commerce, and industry. With less energy supply, fewer infrastructure facilities, and less environmental risk, CMSMEs contribute significantly to poverty alleviation, job creation, women empowerment, equitable income distribution, and industrial sector diversification in Bangladesh.

Treasury & FI Division

Treasury is the "Financial Hub" which operates as a financial clearing house for all the parts of an organization. Traditionally, fund management is the key function of Treasury that ensures availability of funds at the Right Time, Right Place at the possible Minimum Cost.

Capital Market

LankaBangla's Capital Market Team is in charge of developing equity and fixed income investment strategies, trading at proprietary funds, and effectively managing risks. The portfolio is managed using a top-down-bottom-up investment process that is fueled by economic, sector, and company fundamental research, as well as technical quantitative analysis.

Wings of LankaBangla Group's Capital Market companies are as follows-

- ▶ LankaBangla Securities Limited
- ▶ LankaBangla Investments Limited (LBIL)
- ▶ LankaBangla Asset Management Company Limited (LBAMCL)
- ▶ Information technology service
- ▶ LankaBangla Information System Limited (LBIS)
- ▶ Media- BizBangla Media Limited

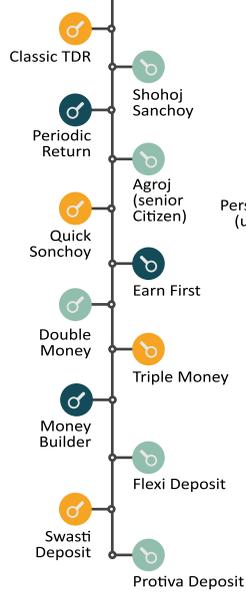
PRODUCTS AND SERVICES

GRI: 102-2, 102-7

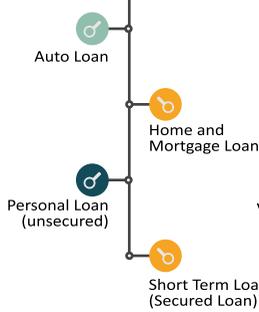
PRODUCT PORTFOLIO

Retail Financial Services

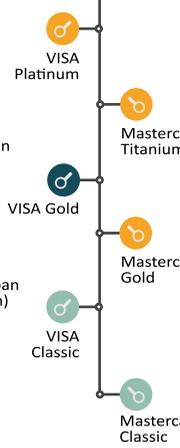
Retail Deposit Schemes



Loan

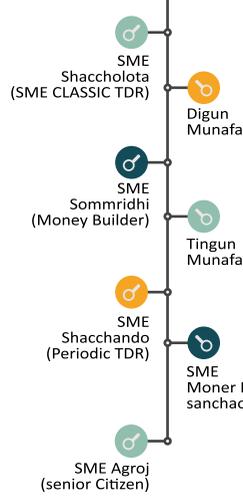


Credit Cards

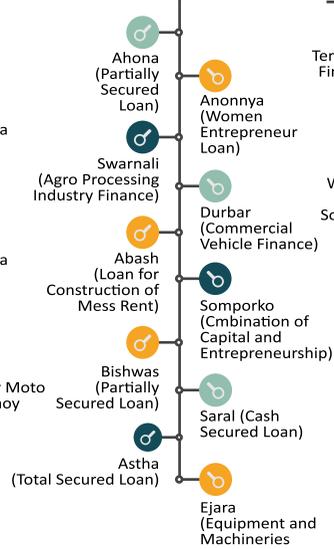


SME Financial Services

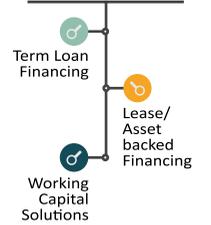
SME Deposit Schemes



Small Business

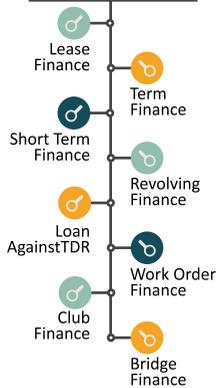


Medium & Emerging Business

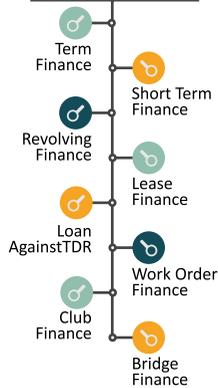


Corporate Financial Services

Large Corporate



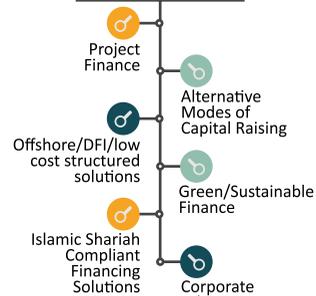
Emerging Corporate



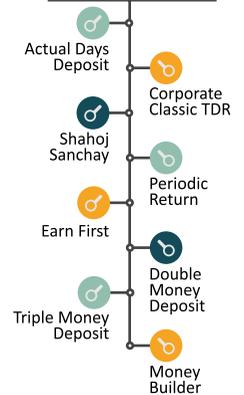
Supply Chain Finance



Project, Structured & Sustainable Finance

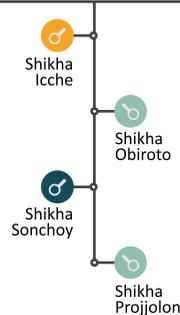


Corporate Liability

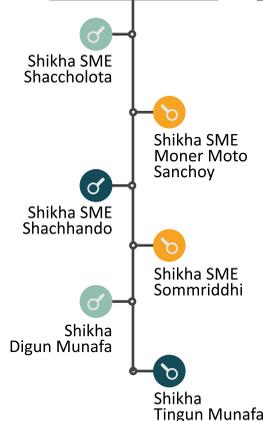


SHIKHA Financial Services

Shikha Retail Deposit Schemes



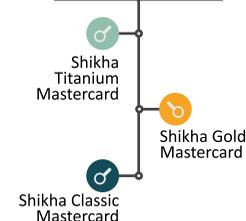
Shikha SME Deposit



Shikha SME Loan



Shikha Credit Cards

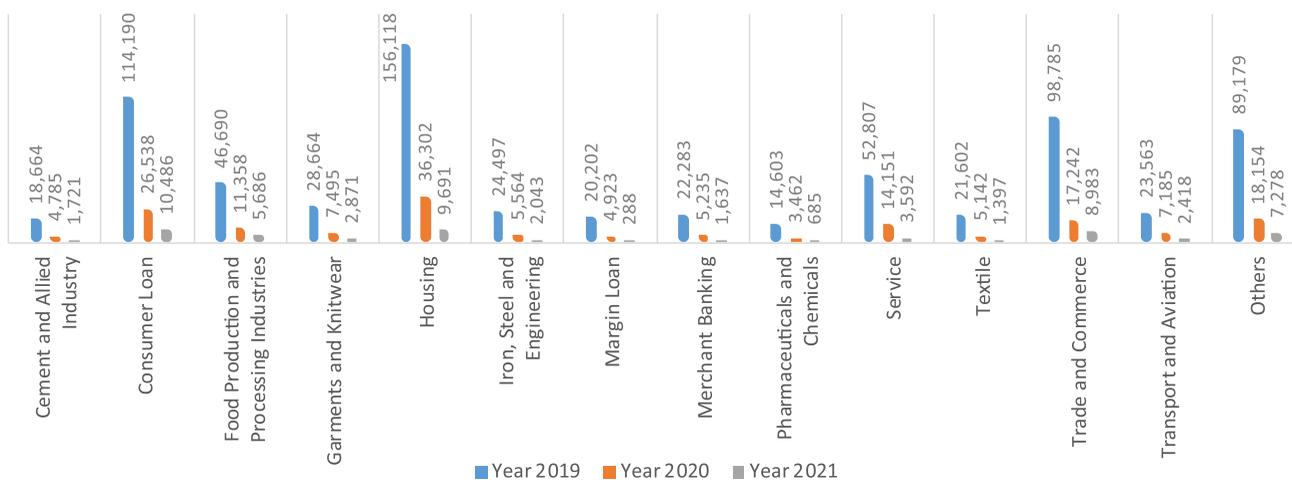


SECTOR WISE PORTFOLIO

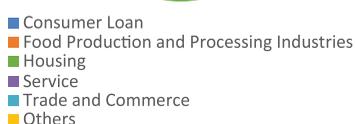
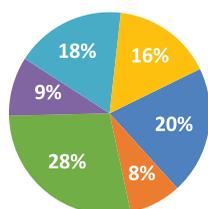
GRI: 102-6

Sector	Year 2019 (in BDT million)	Year 2020 (in BDT million)	Year 2021 (in BDT million)
Cement and Allied Industry	18,664	4,785	1,721
Consumer Loan	114,190	26,538	10,486
Food Production and Processing Industries	46,690	11,358	5,686
Garments and Knitwear	28,664	7,495	2,871
Housing	156,118	36,302	9,691
Iron, Steel and Engineering	24,497	5,564	2,043
Margin Loan	20,202	4,923	288
Merchant Banking	22,283	5,235	1,637
Pharmaceuticals and Chemicals	14,603	3,462	685
Service	52,807	14,151	3,592
Textile	21,602	5,142	1,397
Trade and Commerce	98,785	17,242	8,983
Transport and Aviation	23,563	7,185	2,418
Others	89,179	18,154	7,278
Total	731,848	167,536	58,775

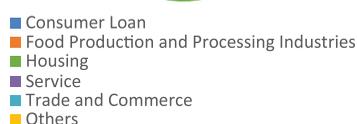
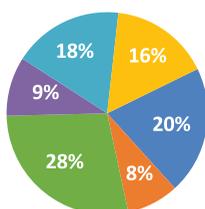
Sector Wise portfolio



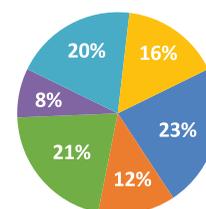
Year 2019



Year 2020

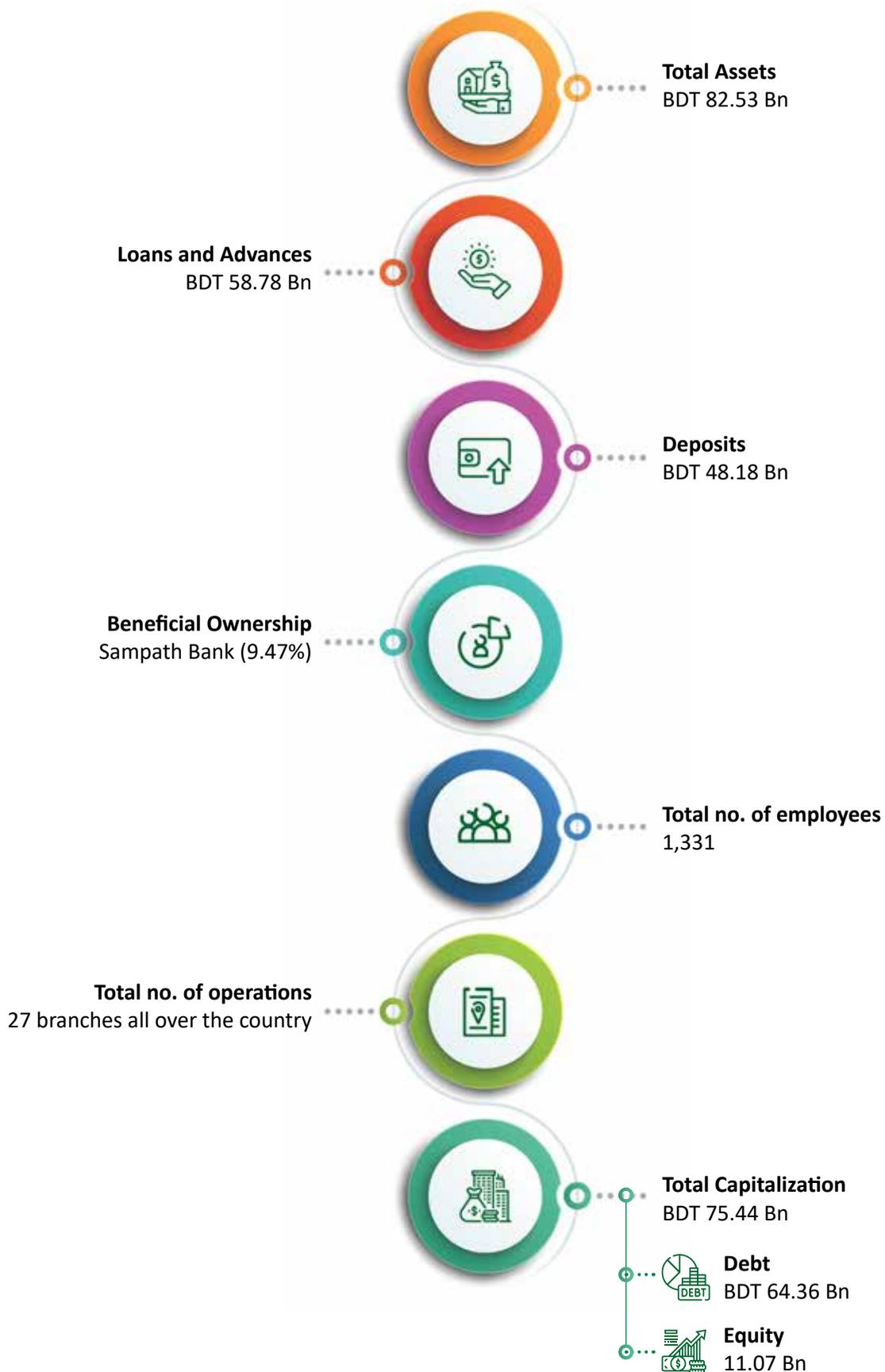


Year 2021



SCALE OF THE ORGANIZATION

GRI: 102-7



CORPORATE GOVERNANCE AND RISK MANAGEMENT

LankaBangla's overarching risk management strategy is backed by a well-defined risk appetite, a thorough policy framework, strong governance structures, and suitable risk identification, measurement, and management tools and methodologies.

Our practice is led by our percipient leaders, who are harmonized by our Board of Directors and the Chairman, in order to stay within the guidelines for a purposeful and steady journey toward success. This technique guarantees that LankaBangla's corporate governance is transparent and effective.



STATEMENT FROM THE CHAIRMAN

GRI: 102-14



“LankaBangla Finance has embarked on its own sustainability path, aligned with the Group’s sustainability mission, embracing global best practices to drive dreams and, as a result, augment long-term value development for all of its stakeholders.”



Mohammad A. Moyeen
Chairman

I am pleased to present the 1st sustainability report of LankaBangla Finance Limited, prepared according to GRI Sustainable Reporting: Core Option. I invite you to explore this report to learn about our commitment to sustainability.

As one of the major NBFIs, we believe we have a moral responsibility to society, including listening to those in need and going above and beyond the scope of pure business. We commit to taking all aspects of economic, environmental, and social implications into account while creating value for our stakeholders. In the way we run our business, we consider and represent the interests of our customers, suppliers, employees, shareholders, communities, and other stakeholders. We run and sustainably grow our business for all of our stakeholders.

We always endeavor to run a safe, responsible and profitable business. That means getting the basics right. One basic is doing no harm. That means operating safely without hurting or discriminating against the environment or people. We also aim to deliver the right products that people want – and do this responsibly (especially more digitally) to help shape a more sustainable future. Only by making relevant products responsibly can we be in business sustainably. We always try to make a positive contribution to society. This means paying taxes, boosting local economies, and developing talent, as investing in education to inspire new generations of people with innovative ideas.

We all are known that we have needed to endure an earth riddled with economic, political, and other uncertainties along with the vast death toll, the fear, and inadequacy in healthcare capabilities triggered by the COVID19 pandemic that started in 2019. This ultimately resulted in unprecedented economic disruption across the globe. Following the motto of growing

together, LBFL placed life, safety, and hygiene first in dealing with the pandemic.

Amongst challenges, the Company passed another successful year with lucrative financial results. Still, we are acknowledging the future challenges to keep the success sustainable. We need to stand together with society at large against environmental pollution, corruption, inequality, and poverty to ensure togetherness in future growth. We focus on green banking, promoting proper consumption of resources, encouraging the use of renewable energy and empowering women. We firmly believe in women's empowerment in terms of employment, unbiased growth opportunity, ensuring a friendly work environment, and offering customized products. We ensure our endeavors to grow without costing the future.

I want to express my gratitude to all our stakeholders for contributing and collaborating on our sustainability journey. We hope we will continue to grow together and to bring better benefits to the company and the shareholders. LankaBangla Finance has embarked on its sustainability path, aligned with the Group's sustainability mission, embracing global best practices to drive dreams and, as a result, augment long-term value development for all stakeholders.



Mohammad A. Moyeen

Chairman

11 April 2022

STATEMENT FROM THE CEO AND MANAGING DIRECTOR

GRI: 102-14

“Our revamped focus on sustainability has culminated in a viable model that tends to persist without interruption as we reflect on our strategic priorities. We have been providing financial products and services that, directly or indirectly, lead to long-term positive environmental impact for all of our stakeholders.”



Khwaja Shahriar
Managing Director & CEO



Sustainability is multidimensional. At LankaBangla Finance, we value the term “sustainability” every day in every aspect of our business by maintaining a corporate culture of consistent conduct. Therefore, we give utmost importance to the demands of all of the relevant stakeholders. We attribute equal importance to:

- ▶ cater needs of our customers to get the right and quality services at the best price;
- ▶ give our employees fair salary and fringe benefits along with a safe and healthy working environment while showing zero tolerance towards any breach of ethical violation or discrimination;
- ▶ be ethical in all sorts of procurement by ensuring competitiveness and payment at the right time;
- ▶ contribute to the national exchequer all sorts of income taxes, value-added tax, and excise duty;
- ▶ not to jeopardize the environment by adhering to and implementing numerous policies and technological innovations, viz., green financing, observing no-print day every month, implementation of green office guidelines, etc.;
- ▶ to contribute to those part of society that needs help badly.

The two-year pandemic has created uncertainties in business, market behavior, regulator motivation, and the economy. LankaBangla group thus scaled up its technological and human capital capabilities to turn such challenges into opportunities. Resilient corporate governance, standard SOPs, technology-driven business model, strong brand image, and adoption of alternative strategies can also be credited for overcoming the evil effects of the pandemic.

We kept our focus on customer-centricity and stable business growth. This sustainability report demonstrates our performance in creating value for our stakeholders on Environmental, Social & Governance (ESG) parameters. This report also outlines

the management approaches we used on each material ESG parameter. We endeavor to keep stakeholders' confidence during the pandemics by prioritizing health and hygiene.

We are happy to partner with the Global Reporting Initiative (GRI) to comply with Standards as to sustainability reports along with required disclosures that cover employee rights, consumption of natural resources, environment preservation, anti-corruption, and compliance as material topics. If the challenges we have faced in the last couple of years will prevail in the future, we are confident to better deal with those to ensure sustainable progress of the Company's sustainable progress and stakeholders. Thus we will be able to keep growing together.

We have defined Company's long-term sustainability strategy which is to:

- ▶ drive growth with differentiating, sustainable solutions for our customers;
- ▶ create a safe, healthy, diverse, and inclusive workplace for our employees;
- ▶ reduce the environmental impact of our operations and products;
- ▶ foster a positive impact in the communities where we are active;
- ▶ create sustainable value for our shareholders.

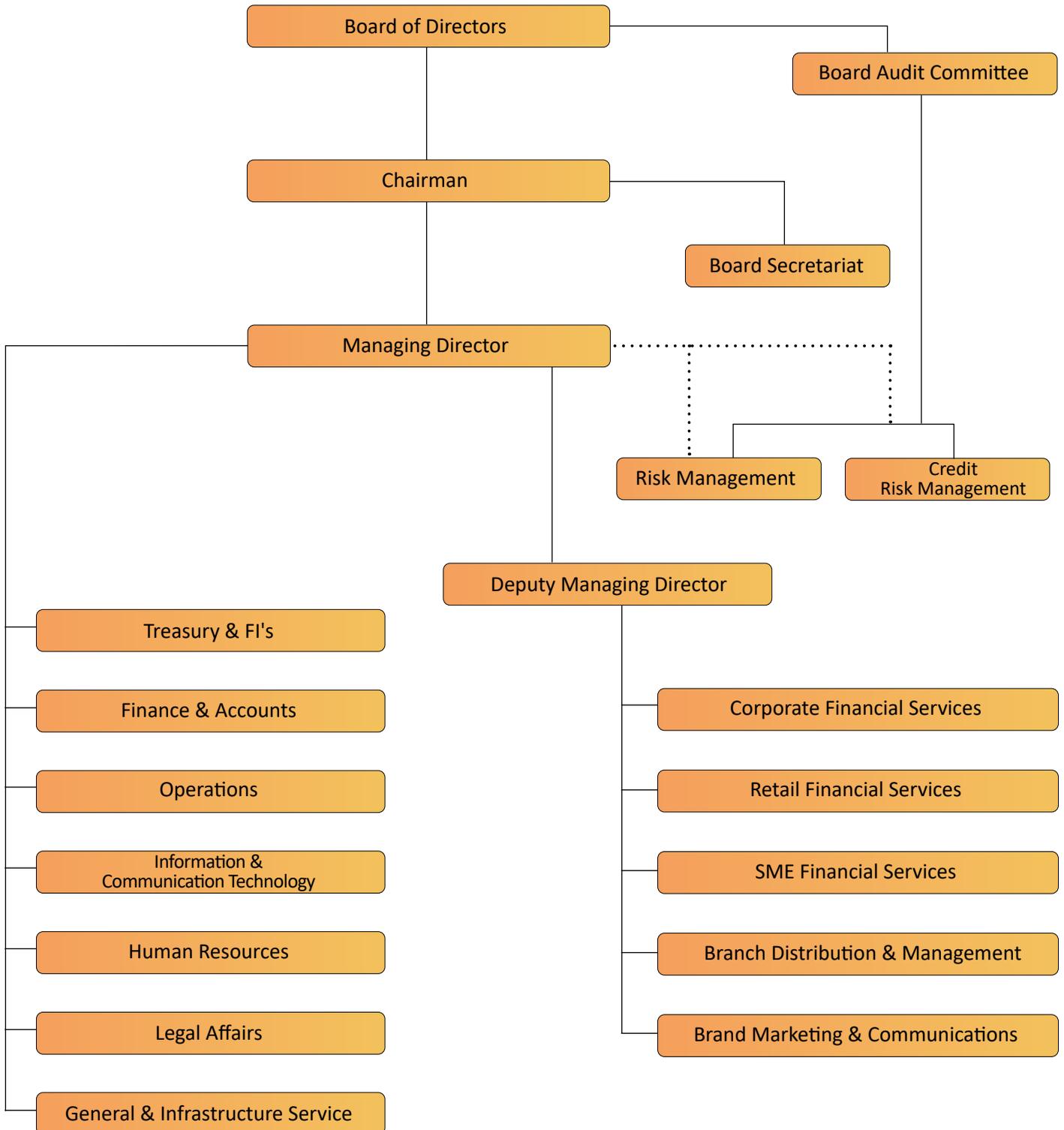
Thank you!



Khwaja Shahriar
Managing Director & CEO

ORGANOGRAM OF LANKABANGLA

GRI: 102-18



MANAGEMENT COMMITTEE

GRI: 102-18

LBFL's solid performance during these challenging times is a testament to the Management Committee's relentless pursuit of creating a sustainable and resilient brand and has been successful to live up to its efforts so far. The Management Committee has thirteen members in total, chaired by the Managing Director, and includes other Business and Department Heads as members. The Management Committee of LankaBangla Finance is focused on upholding its fundamental principles, which range from being customer-centric to operating with honesty and professionalism, overseeing the on-going operations of the company and opts to go for proper implementation of planning of the future so that the company can act up on it.



Sitting from the left

- 01 Quamrul Islam**
Head of Treasury & FI
- 02 Khurshed Alam**
Head of Retail Financial Services
- 03 Khwaja Shahriar**
Managing Director & CEO
- 04 Mostafa Kamal, FCA**
Group Company Secretary
- 05 A. K. M. Kamruzzaman, FCMA**
Head of Operations

Standing from the left

- 06 Mohammad Shoaib**
Head of Corporate Financial Services
- 07 Muhammad Habib Haider**
Head of GIS
- 08 Mohammed Kamrul Hasan, FCA**
Chief Risk Officer
- 09 Shamim Al Mamun, FCA**
Chief Financial Officer
- 10 Mohammad Hafiz Al Ahad**
Head of Human Resources
- 11 Kamruzzaman Khan**
Head of SME Financial Services
- 12 Sheik Mohammad Fuad**
Head of ICT
- 13 Mohammad Nazmul Hasan Tipu, CFA**
Chief Credit Officer

BOARD OF DIRECTORS

GRI: 102-18

The key to the designing of the administrative structure and procedures through the adoption of strategic planning and counselling is played well by the LBFL Board of Directors, who strives to give justice to one of its visions of being the most preferred financial service provider. The Board is responsible for the design and implementation of governance procedures, which includes the selection of senior management. The Board as a whole, under their progressive leadership, offers strategic guidance to Management for accomplishing its vision while adhering with all relevant regulations criteria and generating returns to shareholders. LBFL's Board of Directors is comprised of ten experienced and qualified personnel, including two independent directors and two female directors, one of whom is an independent female director.

Code of Conduct for board members

In accordance with the BSEC's amended corporate governance policy, the Board has established a Code of Conduct for all of its members, and annual compliance with the code is audited. The Board has established a code of conduct for the Chairperson of the Board, other board members, and the company's Chief Executive Officer, based on the proposal of the Nomination and Remuneration Committee (NRC). The NRC's code of conduct is posted on the company's website, and include, among other things, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules, and regulations; prohibition of insider trading; relationship with the environment, employees, customers, and suppliers; and independence.

Statement of Corporate Governance

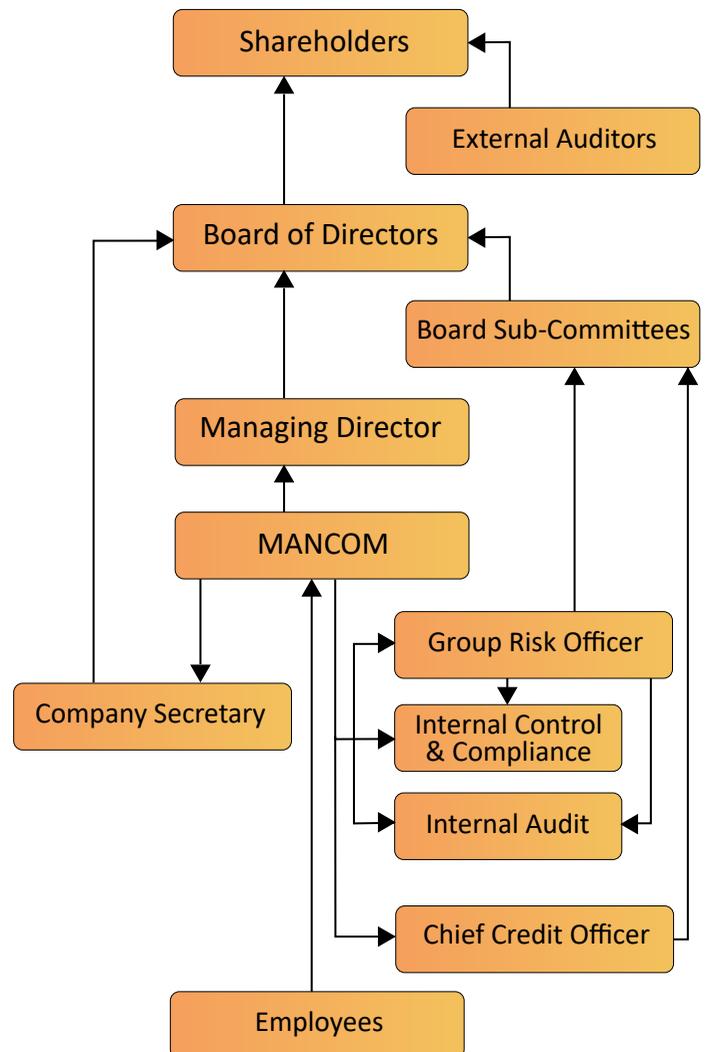
The Company Governance Framework at LBFL steers its growth by instituting appropriate corporate strategies, aiming to create, nurture and maximize value to the stakeholders; striving to gratify one its visions. The governance method is based on the premise that there is a connection between high-quality governance and the generation of long-term stakeholder value. LBFL has resolved to its fullest caliber of governance in pursuit of the corporate objectives, and strives to foster a culture that appreciates and promotes exemplary ethical standards, personal and corporate integrity, and mutual respect.

The Board of Directors, led by the Chairman, is in charge of governing LBFL and building an effective Governance Framework to tackle both short and long-term concerns. The Board is committed to assessing and improving the systems to promote free flow of information, as well as initiating transformative changes when needed to ensure best practices are maintained and enhanced in accordance with corporate governance standards. The company has been putting out arduous efforts to build a resilient brand in the form of LBFL, that is capable of weathering any storm, and as we speak, the performance of the company has been able to live up to its efforts and visions.

The Board is incessantly reviewing the company's systems and procedures to ensure transparency and accountability, and are updating its Corporate Governance policies to ensure compliance. The Board has been dedicated to ensuring ethical business practices and the implementation of top corporate governance procedures. All of the personnel working, including the Board of Directors and top executives, are expected to adhere to the values outlined in LBFL's Code of Conduct, which has been standardized across the LankaBangla Group. Additionally, LBFL preserves the Board's commitment to act independently and equitably in the best interests of our stakeholders.

“ LankaBangla Finance's corporate governance approach promotes transparency, accountability, and the creation of long-term value. ”

Corporate Governance Structure



Framework and Regulations Applied

LankaBangla has incorporated the rules laid down in the Code of Best Practice on Corporate Governance promulgated by the Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Bank on Corporate Governance for Financial Institutions in Bangladesh into its Governance Framework.

The following Acts, Regulations and Circulars have been used:

Sl.	Particulars
1	The Companies Act, 1994
2	The Financial Institutions Act, 1993
3	The Code of the best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission (SEC) vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 3, 2018.
4	Bangladesh Bank circular DFIM Circular No. 07, dated; 25 September, 2007.
5	Listing Regulations of Dhaka Stock Exchange and Chittagong Stock Exchange

The following internal principles and guidelines have been followed;

Sl.	Particulars
1	Vision and Values
2	Articles of Association
3	Code of Conduct
4	Code of Ethics
5	Board and Board Sub Committee Charters
6	Policies, Procedures, Directives

Governance Systems



Diversity and Equal Opportunity

GRI: 405-1

Two out of ten of the Board of Directors are held by female directors, of which one is independent.

The work environment is free of all forms of discrimination and ensures that all employees are treated fairly and impartially.

RISK MANAGEMENT APPROACH

GRI: 102-11

Strong risk management capabilities are critical to the success of a well-managed financial organization. The Risk Management function is the major resource for driving such skills in LankaBangla, and it complements the risk and control operations of other areas such as Internal Audit and Legal & Compliance. The following are the key components of LBFL’s risk management approach: strong risk governance; robust and comprehensive processes for identifying, measuring, monitoring, controlling, and reporting risks; sound assessments of capital adequacy relative to risks; and a rigorous system of internal control reviews involving internal and external auditors.

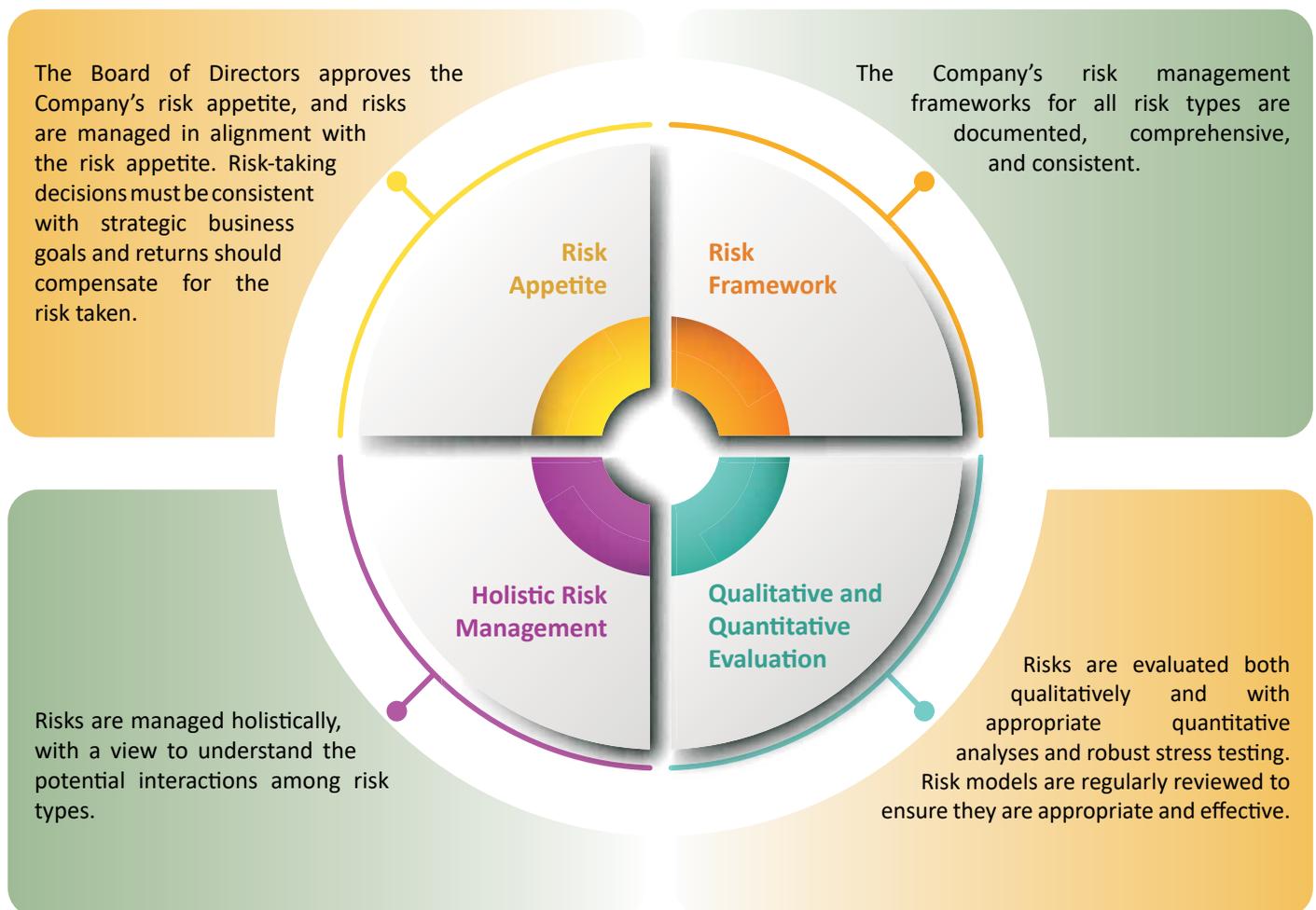
Risk Management in LankaBangla

LankaBangla’s overall approach to risk management is supported by a well-defined risk appetite, comprehensive policy framework, effective governance structures and appropriate tools and techniques to identify, measure and manage risk.

We believe that sound risk management is essential to ensuring success in our risk-taking activities. Our philosophy is to ensure

risks and returns remain consistent with our established risk appetite. To achieve this, we regularly refine our risk management approaches to ensure we thoroughly understand the risks we are taking to identify any emerging portfolio threats at an early stage, and to develop timely and appropriate risk-response strategies. The key elements of enterprise-wide risk management strategy are:

“Risk is an intrinsic component of our business that we must deal with on a daily basis, making risk management and compliance key activities in our culture. Our goal is to provide an effective risk mitigation technique by adhering to a Risk Appetite Framework (RAF) that blends long-term corporate growth with sustainable future aspirations.”

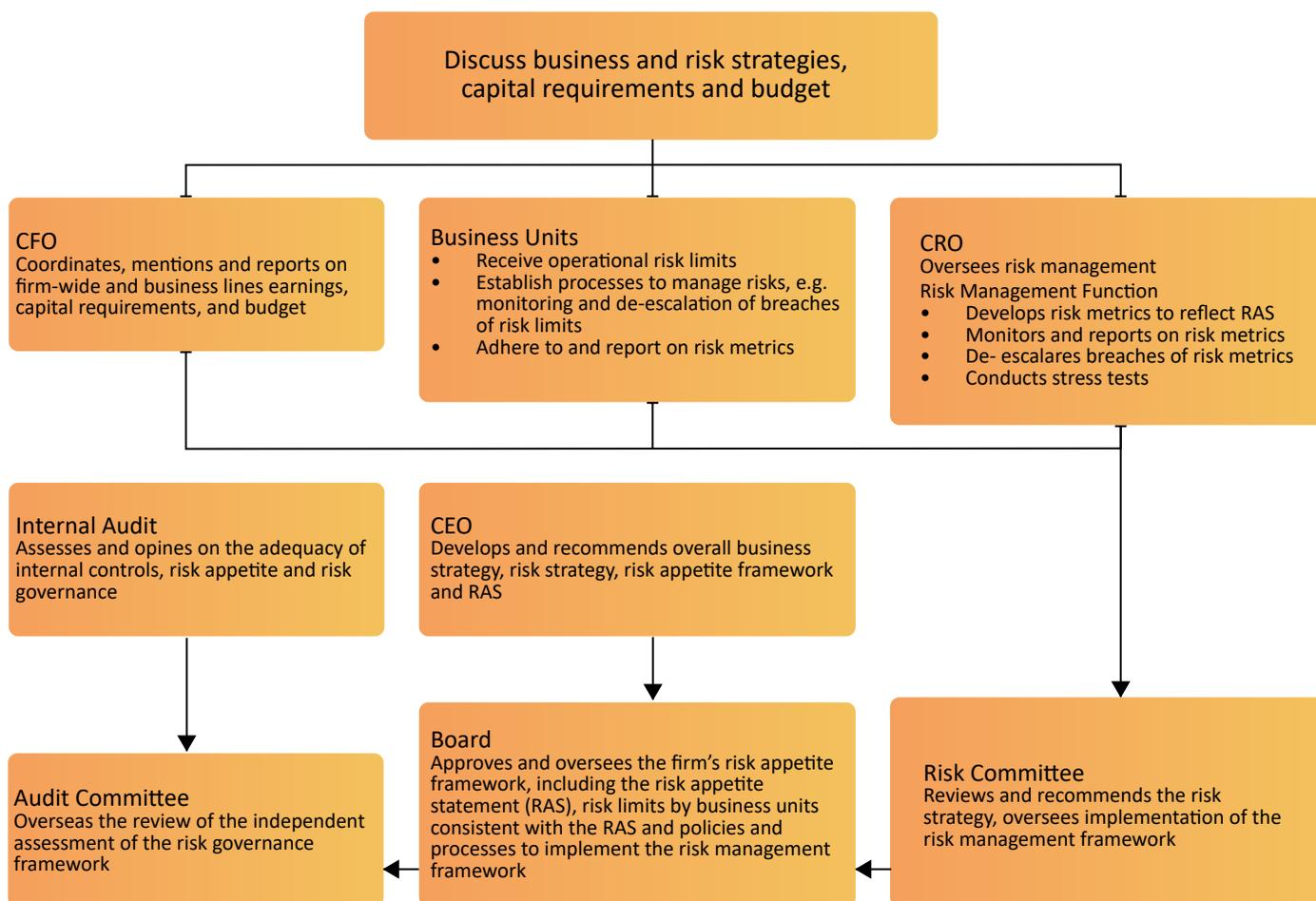


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“ With regard to our retail and corporate offerings, our risk management and lending approach are gradually including sustainability criteria, which will also play an increasingly important role in our short and long-term incentive schemes. ”

Risk Governance and Organization

The risk appetite and risk principles of the company are established by the Board of Directors. The Board Audit Committee is the primary Board committee in charge of risk management within the company. It reviews and approves the Company's general risk management philosophy, as well as risk management frameworks, main risk policies, and risk models. The Board Audit Committee also oversees the implementation and operation of risk management systems, and its efficacy is evaluated on a regular basis.



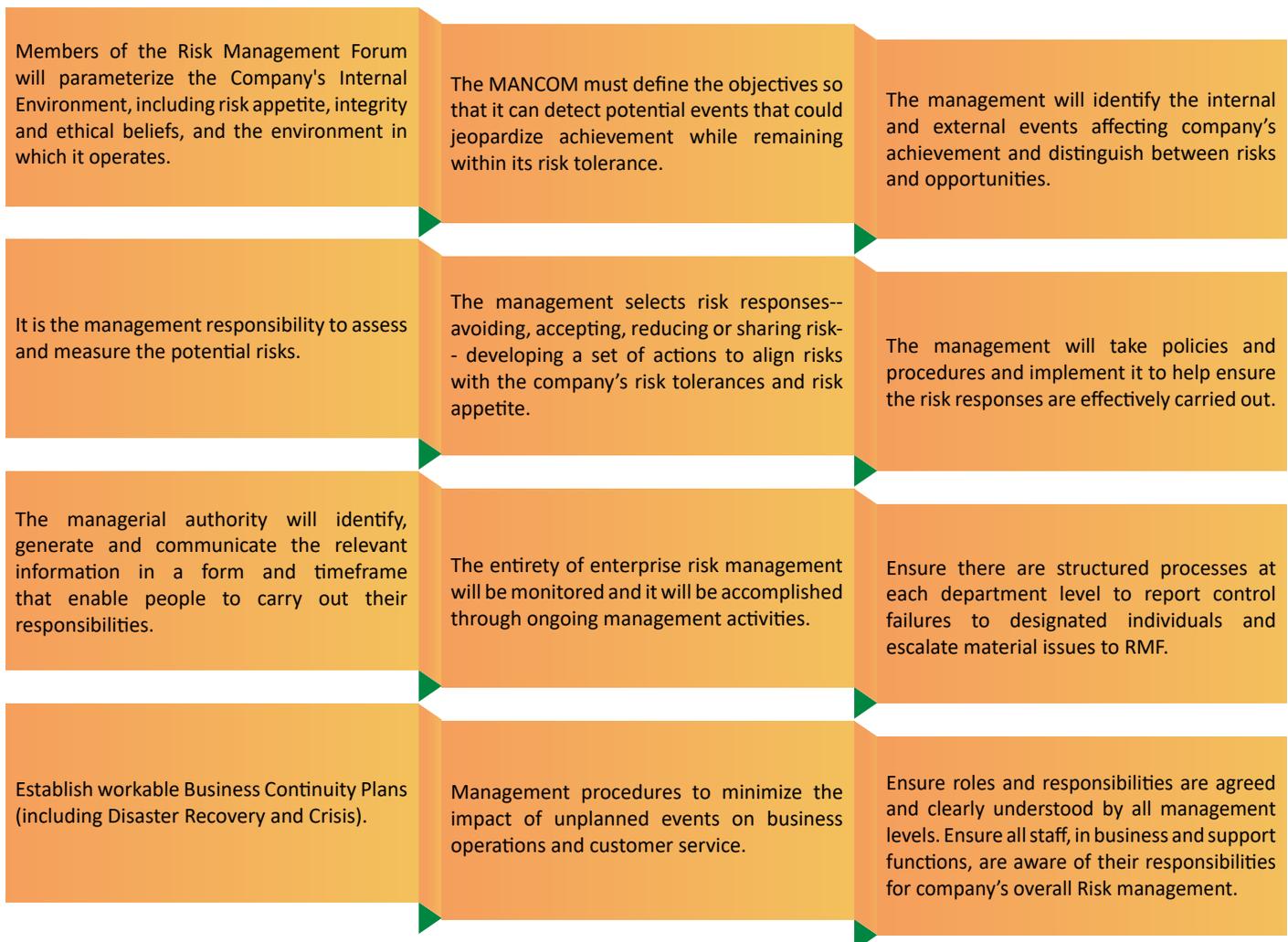
The Company's numerous risk exposures, risk profiles, risk concentrations, and trends are reported to the Board of Directors and senior management on a regular basis for discussion and action. The Board Audit Committee is supported by the Risk Management Division, which is responsible for providing independent risk control and managing credit, market, operational, liquidity, and other important risks on a daily basis. Risk officers work within the division to design Company-wide policies, risk assessment and methodology, and to monitor the Company's risk profiles and portfolio concentrations. The Company's risk management and

reporting systems are intended to ensure that risks are comprehensively captured in order to support well-considered decision making, and that relevant risk information is effectively conveyed to the appropriate senior management executives in order for those risks to be addressed and risk response strategies to be developed. To maintain the objectivity of risk management functions, risk officers' compensation is established separately from other business sectors and is reviewed on a regular basis to ensure compensation remains competitive with market levels.

Credit officers participate in transaction approvals, and personal approval authority limits are defined depending on the officers' relevant experience and portfolio coverage. Representatives from the division also contribute their experience during the design and approval processes for new goods offered by the Group. This ensures that new or emerging risks from new products are detected, measured, and managed appropriately within current risk systems and processes.

Risk Management Forum at LankaBangla

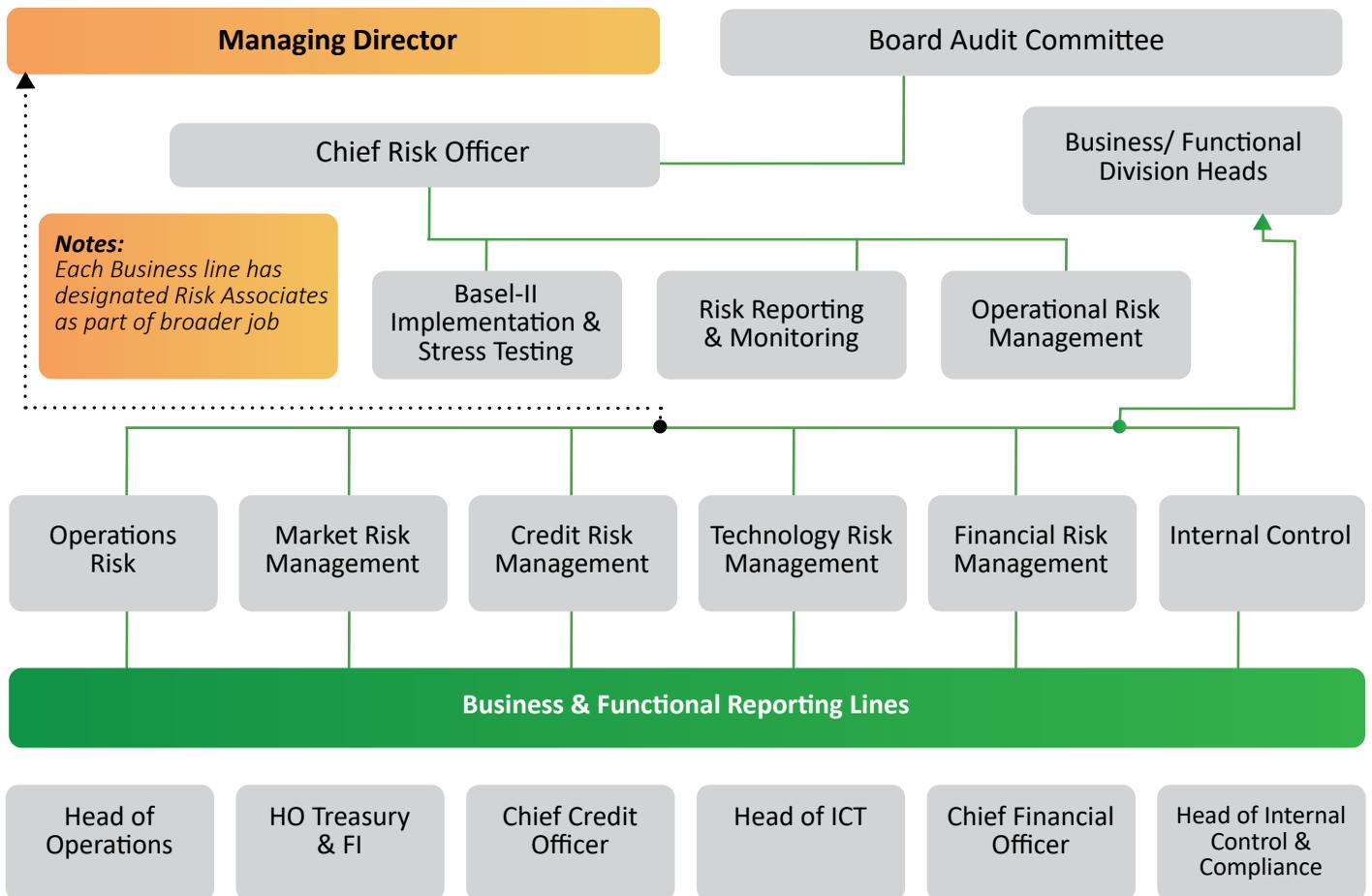
LankaBangla's Risk Management Forum (RMF) and Risk Analysis Unit (RAU) were established in 2013 in accordance with the Bangladesh Bank's DFIM Circular No. 01 of April 7, 2013. The Managing Director of the Company chairs the Risk Management Forum, and the Chief Risk Officer serves as the Secretary; all business and operational leaders are members of the RMF. The main responsibility of the Risk Management Forum includes the following:



Risk Analysis Unit (RAU) at LankaBangla

In general, the Risk Analysis Unit (RAU) will be solely responsible for identifying and analyzing all types of risks in a timely and appropriate manner. It (RAU) will serve as the Risk Management Forum's secretariat. In accordance with Bangladesh Bank norms, RAU operates independently of all other units/divisions of the FI; for example, no member of this unit will be involved in any form of transaction grading or setting/working to reach any FI-imposed target. He/she will not be involved in the process of establishing any standards or threshold ranges for risk management objectives.

Risk Management Structure



Credit Risk

Credit risk is defined by LBFL as the risk of losses resulting from counterparties failing to meet all or a portion of their payment obligations to the Group. The general policies governing the LBFL’s credit risk exposure are set by the Board of Directors. The risk appetite framework for the LBFL is determined in compliance with these policies. The goal of the LBFL is to develop long-term connections with its clients. Credit is given for the great majority of products based on the customer’s financial condition and particular customized assessments. Ongoing monitoring of changes in the customer’s financial status allows you to determine whether the foundation for the credit facility has changed. Credit facilities should be appropriate for the customer’s creditworthiness, capital situation, and assets. Furthermore, as a general rule, LBFL requires collateral in order to mitigate credit risk.

To provide a consistent, coordinated, high-quality credit-granting process, all credit applications are handled in accordance with a pre-defined protocol that delivers consistent, high-quality credit processing:

<p>Branches: All branch managers process all credit applications and then the applications are submitted to the Credit Risk Management Division through the respective Business Division along with a credit recommendation.</p>	<p>Credit Risk Management (CRM) Division: All credit applications are submitted to the CRM Division for approval. The CRM division approves the credit proposal within the limit set by the Board of Directors.</p>
<p>Management Credit Committee (MCC): The MCC reviews all applications beyond the Credit Department’s credit line. The MCC conducts credit meetings on a weekly basis.</p>	<p>Board of Directors: The Board of Directors reviews all applications that are beyond the MCC’s credit line.</p>

Credit processing must be carried out with a thorough understanding of the risks inherent in each individual exposure in order to strike a balance between risk and earnings potential while adhering to the overall goals set by the Board of Directors and Bangladesh Bank.

Credit Risk Mitigation

Borrower selection process is the most important credit risk identification measure from a forward-looking perspective, employing fundamental credit analysis including loan purpose and utilization, company analysis including cash flow, industry analysis, credit rating, credit risk grading, entrepreneurial track record, repayment performance including CIB status, among others. The scope of credit risk mitigation measures is ultimately determined by determining the level of credit risk. However, the following credit risk mitigation strategies are commonly used by lenders.

Collateral coverage can take the form of land and buildings, financial instruments such as TDRs and marketable securities, and so on. In the event of a downturn, the value derived from the liquidation of collateral securities may provide some credit risk protection. Land and building valuations are often performed by a third-party surveyor. Cash security, by default, provides the greatest level of protection against credit risk, and exposure is often measured net-of-cash security.

Leased assets are principal security, which inherently provides some degree of credit risk protection. Primary security measures such as **hypothecated** capital machinery and stock of commodities are common, although asset marketability and management are vital in credit risk mitigation.

Credit enhancement is typically provided by the guarantee of high net worth individuals/directors and company **guarantees** with solid business standing. The cross default option is important since the guarantee of an entity favoring a borrowing concern is also represented in the CIB report. A bank guarantee is also an effective credit enhancing tool.

Comprehensive insurance against assets covering loan amount is a common **risk mitigation tool** in the case of an unforeseen future catastrophe.

Both the single borrower exposure limit and the sectorial **exposure** limit are utilized as risk management instruments, and both issues are addressed in the credit policy in accordance with regulatory requirements.

When there is a chance that the borrower will default on the loan, the **risk-based pricing strategy** is applied. Given the risk profile, a risk premium is added to the base price. Credit risk grading score, credit history, property use, property kind, loan amount, loan purpose, income and asset amounts, as well as documentation levels, property location, and others are all prevalent risk-based factors that are now used.

Besides diversifying credit risk through extending small sized loan to numerous borrowers across different customer segments who are essentially unrelated with each other may be considered policy level credit risk diversification strategy.

Credit Monitoring and Portfolio Management

The Board of Directors and senior management get timely and relevant information on the condition of the LBFL's asset portfolio, including asset classification and the amount of provisions and reserves. The report contains, at a minimum, a description of the portfolio review results, comparative trends in the overall quality of problem assets, and measurements of actual or future asset quality deterioration and portfolio losses. Significant concentration risk is also communicated to the Board of Directors and senior management for evaluation and debate. Stress tests are performed on a regular basis to analyze the risk in a certain market segment under severe conditions. Appropriate actions, such as pricing for greater risk, unwinding positions, boosting capital or reserves, securitization, and so on, have been adopted to manage undue concentration risks.

Market Risk

Market risk is defined by LBFL as the risk assumed in response to price movements in financial markets. Several types of dangers may develop, and LBFL carefully manages and monitors these risks. Market risk emerges when the fair value or future cash flows of the Company's financial instruments fluctuate as a result of changes in market variables, namely interest rates and equity prices. The risk of exchange rate swings has no direct influence on LBFL because, as an NBF, it cannot deal in foreign currency. Interest rate risk, which is a significant risk element for the business, is constantly handled by the Company to ensure that spreads are not eroded and that final profitability is not impacted.

Interest Rate Risk

ALCO is the key committee in charge of overseeing the Company's interest rate risk on a regular basis and initiating appropriate action to reduce overall interest risk exposure within the Company's risk appetite limitations. The Treasury section is in charge of managing financing and market rates on an ongoing basis, as well as maintaining the ideal interest rate structure of all LBFL products.

Equity Risk

It is the possible loss as a result of a negative change in the stock price. NBFIs can accept stock as collateral for loans and invest in other companies by purchasing ownership holdings in other companies with free or investible capital. Any negative change in stock price results in a loss or a decrease in the value of investments. The Company's accounting rules ensure that we record share investments at fair value, with any realized gains/losses recognized via profit and loss.

Operational Risk

Operational risk could arise from inadequate or failed internal processes, people and systems or risks arising from external events, leading to financial losses. LBFL has instilled various internal controls to detect possible human errors, fraud, faulty internal processes and systems, non-adherence to procedures and non-compliance to regulations. A company-wide effective internal control system is in place, requiring all staff to adhere to set policies and procedures. To ensure clarity in required practices, the Company has developed a comprehensive procedure manual, covering all key functions. Failure to manage operational risk can often result in other risks emerging such as reputational losses, which may also cause brand erosion and would raise regulatory penalties.

Operational risk management techniques adopted directly linked to people including segregation of staff duties, job rotation, staff training and development, employee operations, while inbuilt ICT controls, maintaining of documentation and keeping backup of documents and systems remain other forms of measures.

Liquidity Risk

LBFL has a thorough in-built liquidity monitoring procedure in place, which has been reinforced in recent years by including strict liquidity assessment and protection measures imposed on the industry by regulators. To improve liquidity management, we developed a Board-approved Asset and Liability Management Committee (ALCO) to oversee the Company's liquidity situation. ALCO, as the overall supervisory body in charge of controlling LBFL's liquidity risk, meets monthly to review the adequacy of overall liquidity elements from other commitments. This high-level group, comprised of important divisional leaders, assesses the impact of all strategic and medium-term decisions made by the Board and corporate management on liquidity.

Others Risk



Legal Risk

In a highly regulated finance market, LBFL engages in financial transactions that are subject to greater scrutiny. We acknowledge that regulatory changes may increase the cost of compliance, limit the types of financial services and products that can be offered in the market, and, in some cases, increase the likelihood of competitors capitalizing on their own offerings. It is also critical that legal risk be handled effectively to minimize disproportionate financial impact on business and to avoid reputational harm that could lead to loss of confidence.

ICT Risk

As part of the process of developing the Company's strategic strategy for the following three fiscal years, future technological needs were assessed and identified. The ICT Division evaluated policies concerning hardware and software procurement and maintenance procedures, an ICT business contingency plan, system licensing procedures, and so on. The updates were carried out in compliance with industry best standards. The independent consultant KPMG has previously performed a risk evaluation of the ICT systems, and contingency plans for key ICT dependent processes have been implemented as part of the BCP in order to successfully meet any unanticipated technology exigencies.

Reputation Risk

To guarantee that business is done in a professional, ethical, and sensible manner, LBFL has adopted needed

corporate governance standards, risk assessment methods, departmental process manuals, and appropriate compliance verification. Suggestion boxes have been installed in all branches, and a customer survey has been conducted to gather client feedback in order to improve customer relationships. Regardless of corporate structure, all employees are expected to live by the Company's basic values. Employees that violate LBFL's tight regulations, process guidelines, and norms face severe disciplinary action.

As described in the section on sustainability, a number of meritorious projects were undertaken for the benefit of society and the environment in order to continue the company's objective of delivering a deep feeling of social responsibility.

Human Resource Risk

As a service organization, we rely heavily on our human resources to propel our business ahead and fulfill anticipated service standards. To be successful, we rely heavily on the performance of our staff in meeting organizational goals and other aspirations. As a result, finding and keeping high-caliber employees with the requisite expertise and skills to execute duties is critical if LBFL is to continue on its path to success. Of course, this has become a challenge, especially when the employment market is swamped with countless job prospects for talented persons both within and beyond our industry.

Strategic Risk

Strategic risk is defined as the risk associated with existing strategy, future business plans and strategies, including plans to enter new business lines, expand existing services through organic business growth, mergers and acquisitions, or exposure loss resulting from a strategy that turned out to be defective or inappropriate. Management evaluates performance against expected targets on a regular basis, referring to devised strategies and the success of their implementation.

Competitor Risk

During this fiscal year, a number of finance firms were established. Banking and NBF1 sector margins have shrunk, although the market is expected to expand rapidly as public view of the sector improves. Owing to the plethora of different investment and borrowing options accessible to customers in the market, competition for sector players remained intense. Most of the time, our management style strives to maintain staff morale and motivation in order to maintain maximum production levels across all of our operations. We are fortunate to have a robust financial structure that allows us the chance and flexibility to make broad strategic decisions in the face of future challenges.

JOURNEY TOWARDS SUSTAINABILITY

LBFL believes that long-term value generation for all stakeholders is critical as a major player in Bangladesh's finance sector. We seek to align all decisions with the ultimate goal of achieving financial performance and investment returns while minimizing environmental, social, and governance risks. LBFL is committed to decreasing the Company's negative environmental and social imprint across all internal and external operations.

LBFL has established and implemented mechanisms to stimulate, sway, or mandate its stakeholders and business partners to minimize environmental impact, protect the environment, provide a safe and healthy workplace for their employees and contractual staff, and restore living standards for those impacted by project operations, wherever relevant and necessary.



SUSTAINABLE BUSINESS PRACTICES STANDARDS

GRI: 102-12

“ We try to benchmark our channels to international standards and widely recognized best practices in order to provide our customers with the comfort of world-class financial services through all of our physical channels. ”

LankaBangla Finance Ltd. Strives to conduct business in accordance with national and international norms, legislation, and initiatives that are recognized as essential aspects for a competent non-banking financial institution in terms of environmental, societal, and governance (ESG) parameters.

Business Standard	Organization	Status	Implementation Timeline
GRI Standard	Global Sustainable Standards Board	Incorporated as organizational recommendation for sustainability reporting	1st January, 2021
ESRM Standard	Environmental & Social Risk Management	To ensure sustainable finance mandated by Bangladesh Bank	12th February, 2019

STAKEHOLDERS ANALYSIS

GRI: 102-40

We recognize that we compete and operate on the basis of trust, and that it is our stakeholders who are the ultimate arbiters of our legitimacy, and therefore our sustainability. Our stakeholders are those individuals or organizations who have direct or indirect interest in our success or failure and whose opinions and actions can impact our ability to execute our strategy and conduct our business activities and without whose continuing participation, LBFL cannot survive as a going concern. For reporting purpose, we identified following parties as our key stakeholders, from a sustainability perspective.



LBFL and its stakeholder’s relational influential matrix can be chalked out as follows:

Influence by LBFL on Stakeholder	High			<ul style="list-style-type: none"> ▶ Investors/ Shareholders ▶ Customers ▶ Employees ▶ Board Members 	
	Medium		<ul style="list-style-type: none"> ▶ Suppliers & Business partners ▶ Society 	<ul style="list-style-type: none"> ▶ Lenders ▶ Regulators 	
	Low		<ul style="list-style-type: none"> ▶ Environmental Groups 		
	Low		Medium	High	
	Influence by Stakeholder on LBFL				

GRI: 102-42

	<p>Investors/ Shareholders</p>	<p>Investors remain LBFL’s key stakeholder, who having invested capital, requires information on a continuous basis to track LBFL’s performance and achievements in enhancing shareholder wealth.</p> <p>Needs and Expectations of the investors/shareholders</p> <ul style="list-style-type: none"> ▶ Relevant timeous information on our strategy, prospects and financial and non-financial performance so that the LBFL group can be fairly valued and appropriate credit ratings assigned ▶ Consistent financial performance, delivering attractive returns (increasing ROEs) and solid dividend income, underpinned by a sound balance sheet ▶ Good and experienced management ▶ An attractive and sustainable growth strategy
	<p>Customers</p>	<p>We consider customers as the bread and butter of LBFL’s business, who remain interested as they transact with LBFL on an ongoing basis. It is important for LBFL to sustain business and build bonds with them and also to attract new customers.</p> <p>Needs and Expectations of the customers</p> <ul style="list-style-type: none"> ▶ Offering innovative solutions and services. ▶ Growing and protecting client investments and wealth. ▶ Financing the aspirations of clients, while protecting against over indebtedness. ▶ Providing convenient access to LBFL’s financial services with less complexity and improved flexibility. ▶ Protecting clients and their assets through secured IT systems and infrastructure. ▶ Providing value added services that are competitive and transparent in pricing. ▶ Providing sound financial advice and financial education.
	<p>Employees</p>	<p>Employees are the most valuable resources of LBFL. We have always been very passionate about human capital management and takes responsibility for developing employee potentials and leveraging employee skills in the organization. LankaBangla continues to implement HR policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. LankaBangla believes that the skills and enthusiasm of its employees are a major force that helps it to achieve sustainable results.</p> <p>Needs and Expectations of the employees</p> <ul style="list-style-type: none"> ▶ Career development opportunities ▶ Adequate training facilities ▶ Effective performance management and recognition ▶ Effective employee relations ▶ A healthy and safe work environment
	<p>Suppliers & Business partners</p>	<p>Suppliers have become increasingly important to LBFL with the expansion of its network and increasing requirement for stationery and other related supplies. To ensure uninterrupted day to day operational activities we should maintain smooth flow of all related supplies and thus maintain good relations with our suppliers.</p> <p>Needs and Expectation of the suppliers and business partners</p> <ul style="list-style-type: none"> ▶ Compliance to contractual terms

	<p>Lenders</p>	<p>Funding providers, mostly LBFL’s banking partners are an important component of LBFL’s business as they support LBFL in meeting funding needs, when need arises. It is necessary to sustain a continued relationship, which will yield mutual benefit for both parties.</p> <p>Needs and Expectation of the lenders</p> <ul style="list-style-type: none"> ▶ Competitive interest rate ▶ Compliance to contractual terms ▶ Building business relationships
	<p>Regulators</p>	<p>Compliance and regulatory risk has become increasingly significant given the more stringent regulatory environment in which LankaBangla operates. As a listed financial institution and holder of public deposit LBFL is regulated by following regulators: Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), National Board of Revenue (NBR)</p> <p>Needs and Expectation of the regulators</p> <ul style="list-style-type: none"> ▶ Ensure effective corporate governance ▶ Compliance with rules and regulations ▶ On time regulatory reporting ▶ Timely submission of VAT and Tax ▶ Ensure value for the general shareholders
	<p>Society</p>	<p>As a member of the society LBFL has responsibilities towards the society from a broader sustainability perspective. Apart from financial needs, LBFL have to act in a socially responsible manner, for societal benefits.</p> <p>Needs and Expectation of the society</p> <ul style="list-style-type: none"> ▶ To act in a socially responsible manner
	<p>Environmental Groups</p>	<p>Environmental groups are organizations coming out of the conservation or environmental movements that seek to protect, analyze or monitor the environment against misuse or degradation from human forces.</p> <p>Needs and Expectation of the environmental groups</p> <ul style="list-style-type: none"> ▶ Protection of environmental and ecological balance
	<p>Board Members</p>	<p>LBFL has a group of experienced and professional Board members in its Board. With immense experience and professionalism the Board of LankaBangla is conducting its Business for the last 25 years and ensuring proper corporate governance since then.</p> <p>Needs and Expectation of the board members</p> <ul style="list-style-type: none"> ▶ Sound Financial position ▶ Efficient Financial performance ▶ Effective Corporate Governance ▶ Protecting shareholders wealth

ENGAGING WITH OUR STAKEHOLDERS

GRI: 102-43, GRI: 102-44

Our relationships with all our stakeholders impact directly and indirectly on our business activities and reputation. We proactively engage with stakeholders to inform our business strategy and operations, shape our products and services, manage and respond to social expectations, LBFL’s reputational risk and influence the environment in which we do business. The ways in which we engage with our stakeholders, and the frequency with which we do so, varies according to each stakeholder group. Engagement is based on identified issues and areas of concern that may impact our stakeholders. We use a decentralized stakeholder engagement model in which individual business units undertake stakeholder engagement appropriate to their areas and are responsible for identifying stakeholder concerns and taking appropriate action. At the center, the Board, oversees all engagement and plays a key role in analyzing our business relevant issues and concerns and providing guidance on appropriate responses.

Investors/Shareholders

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> ▶ Shareholder satisfaction regarding the Company's financial position ▶ Shareholder views on key governance and policy matters ▶ Development of shareholder communication channels ▶ Return on equity and interest gains ▶ Strategy and business continuity ▶ Financial performance 	<ul style="list-style-type: none"> ▶ Maintaining a consistent bottom line ▶ Ensuring a sustainable return on investment ▶ Engaging in greater transparency in line with the Corporate Governance Codes ▶ Maintaining the Company's reputation and credibility ▶ Safeguarding asset quality 	Annual General Meeting (AGM)	Annual
		Annual Report	Annual
		Integrated Report	Annual
		Announcements to Shareholders	Ad hoc as necessary (Interim accounts-quarterly)
		Extraordinary General Meetings	Ad hoc as and when necessary
		One-To-One Meetings	As necessary
		LBFL website information updates	On a regular basis
		Press releases and articles in magazines	At least one release per quarter

Customers

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> ▶ Customer service ▶ Customer Security ▶ Satisfaction on existing products ▶ Brand perception and reputation ▶ Customer convenience ▶ Need for innovation and customized solutions ▶ Communication methods ▶ Timely and relevant information on products and services ▶ Customer touch-points ▶ Customer benefits and rewards ▶ Loyalty recognition 	<ul style="list-style-type: none"> ▶ Effective compliant resolutions ▶ Maintain service excellence ▶ Deliver technology-driven solutions ▶ Continuous introduction of innovative products ▶ Maintaining data security and customer privacy ▶ Effective marketing and communication 	Customer awareness programs	Annually in every branch
		Direct customer feedback to any of LBFL service points	On a regular basis
		Marketing visits/ Field visits	Credit customers mostly once prior to transacting
			Deposit customers on an ad hoc basis and selective
		One-to-One meetings	As necessary
		Customer suggestions via suggestion boxes and follow up	Ad hoc
		Telephone discussion/ E-mails	On a regular basis
		Media campaigns	As necessary

Employees 

Matters Relevant to the Stakeholder	Our Strategic Response to the Stakeholder	Engagement Mechanism	Engagement Frequency
<ul style="list-style-type: none"> ▶ Ethical employment practices ▶ Career development opportunities ▶ Employee communication and feedback ▶ Rewards/recognition ▶ Employee well-being ▶ Work-life balance 	<ul style="list-style-type: none"> ▶ Competitive rewards and benefits ▶ Promote greater diversity and inclusion ▶ Develop from within through training ▶ Performance based incentive ▶ Effective handling of grievances ▶ Maintain high standards of occupational health and safety ▶ Ensure employees' welfare 	LBFL corporate website	On a regular basis
		Inculcating an open-door policy for employees to freely interact one-on-one with MD and other senior officials	On a regular basis
		Management Meetings	As and when necessary
		Performance appraisal and individual review meetings	Annual
		Town Hall Meetings	Biannual
		Internal news-letter communicate	Monthly
		Corporate communiques via circulars, memos and e-mails	On a regular basis
		Media campaigns	As necessary

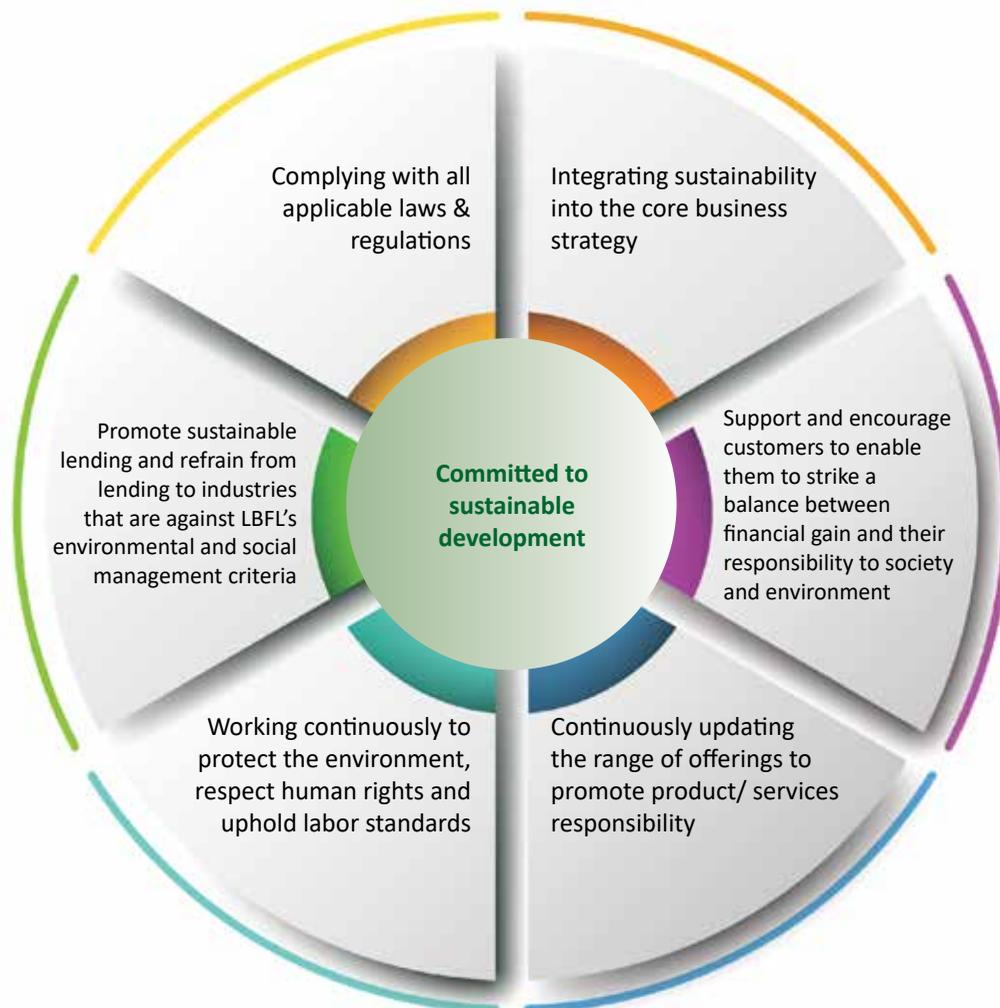
APPROACH TOWARDS SUSTAINABILITY

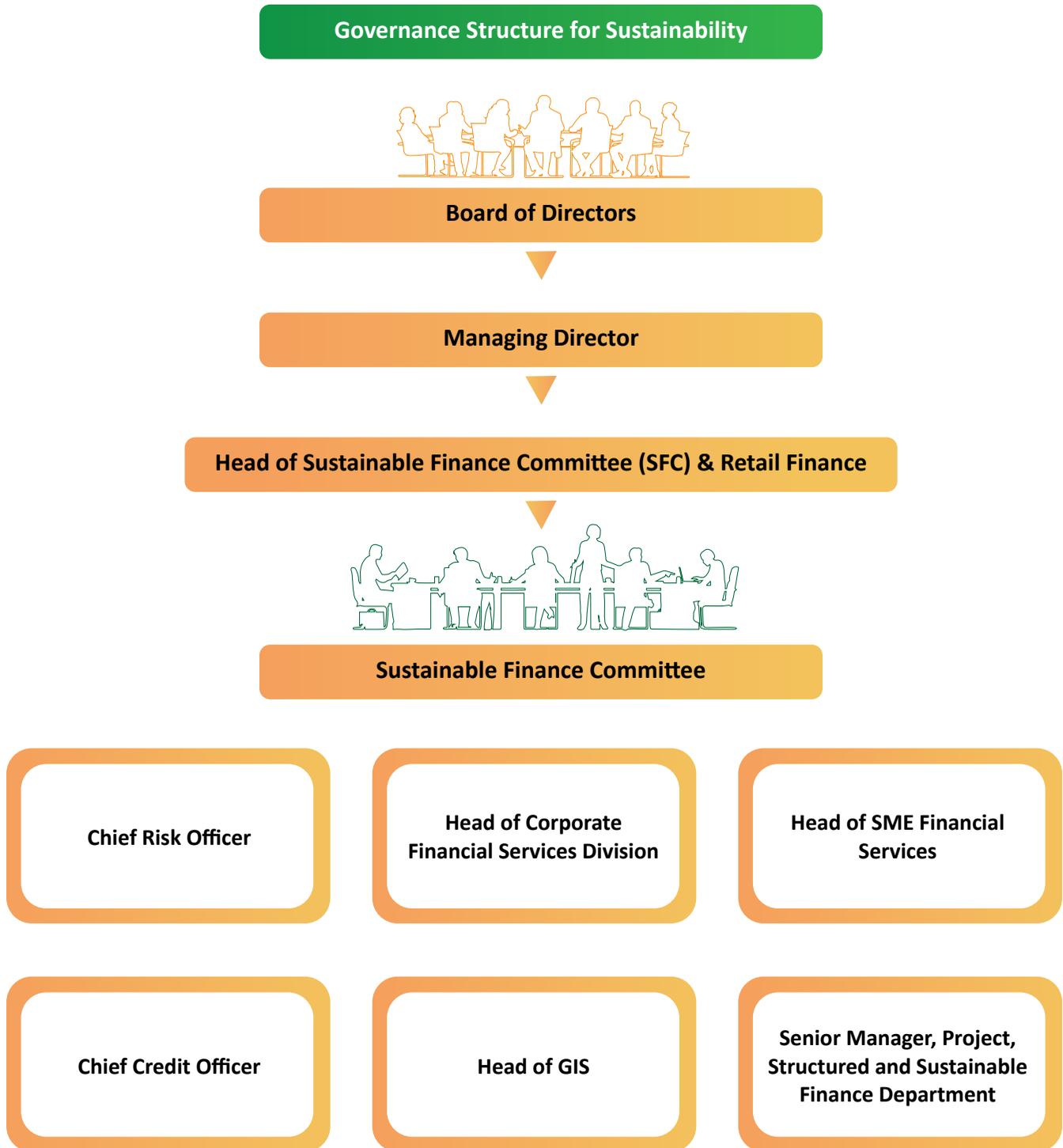
TOWARDS A SECURE FUTURE...

“ Our focus on crafting ourselves sustainably is represented through our fervent commitment to establish a prerogative to contribute to the environment, society, and our governance. ”

We Serve	We Focus On
<p>Economic Sustainability Produce strong financial results consistently to ensure long term financial stability and continuity of business operations</p>	<ul style="list-style-type: none"> ▶ Good Governance ▶ Ethical Business Principles ▶ Leadership ▶ Market Share ▶ Productivity and Efficiency
<p>Social Sustainability Deliver solutions to help eliminate persistent socio-economic inequalities</p>	<ul style="list-style-type: none"> ▶ Socially Responsible Products and Services ▶ Equal Employment Opportunity ▶ Financial Inclusions
<p>Environmental Sustainability Lead by example in the adoption of eco-friendly best practices for the industry</p>	<ul style="list-style-type: none"> ▶ Digital Solutions ▶ Paperless Operations ▶ Green Lending

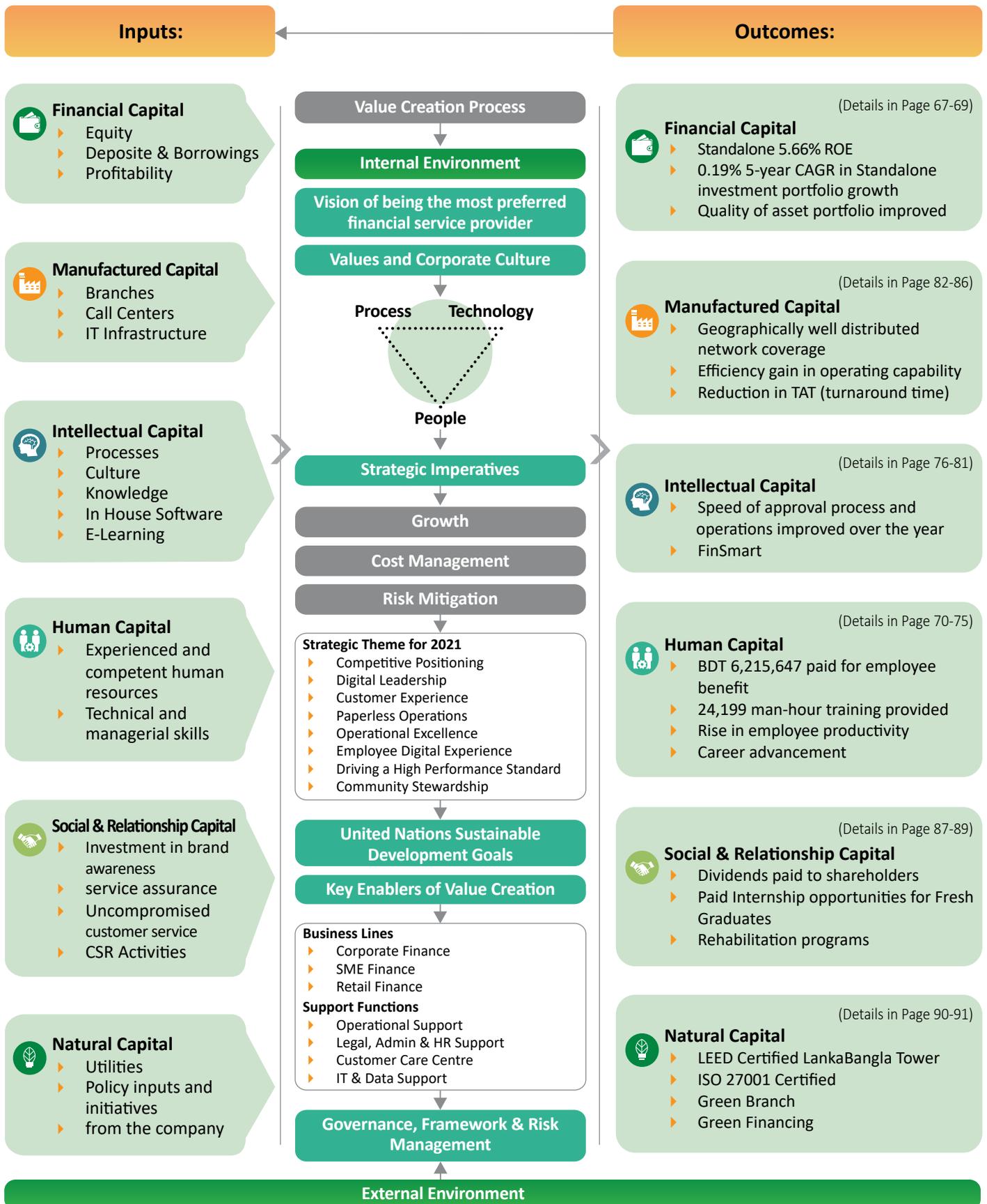
Contribution towards Achieving the United Nations Sustainable Development Goals





VALUE CREATION STRUCTURE

GRI: 102-15



ASSESSING MATERIALITY

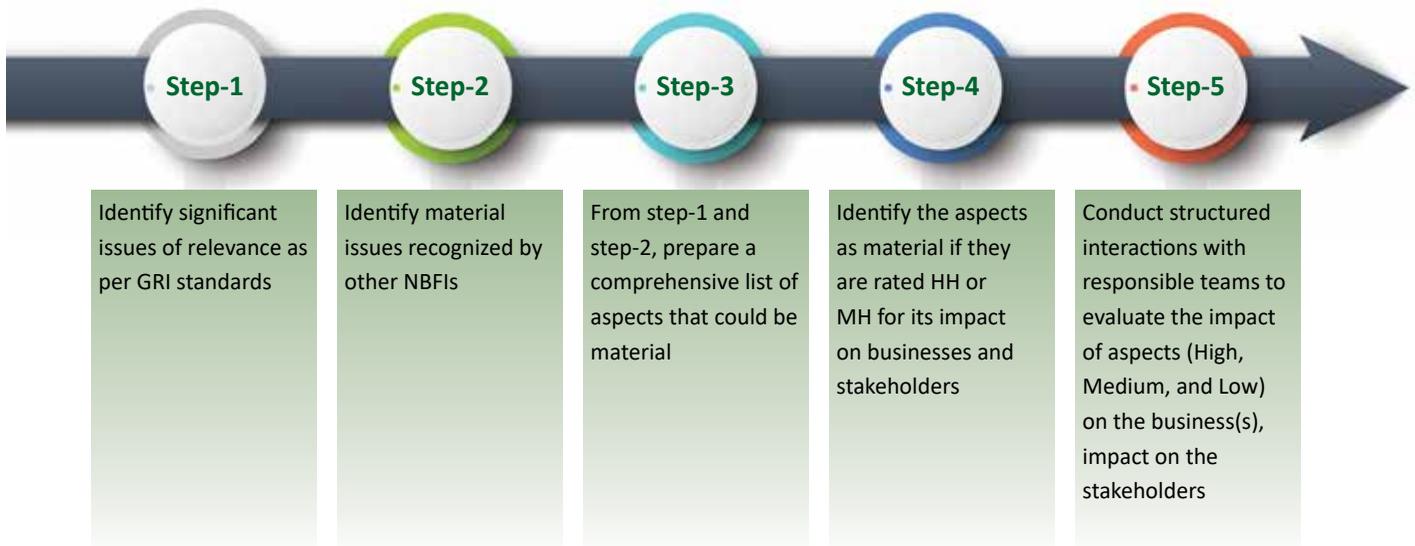
GRI: 102-47

The assessment of Materiality is the first stage in our value creation journey. Materiality is a term that outlines why and how certain issues are relevant in our own business. The dangers and opportunities in our immediate operational environment, changes to legal and regulatory frameworks, global trends, and insights from stakeholder feedback all play a role in determining materiality. This approach is further aided by data-driven insights from independent reports, which include assessments of sector-specific issues and legal requirements. Each topic’s materiality is assessed by its significance, likelihood of occurrence, and extent of impact. Where applicable, Material Topics are further aligned to GRI indicators.

We employ materiality analysis to identify major issues that are important to our business. We identified the most important components of sustainability based on our understanding of our stakeholders’ needs and objectives. Our identified stakeholders’ expectations and concerns assist us in prioritizing strategy, policies, and action plans in the areas of economics, environment, and society. Based on their value to stakeholders, these inputs were mapped on a materiality matrix.

Materiality Process

The report detailed the Company's social, economic, and environmental objectives. In conformance with the updated GRI standards, the various aspects mentioned in the GRI Standards and topic specific disclosures were evaluated and considered material based on their significance to our business and to our stakeholders, which contributed to defining the report content and communicating performance during 2021.



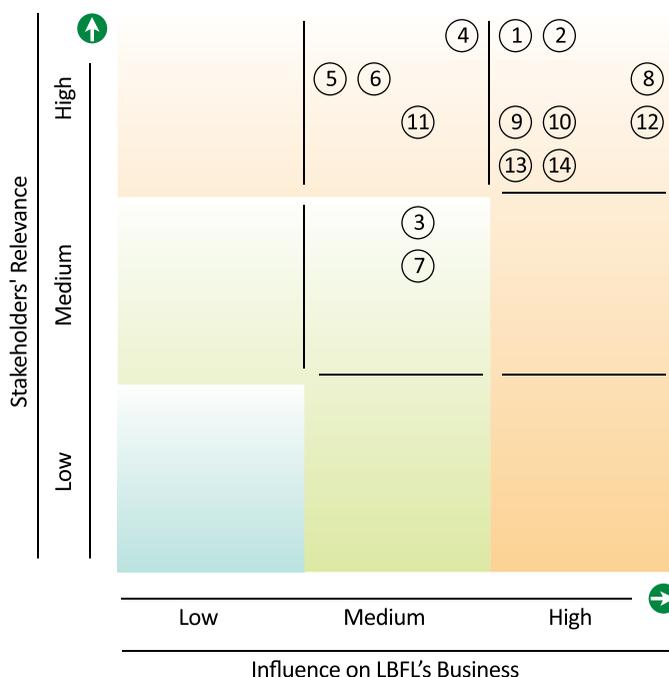
Economic	Environmental	Social
1. Economic Performance	6. Energy	10. Employment
2. Indirect Economic Impacts	7. Water and effluent	11. Occupational health and safety
3. Procurement Practices	8. Reduction of GHG emission	12. Training and education
4. Anti-Corruption	9. Effluent and waste	13. Diversity and equal opportunity
5. TAX		14. Local Communities

Material Topics	Reason for Materiality	Topic Boundary	GRI Relevance	Linked to Strategy Through	Page Reference to Management Approach
Economic Topics					
1. Economic Performance	Impact of economic performance is highly important to grow the wealth of the organization and society	Internal	201-1	Financial Capital	Page 46 of this report
2. Indirect Economic Impact	Economic growth resulting from the use of products or services & also from women empowerment	External	203-2	Social and	Page 57-61 of this report
3. Procurement Practice	Local sourcing can be a strategy to help ensure supply, support a stable local economy, and maintain community relations.	External	204-1	Manufactured Capital	Page 42-43 of this report
4. Anti-Corruption	Risk assessments can help to assess the potential for incidents of corruption within and related to the organization, and help the organization to design policies and procedures to combat corruption.	Internal/ External	102-17; 205-1	Human Capital	Page 45 of this report
5. Tax	Having robust governance, control, and risk management systems in place for tax can be an indication that the reported approach to tax and tax strategy are well embedded in an organization and that the organization is effectively monitoring its compliance obligations.	Internal/ External	207-3	Financial Capital	Page 47-48 of this report
Environmental Topic					
6. Energy	The organization can report reductions in energy consumption by combining energy types, or separately for fuel and electricity. Alongside, without electricity or fuel, daily work activities will be disrupted.	Internal/ External	302-1; 302-4	Natural Capital	Page 63 of this report
7. Water and Effluent	The organization can consider its future impacts on water quality and availability, as these factors can change over time.	Internal/ External	303-1	Natural Capital	Page 63 of this report
8. Reduction of GHG emission	LBFL aimed at improving in-house environmental management by saving electricity, minimizing the usage of water and paper, and keeping the office clean and hygienic.	Internal/ External	305-5	Natural Capital	Page 63 of this report
9. Effluent & waste	Reduction initiatives and their targets are linked with social well-beings.	Internal/ External	306-2	Natural Capital	Page 64 of this report

Social Topic					
10. Employment	Employment can signify the optimal use of available labor and talent in different regions.	Internal	401-1	Human Capital	Page 52 of this report
11. Occupational Health & Safety	It is important to retain personnel and to keep contributory workforce and to maintain organizational reputation.	Internal	403	Human Capital	Page 55-56 of this report
12. Training & Education	Impact of Training and Education is highly important for the society to develop its workforce and innovation.	Internal	404-1; 404-3	Human Capital	Page 54-55 of this report
13. Diversity & Equal Opportunity	Equal opportunity is important to ensure proper distribution of income.	Internal	405-2	Human Capital	Page 20 of this report
14. Local Communities	Contributes towards uplifting the lives of socially and economically disadvantaged communities across Bangladesh.	Internal / External	413	Social & Relationship Capital	Page 59-60 of this report

“The challenges and opportunities in our immediate operational environment, changes to legal and regulatory frameworks, worldwide trends, and insights from stakeholder feedback all influence materiality determination.”

Through this process, the following issues were identified as material and thus LBFL, further in this report, would articulate its approach to addressing these topics and disclose the Company’s performance on those.



ECONOMIC TOPICS

To ensure that each of our physical channels provides the best-in-class customer experience, we use a broad-based channel management methodology. In this sense, our channel architecture meets all of the Central Bank of Bangladesh’s regulatory criteria for licensed non-bank financial institution. Our teams are constantly trying to increase the effectiveness and efficiency of our channel operations by optimizing the use of our physical infrastructure.



Management Approaches and Guiding Principle

GRI: 102-16

Fixed Asset Policy

The fixed asset policy aims to provide a general guideline about recording, maintaining, monitoring and controlling of the fixed asset management system of LankaBangla Finance Limited in support of the responsible accountability, care, and disposition of those assets. Principles and guidelines incorporated into this segment are in accordance with Bangladesh Financial Reporting Standards (BFRS) and/or LBFL accepted standards for conducting general property transactions. Additionally, it provides consistent fixed asset transaction reporting procedures for maintaining and updating assets information in Asset software.

The rules and regulations for this section attempt to implement a standard business operating system for the company in terms of property control, accountability, responsibility, and general fixed asset management, as practically all LBFL individuals are users of fixed assets. As a result, this policy establishes particular guidelines and processes for the correct use and maintenance of such assets, including the disposition of stolen, lost, damaged, or destroyed property. It also outlines LBFL personnel's accountability, obligation, and liability for property utilization, including the reporting of transactions required for successful asset record management. It also establishes LBFL personnel's accountability, obligation, and liability for property utilization, including the reporting of transactions required for successful asset record management. Fixed assets are acquired through purchase or finance leasing for use in business operations and are not intended for resale to customers. The costs of day-to-day service of fixed asset items are recognized as revenue expenditure rather than capitalized.

IT User Policy

Due to the confidentiality of information, employee productivity, optimum use of expensive internet bandwidth, and security, all LBFL users (except those officially authorized) have restricted access to public networks such as the internet (threat from virus and many vulnerable activities which could cause huge business risk). All desktop or laptop computer users have access to the company's corporate email server exclusively through their given email ID, for conducting business communications or work correspondence.

LBFL's IT department understands the need and importance of using the Internet for high-level officials and department heads to conduct research related to LBFL's business and interests. As a result, all department heads at the head office have full access to the internet and are advised to use it only for work/official activities. This policy requires covered people to give an accurate, up-to-date destination email address for business and administrative transactions, unless an exemption is permitted by law or business need. Within the organization, group email

is permitted. However, sending email to lbf.all@lankabangla.com or any other all group email is explicitly forbidden. Only an approved individual will be able to send email to the entire group. Outsiders will not be permitted to send any group messages.

Financial Manual

In the absence of sufficient instruction, various financial staff may address common financial difficulties arbitrarily. In such a case, if there is a set of financial principles here at LankaBangla Finance, which can be used by all financial staff, the potential for disagreement can be minimized. It is claimed that a competent financial handbook may serve as a continual trainer for financial professionals, hence reducing such disagreements. It can also serve as a reference book for accountants, managers, and other users. Keeping in view of these aspects, a financial manual has been prepared. This is a ready handbook but not ever static, rather its sections/subsections can be changed/modified to cope up with the changing of policies/procedures from time to time. This manual is called "Finance and Accounts Manual" of The LankaBangla Finance Limited.

This manual gives a briefed guideline to financial personnel in establishing standards and limits for the performance of given functions or tasks, operating instructions/instruments to employees responsible for the implementation of policies/decisions and the execution of specific tasks related to accounts, methods of establishing and maintaining systematic recording and control of actual performance and statements of financial policy, pertinent to specific areas of administrative activities.

Inventory Management Policy

LankaBangla Finance Limited has designed an Inventory Management Portal for GIS Division product requisitions. This system indicates how much of an item should be stored and how much is required. Along with this, the purpose for the request may be determined, which is especially important for unique commodities that are not commonly stocked. This system can also track all trends in terms of how frequently products are ordered.

Procurement Process

LankaBangla Finance Limited complies with the GRI standard 204 and ensuring the highest standards of transparency and good governance within the company. LBFL conforms to GRI standard 204, achieving the highest levels of openness and governance within the company. The LBFL Procurement Policy adopts the general guidelines of the 'Public Procurement Regulations 2003,' with strict adherence to the rules and auxiliary procedures, ensuring accountability, fair competition, efficiency, economies of scale, and the best value for money.

LBFL intends to pursue a primarily centralized procurement strategy, with a provision for procurement at the Sales Center/Branch/Booth level to satisfy day-to-day needs and contingencies. LBFL emphasizes the adoption of this strategy due to its efficacy and efficiency, economies of scale through requirement aggregation, optimal use of knowledge, efficient storage and distribution system, and lower administration costs. There are yearly procurement requirements, including branches, and these needs will be considered for all levels of requirements, regardless of capital and revenue items. Under GRI 204-1, the procurement section of GIS prepares procurement strategies while adhering to the budgetary allocation provided by the finance and accounts division. With compliance to the GRI standard, the procurement staff are in charge of the procurement, rental, and sale of goods, services, works, and other organizational necessities. This function includes, in addition to contracting, inviting vendors to register, submitting Quotations, Bids, and Proposals, negotiating with vendors, and contract signing.

The procurement unit of GIS department executes all the procurements of LBFL centrally from the Head Office and

Limited Tendering Method (LTM), Quotation Method (QM) and Direct Purchase Method (DPM) are the suited processes of procurement for LBFL. LTM are utilized for LBFL procurement projects that are either highly specialized or require tailoring to maintain Corporate Brand Identity. Again, because LBFL operates in a highly competitive market, special projects and product-related procurements necessitate quick provision of goods and services in order to maintain market leadership; QM is the best potential technique of procurement to address such emergency needs. LBFL also used DPM to obtain goods and related services from a single provider without having to go through the procedures of a tendering process. This strategy, however, is not utilized to prevent competition or to favor a specific Tenderer/Supplier. To promote transparency and efficiency, Information and Communication Technology (ICT) is utilized in the conduct of procurement procedures in the form of e-procurement. Accordingly, there are web portal that serves as the primary source of information on all procurements of LBFL. In case quotations and such procurements, e-procurements tools are used.

SUPPLY CHAIN

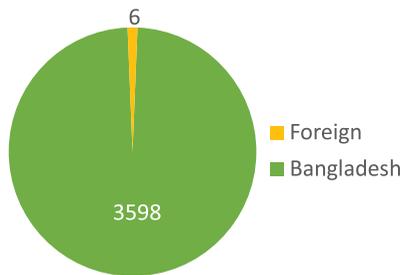
GRI: 102-9, 102-10

Suppliers are enrolled in the beginning of the year for a period of usually one year. Enlistment is also carried out at any time during the year if the situation requires it and if there are new potential suppliers whose services are considered to be helpful or vital to LBFL. Presently, there are a total of 3604 suppliers (both local and foreign) with LBFL, of which the local suppliers comprise 99.83% of the total supplier count. Likewise, mostly enlisted foreign suppliers are from India, Thailand and the United Kingdom. There is two-pronged monitoring, one in-house monitoring by the Procurement Unit itself and the other by the Risk Management Department. Risk Management Department chalks out its own monitoring mechanism from time to time.

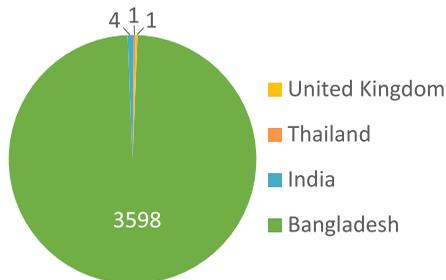
Amount Remitted to the Suppliers

Local/Foreign Countries	2021	2020	2019
USD	411,282	228,237	386,532
AUD	767	767	-
SGD	-	-	2,835
INR	-	-	1,472,463
BDT	38,752,262	22,661,243	34,646,374

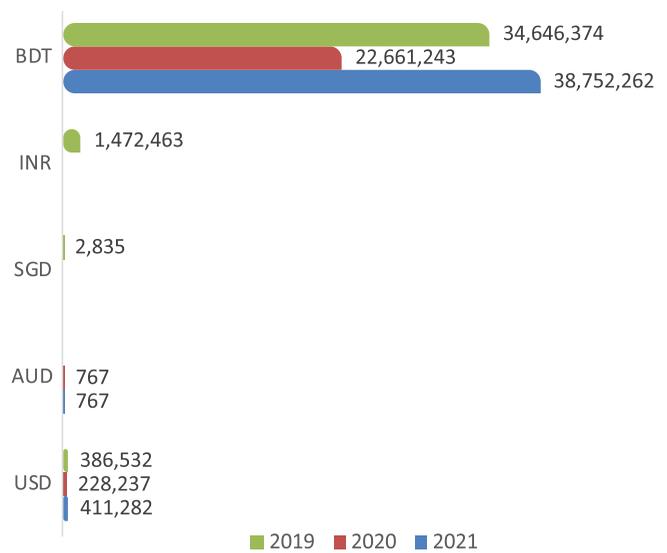
Number of Foreign/Local Suppliers of LankaBangla Finance Limited



Number of Foreign Suppliers



Remitted Amount to Local/Foreign Suppliers



ANTI-CORRUPTION

GRI-102-41, GRI: 205-1, GRI: 205-2

LBFL is dedicated to one of the LankaBangla Group's core objectives: acting with integrity and professionalism, which focuses not only on LankaBangla Group development, but also on development in a way that fosters social prosperity and economic progress in the regions of operation. LBFL is compliant with GRI standard 205, which outlines the reporting standards regarding 'Anti-Corruption.' The Company is committed to upholding the greatest ethical and legal standards available, particularly a system of transparency and integrity within the company. Money laundering, rate-rigging, and tax evasion are all instances of corruption in the financial services sector, all of which damage public faith in financial organizations. LBFL's Code of Conduct highlights the company's zero-tolerance policy for taking or providing bribes of any form.

Financial funding of any kind and donations given and received within the company are promptly documented for disclosure of information and legality as part of compliance to the standard. Under GRI standard 205-1, LBFL conforms in disclosing appropriate risk assessment methods, as well as risk management procedures. LBFL performs risk assessments on a yearly basis, and the proportion of such evaluations in 2021 was 4%. One of the steep cliffs found through the assessments is the accessibility of credit card customer information to employees, few of whom may leverage the accessible information. The Board approves and oversees the firm's risk appetite framework, which includes the risk appetite statement (RAS), risk limits by business units consistent with the RAS, and policies and processes to implement the risk management framework, and the Risk Committee evaluates and recommends the risk strategy and oversees implementation of the risk management framework; and the Risk Committee reviews and recommends the risk strategy and oversees implementation of the risk management framework. 90% training has been provided to the employees on anti-corruption in 2021 and are communicated on the anti-corruption policy via online portals and exams are taken accordingly for the said policy. Whilst maintaining integrity in reporting the documents for material relevancy, the company also accounts the number of employees including and excluding the governing body, irrespective of the categories in accordance with GRI 205-2.

In LankaBangla Finance Limited, money laundering and terrorist financing risk has two board dimensions:

- ▶ Business Risk which is the risk that LBFL may be used for money laundering or for the financing terrorism
- ▶ Regulatory risk which is the risk that LBFL fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and Anti-Terrorism Act 2009 (subsequently amended in 2021 and 2013)

As per the money laundering act, we have two main responsibilities of the reporting system.

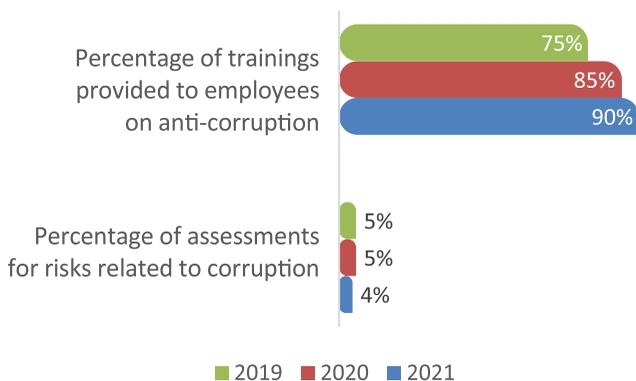
- ▶ CTR – Cash Transaction Report (for any cash transaction that exceeds BDT 10 lac per day)
- ▶ STR – Suspicious Transaction Report (for any transaction that seems to be doubtful)

LankaBangla Finance's reported CTRs and STRs for the past few years have also been identified in conformance with the said Act.

Anti-Money Laundering Reporting Schemes



Risk Assessment Trainings on Anti-Corruption



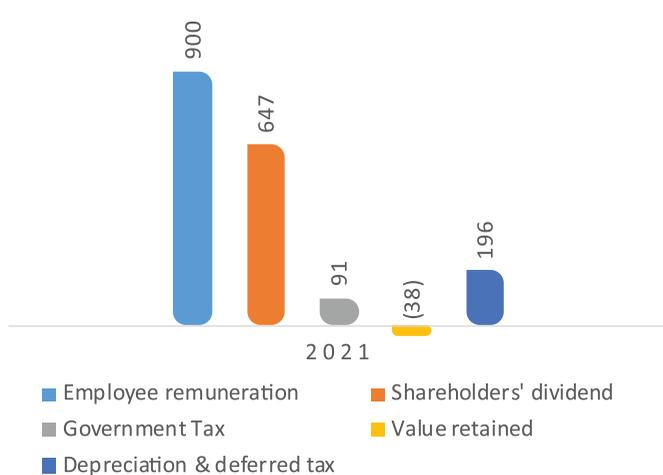
ECONOMIC PERFORMANCE

GRI: 102-45, GRI: 201-1

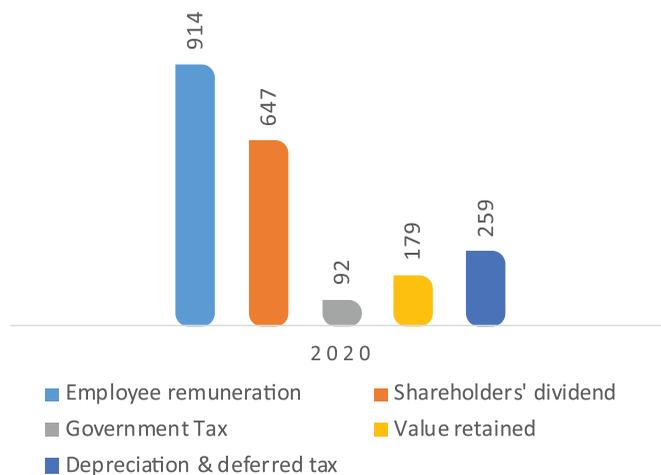
All figures in BDT million except (%)

Forms of Contribution by LBFL	2021	%	2020	%	2019	%
Value added						
Operating revenue	7,579		8,277		10,334	
Cost of borrowing	(4,703)		(5,714)		(6,841)	
Provisions	(548)		2		(739)	
Operating expenses excluding staff cost and depreciation	(533)		(474)		(622)	
Available for distribution	1,796		2,091		2,132	
Distribution of value addition						
Employees as remuneration	900	50%	914	44%	1,002	47%
Government	91	5%	92	4%	120	6%
Shareholders as dividend	647	36%	647	31%	616	29%
Retained for expansion and future growth	1,637	91%	1,652	79%	1,738	82%
Value retained in the business	(38)	-2%	179	9%	120	6%
Deferred tax	-	0%	-	0%	0	0%
Depreciation	196	11%	259	12%	274	13%
Amount distributed	1,796	100%	2,091	100%	2,132	100%
Number of employees at the end of the year	764		764		923	
Value created per employee (Mn BDT)	2.35		2.74		2.31	
Number of shares (Mn)	538.84		538.84		538.84	
Value created per share (BDT)	3.33		3.88		3.96	

Distribution of Value Addition -2021 (Amounts in BDT million)



Distribution of Value Addition -2020 (Amounts in BDT million)



APPROACH TO TAX

GRI: 102-45, 201-1, 207-1

“ LBFL invested BDT 31,100,325 government securities in the year 2021. ”

Corporate Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years. Provision for taxation for the year ended 31 December 2021 has been made on the basis of the provisions of the Income Tax Ordinance 1984 and the Finance Act 2021. For the purpose of financial statements for the annual report of LBFL for the year 2021, the current tax rate will be applicable, which are mentioned below:

Name of the Company	Tax Rates
LankaBangla Finance Limited	37.50%

*As there was business loss for tax charge for the year ended 31 December 2021, LankaBangla Finance Limited provided for current tax expense (0.60% to 10%) as per Section 82C(4) and 82C(5) of the Income Tax Ordinance-1984.

Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the statement of financial position date. The impact on the accounts of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per IAS-12 "Income Taxes".

However, as per IAS 12 deferred tax asset shall be recognized to the extent that it is probable that taxable profit will be available against which the deductible difference can be utilized. However, due to having huge amount of accumulated business loss as per tax laws, it is not probable that there will be future taxable profit against which these deductible temporary difference can be utilized. Hence, no additional deferred tax asset has been recognized during the current year.

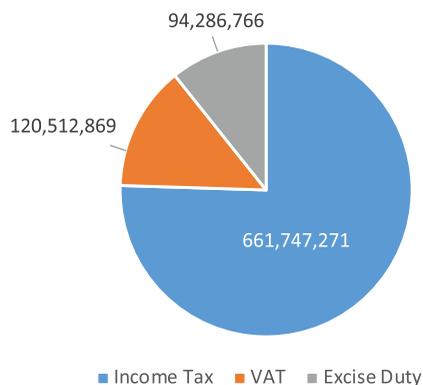
CONTRIBUTION TO GOVERNMENT EXCHEQUER

GRI: 207-3

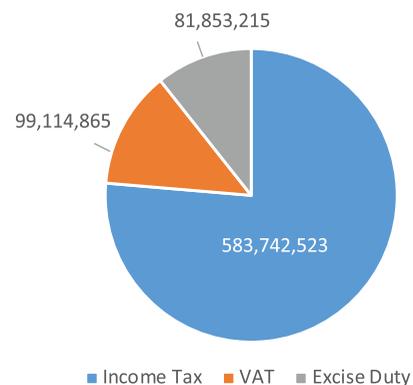
Amounts are in BDT

Forms of Contribution by LBFL	2021	2020	2019
Income Tax	661,747,271	583,742,523	703,802,267
Source tax on Salary u/s 50	31,184,324	28,064,924.00	32,829,346
Source Tax on Interest on savings deposit u/s 53F	405,921,480	418,835,012.29	483,480,277
Source tax on Payment to Supplier u/s 52	6,783,925	6,783,924.54	9,509,878
Source tax on Payment to Landlord u/s 53 A	3,884,697	5,668,935.00	5,959,141
Payment on transaction of Securities	-	-	-
Source tax on payment of commission	8,656,724	5,890,803.84	4,775,108
Payment of Advance Corporate Tax u/s 64	122,967,580	67,769,720.31	99,553,027
Tax payment at the time of Return Submission u/s 74	-	-	-
Source Tax on Dividend Payment u/s 54	82,348,541	50,729,202.70	67,695,490
Others	-	-	-
VAT	120,512,869	99,114,865	108,870,001
VAT on House Rent	11,722,866	15,367,718	17,887,050
Collection of VAT on Processing, Documentation Fee etc.	19,201,106	13,438,537	14,757,529
VAT on Procurement of goods and services	8,565,640	6,905,451	5,507,734
VAT on Legal, Professional & Technical Fees	5,168,834	1,351,553	1,736,790
Others	75,854,423	62,051,606	68,980,898
Excise Duty	94,286,766	81,853,215	84,940,636
Collection of excise duty from clients	88,689,643	77,590,265	80,944,499
Excise duty deducted by bank	5,597,122	4,262,950	3,996,137
Total Paid to Government Exchequer	876,546,905	764,710,603	897,612,904

Tax Paid to Government (2021)



Tax Paid to Government (2020)



SOCIAL TOPICS

Our company model, methods, and strategy have been built with regard for the whole economy, environmental effect, cultural values, and ethics, which strengthens our market sustainability as a reliable collaborator of communities to progress collectively.

In line with the Chairman's vision, LBFL is committed to functioning in a long-term and sustainable manner, not only economically, but also environmentally and socially. Balancing the country's quick growth needs with long-term development is critical, and we intend to approach these concerns in a way that is appropriate for the Bangladeshi context.



Management Approaches and Guiding Principle

GRI: 102-16

LankaBangla is a value-driven corporation that adheres to values even when the scenario brings a transient benefit to the company. The guiding principles are established with the goal of preserving the company's reputation and integrity while treating them as totally priceless. The affairs of the organization are given the highest importance by all individuals.

Our reputation influences not just whether or not someone will become a customer, but also whether or not we are glad to be connected with this firm. The Code of Conduct is intended to help the company's employees in observing and complying with prudential norms of conduct, manner, and behavior. It is consistent with the Company's Vision and Values in order to fulfill the Mission and Objectives, and it attempts to improve the Company's ethical and transparent management of its affairs. It also pertains to all LankaBangla employees and may be provided to others for the purpose of carrying out their tasks. In addition to the code's ethical requirements, there are several rules and regulations that apply to each of our businesses. Compliance with the law is required of everyone and is not dependent on company priorities or individual decisions.

Personal Responsibilities

- ▶ Maintaining honesty and dedication to work to serve as an ethical role model
- ▶ Preserve and improve the company's interests, dignity, and reputation
- ▶ Act in conformity with the principles of professionalism and superior production
- ▶ Fidelity to the company's policies, rules, and laws that are emphatically related to the work
- ▶ Always act and behave like an advocate for the company

Workplace Responsibilities

- ▶ Treat colleagues with respect and dignity
- ▶ Support the company's commitment to diversity and equal employment opportunity
- ▶ Provide a positive work environment free from intimidation and harassment
- ▶ Do not hold any outside positions with, or accept business opportunities from anyone who does business or competes with the company
- ▶ Ensure that financial records are accurate and complete and also ensuring cost efficiency.
- ▶ Maintain an effective system of internal control and compliance over financial reporting and operational activities
- ▶ Protect company's assets and properties

Marketplace Responsibilities

- ▶ Act responsibly in all sorts of communications with customers, suppliers, vendors, partners and regulatory authorities
- ▶ Safeguard the privacy, confidentiality and security of customer data
- ▶ Make only factual and truthful statements about company's products and services
- ▶ Gather business intelligence properly and ethically
- ▶ Prevent the use of company's services against money laundering purposes

Corporate Citizenship

- ▶ Support all communities and optimize contributions to the society
- ▶ Protect general safety of the environment
- ▶ Respond to public and cooperate with the government

HR Policy

The HR Policy is intended to serve as a thorough guideline for workers of LankaBangla Finance Limited, as well as those involved in the administration of the Company's Human Resource (HR) policies. The HR Policy is also intended to assist new appointees in becoming acquainted with the Company's HR rules and processes. This Policy outlines the employment terms and conditions, available services, and HR processes that can be employed, depending on the circumstances, to meet the Company's HR objectives.

The HR Policies provide unambiguous rules and guidelines for employee service conditions in the Company. Its goal is to make it easier to execute HR policies and practices in order to meet the Company's objectives and mission in an open and equitable way. The HR Policy is intended to serve as a quick reference point for all personnel who are subject to the same set of policies and procedures. The company entertains a no-discrimination hiring policy. All recruiting policies inside the Company are in conformity with Bangladesh's statutory employment regulations and have been approved by the Company's Board of Directors. Employee Pay Records and personal data of all workers are kept in the HR Division. These records are private and cannot be accessed by unauthorized individuals. Employees get allowances such as House Rent Allowance, House Maintenance Allowance, Conveyance Allowance, Medical Allowance, Leave Fare Assistance, and so on from the company. Management decides on the structure and mechanism of payment on a case-by-case basis. The Company provides Life Insurance and Hospitalization Insurance coverage to all permanent employees upon their confirmation with the Company, which becomes effective on the day of confirmation.

E-Learning Policy

As we cope with the new normal now, LankaBangla Finance had conducted 81 training sessions with its employees, majority of which were based on online and e-learning modules. The e-learning exam is mandatory of all full-time regular employees of LankaBangla Finance Limited and to serve the purpose the employees need to complete 6 e-learning modules that involves overview related to LBFL, its products and services, the HR employee handbook, the prevention of money laundering and terrorist financing, the employees' own departmental module and one that is related to office/cross functional division/department that are assigned by respective division head. A participant need to earn 2 training credit hours for each successfully completed module which will be counted towards his/her yearly training requirement.

Whistleblowing Policy

GRI-102-41

The Company is committed to upholding the greatest ethical and legal standards available, particularly a system of integrity inside the Company. The idea of integrity includes not just resisting abuse of authority or corruption, but also adhering to service delivery standards. In keeping with this commitment, and in order to improve good governance and transparency, the main goal of the whistleblowing policy is to provide a channel for raising concerns about fraud, corruption, conflict of interest, negligence to protect the company's interests, and/or any other misconduct,

and to ensure that those who disclose such information are protected from retaliation or harassment. The Management Committee has been appointed as the advocate for complainants or whistleblowers and has been given the authority to carry out this Policy. The Chief Risk Officer (CRO) or any other employee designated by the Audit Committee is in charge of conducting investigations in accordance with this Policy.

Grievance Management and Counseling **GRI-102-41**

LankaBangla Finance Limited (LBFL) is dedicated to providing the greatest working environment for its workers and affiliated members. LBFL works hard to guarantee that all workers are treated fairly and honestly. Division heads, managers, supervisors, and employees are required to treat one another with reciprocal respect. As part of this commitment, LBFL encourages an open and honest environment in which any problem may be communicated with management and remedied. LBFL believes that most work-related issues may be handled via mutual understanding and dialogue without the need for a formal grievance procedure.

GRI-102-41

100% individuals are covered by the company's collective bargaining agreements and the company opts for policies and regulations for its employees that are indelibly followed.

EMPLOYMENT

GRI: 102-8, 102-16

LankaBangla has always been focused on human capital management and is accountable for developing employee potential and harnessing staff abilities within the firm. LankaBangla believes that its employees' abilities and enthusiasm are important forces in achieving sustainable outcomes.

More than 400% growth in hiring new employees	1,300 plus employee	21% Female employee	A total of 22 employees took maternity leave, 100% retained
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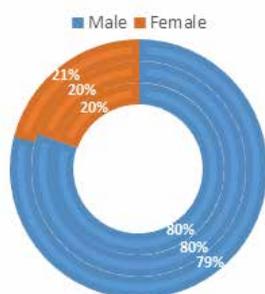
LankaBangla meticulously preserves its vast pool of knowledgeable, experienced, disciplined, clear-thinking, and dynamic individuals who consistently drive growth and innovation within defined risk parameters. LankaBangla continues to implement HR policies and practices targeted at developing employees and assuring their active participation in achieving corporate goals. In response to the Pandemic's profound consequences, LBFL immediately focused on life-saving actions such as organizing disinfectant products and implementing control in the office. Then, with the help of its robust IT backbone, enable remote office.

LBFL has competent human resources with a stellar record of expertise, diverse knowledge, and regulatory awareness, making it a prominent player in Bangladesh's financial sector. Our human resources are well-equipped to provide our clients with optimal financial solutions. LBFL places great value on long-term, sustainable business operations and client relationships. Employees enable LBFL to provide clients with personalised financial solutions based on in-depth study.

Total Employee Distribution

Gender wise	2017	2018	2019	2020	2021
Male	1,338	1,577	1,450	1,117	1,053
Female	284	339	354	274	278
Total	1,622	1,916	1,804	1,391	1,331

Total Employee Distribution (2019-2020-2021)



Recruiting and managing talent

A core aspect of LankaBangla's hiring strategy is to maintain a consistent stream of junior talent, including permanent hires and investment. Internal mobility is essential for developing and retaining qualified, talented individuals, as well as ensuring that the organization continues to benefit from their skills and experience. There has also been a strong strategic emphasis on integrating the Management Trainee Program in order to create a more diverse and adaptable talent pool for the future.

Region wise distribution of new hiring GRI: 401-1

Region	2019	2020	2021
Barishal	13	4	2
Bogura	10	0	7
Chattogram	49	5	15
Cumilla	12	2	1
Dhaka	419	45	213

Region	2019	2020	2021
Dinajpur	6	1	4
Faridpur	6	2	7
Gazipur	11	1	4
Habiganj	15	3	9
Jashore	14	2	2
Keraniganj	15	3	5
Khulna	12	0	5
Kushtia	13	3	7
Mymensingh	11	0	5
Narayanganj	9	2	8
Narsingdi	11	1	3
Noakhali	11	2	1
Rajshahi	5	0	7
Sylhet	14	2	12
Total	656	78	317

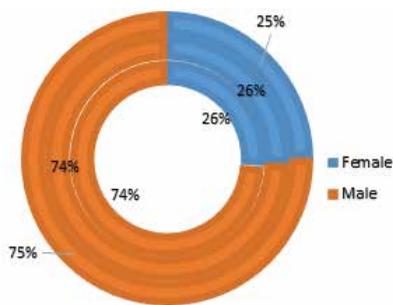
Additionally, LankaBangla continued to expand its presence and engagement on social media platforms to ensure it is accessing the relevant target groups through the channels they use to explore career and employment opportunities.

Gender wise distribution of new hiring

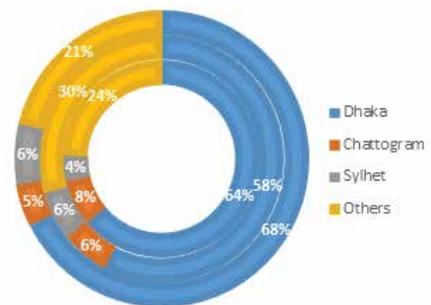
GRI:401-1

It is based on harnessing the organization's existing talents and experience, as well as bringing in the essential competencies to assist position LankaBangla for long-term sustainable performance.

Gender wise distribution of new hiring (2019-2020-2021)

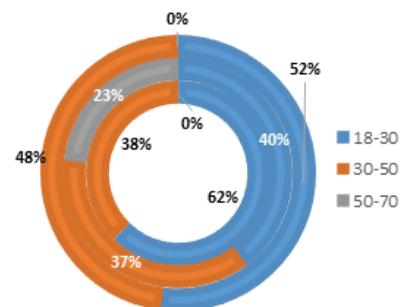


Region wise distribution of new hiring (2019-2020-2021)



Age range	2019	2020	2021
18-30	409	31	164
30-50	247	29	153
50-70	-	18	-
Total	656	78	317

Age range of new hiring (2019-2020-2021)



Newly Hired	2019	2020	2021
Female	172	20	79
Male	484	58	238
Grand Total	656	78	317

Employee Status

Status of Employment as at December 31	No. of Employees (2021)	Composition in % (2021)
Confirmed in Service	562	42%
On Probation	56	4%
Contractual	713	54%
TOTAL	1331	100%

Employee Benefit

GRI: 201-3, 401-2

The company provide retirement benefit like provident fund (PF), gratuity fund (GF), leave encashment, staff home loan, hospitalization programs, parental leave to its employee.

Provident Fund

For its permanent employees, the company has a contributing provident fund. All permanent staff contribute 10 percent of their base income to the provident fund, and the firm contributes equally.

Gratuity Fund

All eligible employees who have completed at least 3 years of confirmed employment with the company are entitled for a funded gratuity scheme. Employees are entitled to gratuity benefit at the following rates:

Year of confirmed services	Percentage of entitlement
3 years and above but less than 4 years	50% of last one month basic salary for each completed year
4 years and above but less than 5 years	100% of last one month basic salary for each completed year
5 years and above	150% of last one month basic salary for each completed year

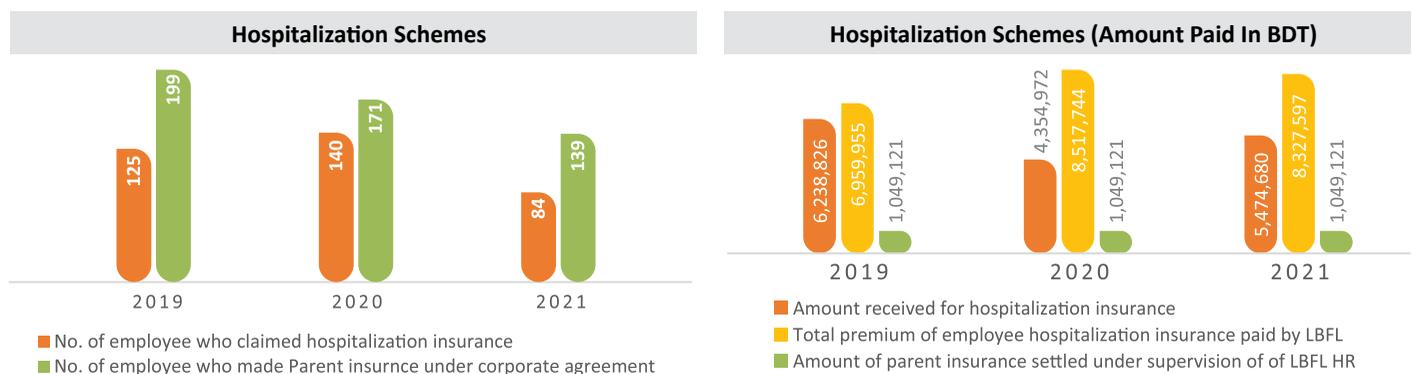
Parental Leave

During the pre and post-natal period, all permanent employees are eligible to, up to 6 months of maternity benefit and up to 5 working days of paternal leave.

Leave Encashment

Based on the most recently drawn basic, a maximum of 60 days of leave may be availed.

Hospitalization Program

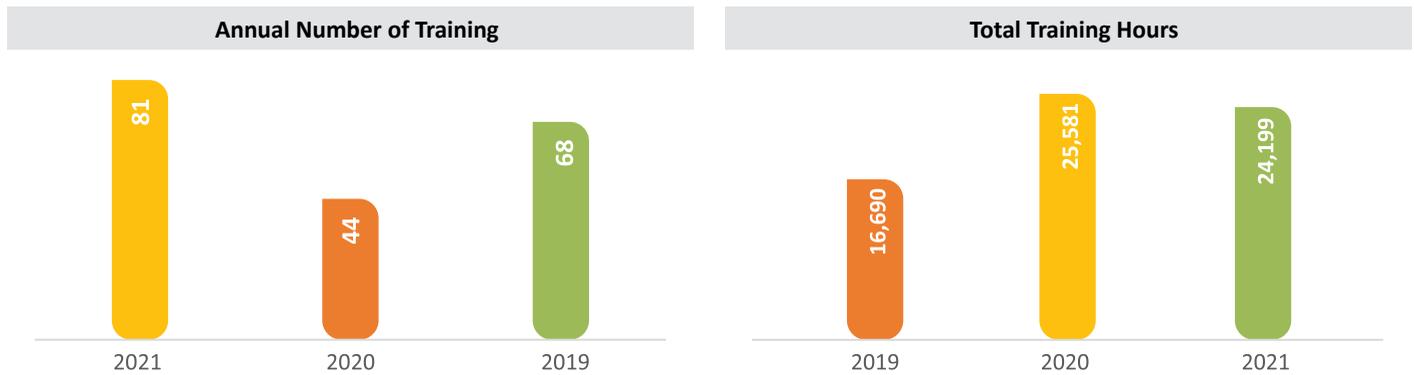


Developing Employees and Creating Future Leaders

GRI: 404-1



We consider our human resources as our asset. For the development of our asset, we provide various in-house, external & foreign trainings. In 2021, we developed 25 e-learning modules by ourselves and provided necessary trainings to our employees. We have provided 81 numbers of training in the period under review.



No of training participants	2019	2020	2021
Junior level employee	528	772	1,511
Mid-level employee	181	242	562
Senior level employee	153	141	269
Total participants	862	1,155	2,342

Developing, recommending and reviewing annually the company’s human resources and training policies, strengthening human resources through job rotation, assigning new responsibilities and empowerment LBFL optimized its cost of human resource.

To ensure a learning culture in the organization, HR developed 25 e-learning modules with zero cost for its employees. We ensured 16,514 hours of training through e-learning in the year under review. We also ensured 4,457 hours of training to our employees through our internal resources to hone the skills of our employees to combat the challenges of coming days.

Number of training by type	2019	2020	2021
Foreign	14	2	5
Public/Local	30	11	33
Customized	5	0	0
In-House	8	8	16
Online	3	7	0
E-Learning	0	12	25
CFT (Combatting financ in terrorism)	4	2	1
Anti-Money Laundering (AML)	4	2	1
Total	68	44	81

Occupational Health and Safety- Employee Representation on Health and Safety Committees: GRI: 403

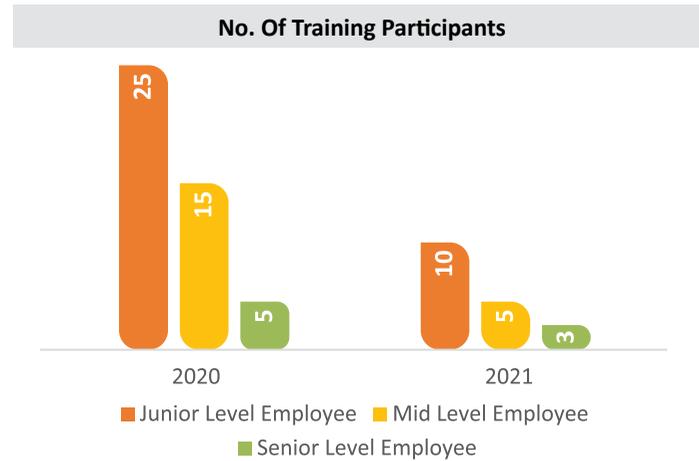
LBFL and all of its employees are to protect and enhance the environment in which they live. All will comply with all laws and strive to do more. LBFL do not compromise safety or environmental protection for profit. LBFL believes environmental stewardship as an obligation and support this commitment with the necessary personnel and financial resources.

The following principles will guide and measure our corporate goals and objectives in Health, Safety and Environment:

- ▶ We are committed to continuously improving our Health, Safety and Environment performance;
- ▶ We will continually promote employee safety on and off the job;
- ▶ We conduct our business so it meets or exceeds all applicable laws and regulations and minimises risk to our employees, the public and the environment;
- ▶ We will endeavour to do business with companies and contractors that share our expectations for Health, Safety and Environment performance and commitment and we will regularly assess their performance;

- ▶ We will use our influence with companies in which we have partial ownership so they will want to meet the Health, Safety and Environment Commitment of the Company;
- ▶ We believe all employees are responsible and accountable for Health, Safety and Environment performance.

LBFL provides the training necessary to ensure that all the Company personnel are sensitive to the importance of our Health, Safety and Environment policy, understand the nature of the laws and regulations that govern our activities and have skills to implement our policy and comply with Health, Safety and Environment requirements.



Number of Employees get ‘Excellent’ and ‘Outstanding’

GRI: 404-3

Gender	2019	2020	2021
Male	244	182	280
Female	22	17	29
Total	266	199	309

Level	2019	2020	2021
Junior	141	93	161
Mid	76	54	92
Senior	49	52	56
Total	266	199	309

Number of Employees promoted

Level	2019	2020	2021
Junior	100	-	100
Mid	43	-	17
Senior	6	-	9
Total	149	-	126

Gender	2019	2020	2021
Male	134	-	115
Female	15	-	11
Total	149	-	126

On top of that, we also organize town-hall meeting twice in a year for our staffs and the best performers are also rewarded by our honorable Chairman and Managing Director. Crest, gift hampers, cash incentive and certificates are awarded in this program. All these efforts are taken only to boost the morale of our employees and to motivate them to perform at their best. This year, we have given special reward to our “Special Heroes at Work”; the brave soul of LankaBangla who gave a diehard effort during the core COVID pandemic situation, especially during Government holidays and immediate post Holidays.

Employee Engagement

The Company used to organize different competitions for our kids like drawing, dancing, singing, reciting poem, etc. To remove the boredom of staying at home, LBFL takes this initiative to give some quality time to our future stars.

Insurance Coverage

A total of **349** employees received hospitalization insurance claim in last **3** years

BDT **2,768,030** of insurance claim has been settled in **2021**

LankaBangla ensures that all employees were under cover even during pandemic. We provided health & life insurance to our employees. Health insurance covers employee, spouse and their kids. The premium is born by the company.

WOMEN EMPOWERMENT

GRI: 203-2

LankaBangla's SME Financial Services Division established a solid foothold in 2015, achieving higher growth in all parameters than the previous year and aiming to exceed even further. The section is focusing on new product introduction, cluster analysis, and identifying prospective industries. In Bangladesh, a dedicated team for each branch is trying to foster female entrepreneurship. With compliance to GRI disclosure 203-2, the women centric empowerment puts out a significant indirect economic impact. LBFL offers CMSME financing to a variety of industries, with a particular emphasis on women. LBFL offers excellent rates to prospective Bangladeshi women entrepreneurs by utilizing the refinancing facility provided by Bangladesh Bank. Notable asset products for women offered by LBFL are Ahona, Anonnya and Shikha.

To encourage female entrepreneurship, LBFL launched ANONNYA, a Woman Entrepreneur SME installment loan, which we offer to printing and packaging, boutique houses, beauty parlors, manufacturing concerns, and trade houses, among other things. Loans for SME entrepreneurs are used for investments in machinery and equipment related to the activity of the company, as well as for working capital requirements, and are provided loans up to BDT 5 million, of which the loan is considered to be partially or fully secured if it is above BDT 2.5 million. With an asset portfolio of BDT BDT 583 million and 339 women entrepreneurs in this line of business, SME Anonnya was able to disburse BDT BDT 496 million, paving its way towards our desired focus from this asset product.

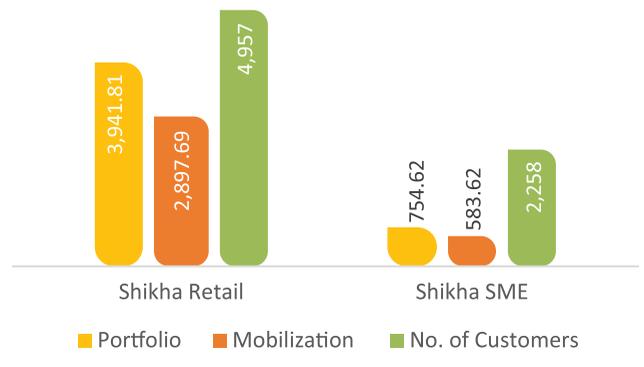
SME: Anonnya Asset Product As of 31 Dec, 2021 (In BDT Million)



Another significant product, SHIKHA is a platform that encourages and supports women entrepreneurs by offering a variety of products and services, as well as providing a forum for the exchange of ideas and information that may lead to improvements in quality of life, workplace equity, and leadership development. It offers various deposits and savings schemes with competitive rates only for its female customers, offering wide array of customized financial services, and rolling out credit card schemes, that generates a high value in its credit card

portfolio. The liability portfolio of Shikha Retail and Shikha SME were BDT 3,941.81 million and BDT 754.62 million respectively, out of which we were able to mobilize BDT 2,897.69 million and BDT 583.62 million correspondingly. Additionally, both Shikha retail and SME portfolios entailed a customer base of 4,957 and 2,258 individually.

Shikha Liability Product as of 31 Dec, 2021 (in BDT million)



Shikha also offers a credit card line, which is one of the company's key segments, with an asset portfolio of BDT 65,149 million and 2,585 total card customers, of whom 1,974 are basic card users and 611 are supplemental card users.

Furthermore, AHONA is an unsecured loan program for small enterprises (as defined by Bangladesh Bank's Prudential Regulations for Small Enterprises) embroiled in trading, manufacturing, service, agriculture, non-farm rural activities, agro-based industries, and many other acceptable sectors throughout Bangladesh, commercialized through our branches or other mobile sales teams/RO/ARM/RMs. The product provides a term loan or a single payment loan for company development, working capital finance, fixed asset purchase, advance payments, and agricultural production/trading, providing a loan up to BDT 2.5 million.

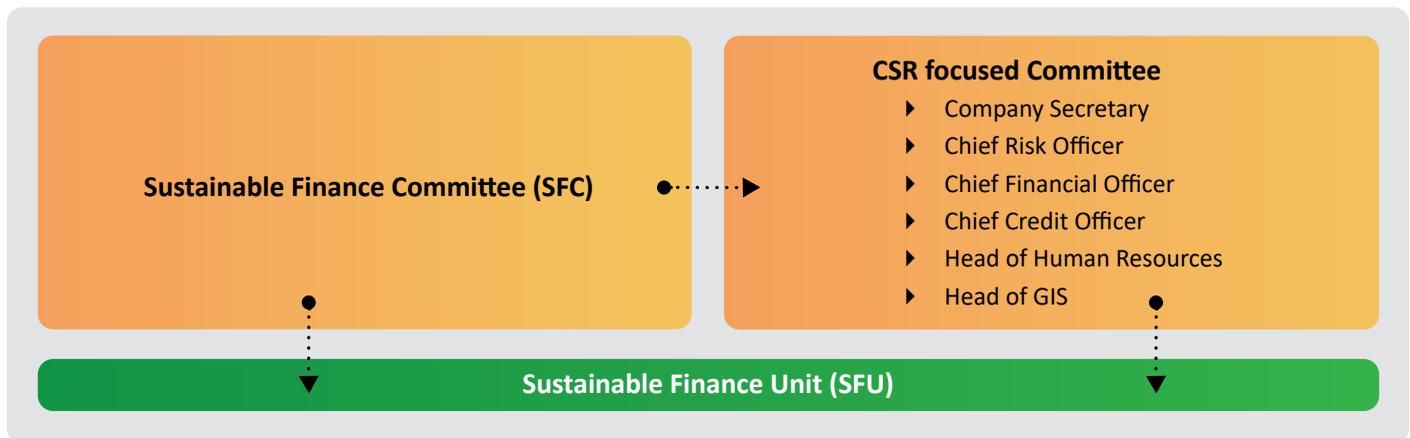
CORPORATE SOCIAL RESPONSIBILITY (CSR) OF LANKABANGLA

GRI: 413, GRI: 203-2

As part of its core management philosophy and corporate responsibility, LankaBangla integrated CSR with a focus on social and environmental concerns in all company operations and relationships with its stakeholders. LankaBangla believes in striking a balance of economic, environmental, and social imperatives ("Triple-Bottom-Line-Attachment") while also protecting stakeholders' interests. LankaBangla, via its Foundation, has stretched its assistance to the community's impoverished members in order to secure their education, health, and living conditions. As per Group policy, the company will donate 1% of its Net Profit After Tax (NPAT) to the LB Foundation for CSR.

The talks of LBFL financing from their CSR funds at a concessional rate are already doing rounds. The Company wants to establish a socially responsible financing under its CSR activities. For furtherance, the Company intends to finance in green transportation projects such as cycles, green vehicles those run n wind, solar energy, electric vehicles with battery management, bio-fuels etc. further inroads are being paved towards aligning sustainability with the Company's CSR activities, one of which is to form a separate CSR committee with the members of the SFC, who will assist the SFU to plan CSR activities, budget allocation, implementation and overall monitoring of the said activities for establishing a better communal stewardship.

The CSR wing will consist following members from the SFC:



The members of the CSR wing are a part of the Sustainable Finance Committee. The SFU shall be responsible for the preparation of the annual budget for the CSR activities. SFU may allocate the budget to the LB Foundation for carrying out CSR activities as per signed MOU between SFU and the Foundation.

There are further plans that the CSR wing will plan CSR related activities and programs, preparing a proposal with benefit to the beneficiary, converge group, related social impact assessment with a long-term standpoint, and coverage area. The approval and reporting process flow seems to be the following way:



CSR Activities of LankaBangla Finance Ltd. in 2021

Planting Trees to Build a Dream Country

The LankaBangla Foundation planned a tree distribution program on October 14, 2021, to commemorate the centennial of the birth of Father of the Nation Bangabandhu Sheikh Mujibur Rahman at the head office of Dhaka North City Corporation (DNCC) near Gulshan. Mr. Khwaja Shahriar, Managing Director and CEO of LankaBangla Finance Limited, inaugurated the program by handing over saplings to Dhaka North City Corporation's Mr. Md. Selim Reza, Chief Executive Officer, and Brigadier General Mr. Md. Zobaidur Rahman, Chief Health Officer, under the theme "Let's plant trees to build Bangabandhu's dream country." Various varieties of tree saplings will be given as gifts to children under the age of two who were born and live in the Dhaka North City Corporation region. For the next five years, the LankaBangla Foundation will collaborate with Dhaka North City Corporation (DNCC) to distribute saplings.



On September 9, 2021, the LankaBangla Foundation held a tree planting program at Sheikh Hasina Software Technology Park in Jashore to honor the birth centennial of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. The theme was 'Let us plant trees to build Bangabandhu's dream land.' Major (Retired) Mohammad Moslem Uddin Sikder, General Manager, Techcity Bangladesh Limited, and Khwaja Shahriar, Managing Director of LankaBangla Finance Limited, inaugurated the 'Tree Plantation



Program 2021' by planting saplings in the presence of other high officials from LankaBangla Finance Limited, Bangladesh High-Tech Park Authority, and Techcity Bangladesh Limited.

Response to COVID-19 Scourge

To avoid corona infection, the Lankabangla Foundation has supplied protective supplies to the Faridpur Civil Surgeon's Office. The function was held at the Faridpur Civil Surgeon's Office on September 16, 2021, to commemorate the prevention of corona infection.

As part of the Lankabangla Foundation Health Equipment Handover Program, VTM Sticks & Tubes, 3-Layer Surgical Masks, N-95 Masks, KN-95 Masks, Hexisol Hand Sanitizers, Oxygen Cylinders, Pulse Oximeters, and other items were distributed at the Faridpur Civil Surgeon's Office. It should be emphasized that the initiative was established as part of the Lankabangla Foundation's Corporate Social Responsibility (CSR) program to support affected and at-risk families in the country's fight against the continuing pandemic.



Shikha Bicycle Distribution

LankaBangla Foundation undertook "Shikha Bicycle Distribution Program 2022" at Ranipukur Union, Birol Upazila, Dinajpur as part of its CSR activities. Under this program - total 100 bicycles were distributed among underprivileged female students of different schools of Ranipukur Union.

Head of Human Resources Division, Mr. Hafiz Al Ahad; Head of GIS, Mr. Muhammad Habib Haider; Head of LankaBangla Foundation - Mr. Md. Jahangir Hossain along with Ranipukur Union Parshad Chairman, all Headmasters of respective schools and other respectable persons of the Union were also present during distribution program.

Shikha is an initiative by LankaBangla Finance that encourages economic empowerment of women of our country. LankaBangla Shikha platform has planned and arranged to provide bicycles among underprivileged female students as school transport to facilitate their education smoothly. This transport facility will definitely help them to attend the school on time regularly at the same time it will give them security & comfort. LankaBangla

Foundation extends its support to become the growth partner of women to improve quality of life, equality in the society and help to transform into a leader.



Warm Clothes Distribution to the Penurious

The LankaBangla Foundation presented winter blankets to the Jessore unit of the Bangladesh Red Crescent Society, which was distributed to the district's underprivileged and troubled residents. This year's event was held in Jessore, taking into account the needs of the distressed and winter-affected people. The primary goal of this initiative is to alleviate the pain of society's impoverished and winter-affected citizens. LankaBangla Foundation arranged the blanket distribution operation at the Bangladesh Red Crescent Society's Jessore unit.



Mr. Zahid Hasan Tukun, Secretary of the Red Crescent Unit, and senior Lankabangla authorities were present at the distribution.

Winter clothing was donated in Satkhira on the initiative of the LankaBangla Foundation to the general public, the elderly, those with special needs, and the visually impaired. LankaBangla Foundation coordinated the distribution program at Satkhira Press Club's Bangabandhu Auditorium, Shaheed Abdur Razzak Park, and Special Needs Schools. The distribution was attended by the President of Satkhira Press Club, the Upazila Social Service Officer, Headmasters of Special Needs Schools, and LankaBangla authorities. Winter clothing was also supplied to Dinajpur residents under the efforts of the LankaBangla Foundation. This year's program was organized in Dinajpur, with the needs of the homeless and the cold in



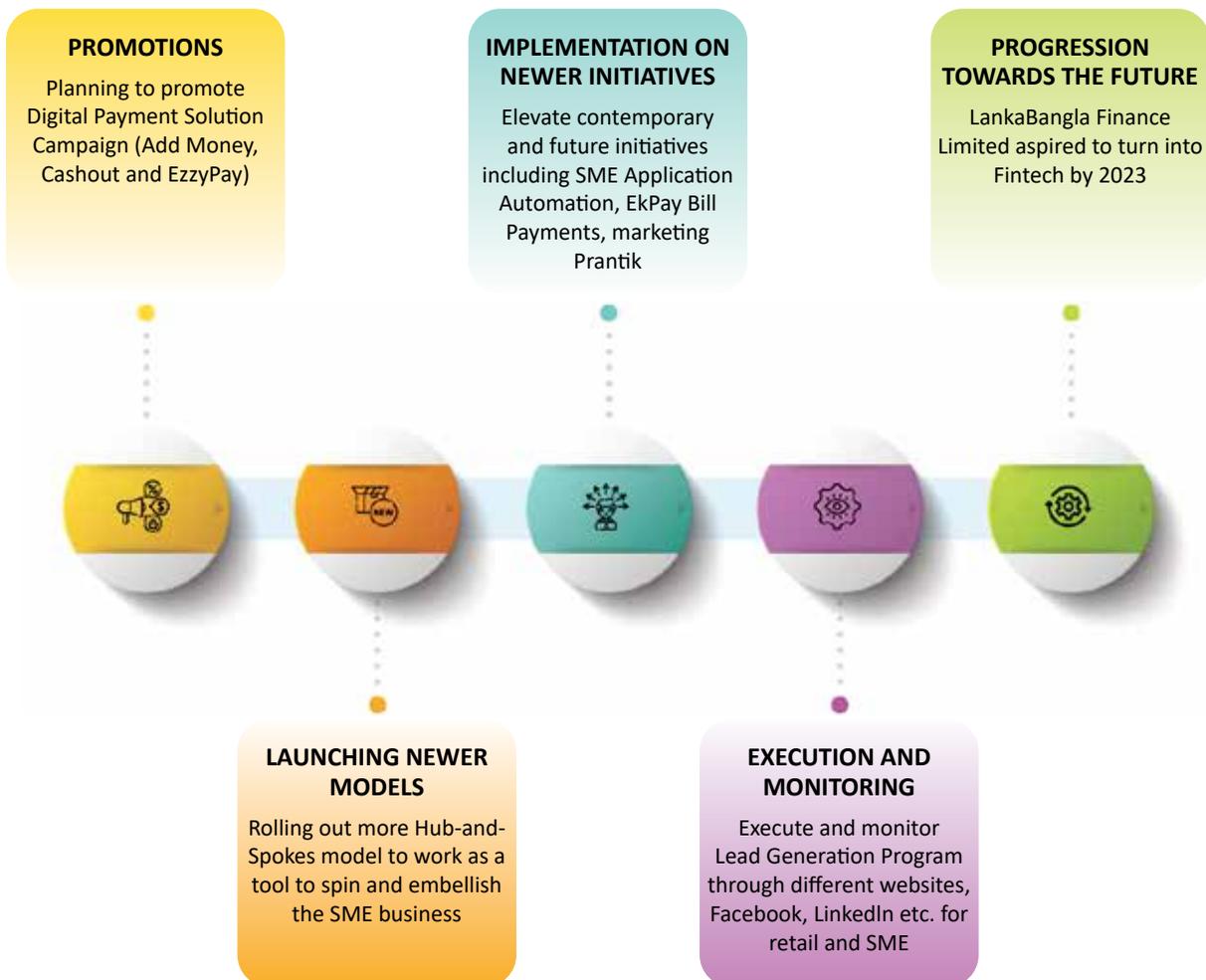
mind. The distribution program was held at Dinajpur's 10 no. Ranipukur Union of Birol Upazila. Mr. Faruk Azom, Charman of 10no. Ranipukur Union, and LankaBangla authorities were present at the distribution. Thank you for supporting the LankaBangla Foundation in this attempt. Clothing were also supplied to students in Panchagarh. The distribution program was held in the local primary schools of Debiganj Upazila in Panchagarh. Upazila Education Officer, Principals of the schools and LankaBangla officials were present during the distribution. The primary goal of such program is to reduce the suffering of the cold and impoverished segments of society.

DIGITALIZATION

GRI: 203-2

“ The Company’s competitive advantage and market leadership are built on digital infrastructure. Core IT infrastructure technologies and processes that are cutting-edge help improve institution-wide efficiency and productivity, lowering the Company’s cost-to-income ratio. Furthermore, LBFL’s capacity to stay adaptable in the face of externalities shows the strength of its core system and IT infrastructure. ”

In the world of the new normal, LankaBangla believes that digitalization and innovation would be pivotal to long-term sustainability. The Company thinks that innovation occurs through a trial-and-error approach. It encourages people to explore and adapt, pushing what they learn into the next generation of ideas. The Company aspires to switch into being fully digital by 2023 and has taken its first step towards this transition as it taps on future initiatives. It has started to integrate its systems and processes into digital platforms for both customers and employees, thereby uplifting customer service quality and refining productivity, and aims to cultivate efficiency by amplifying the experiences. The Company further hopes to establish hub and spokes model, with an aspiration to exert it as a gizmo for the SME business line, as honing up this business line is one of our staple focuses for the future.



ENVIRONMENTAL TOPICS

As a non-banking financial institution, our operations have very little direct environmental impact. However, as our operational environment becomes more dynamic and competitive, the efforts we take as an organization to protect and conserve the natural environment will provide a distinct competitive advantage. We aim to be a responsible environmental steward and strive to minimize the impact that our business may have on the environment.



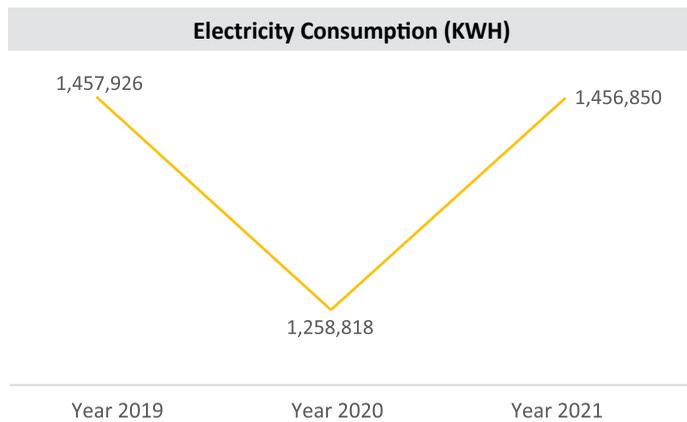
ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Major in-house green initiatives

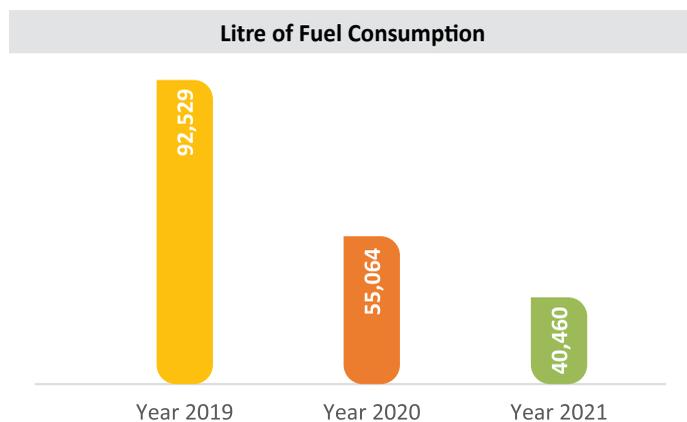
GRI: 302-1

Lankabangla considers the environmental effect of our operations using environmental performance measures such as energy conservation, waste reduction. Part of our environmental goal is to raise awareness among all employees, suppliers, and customers about the importance of reducing their carbon footprint by implementing initiatives like waste recycling, responsible purchasing and increasing digital operations to encourage paperless operations.

We intent to restrict the environmental footprint of our business operations, blending our corporate actions and societal impacts that we account for. In the future, we are planning to minimize our ecological impact by implementing environment-friendly policies and behaviors. We always aim to optimize our sustainability performance in our operations, including energy and water consumption, paper recycling to name a few.

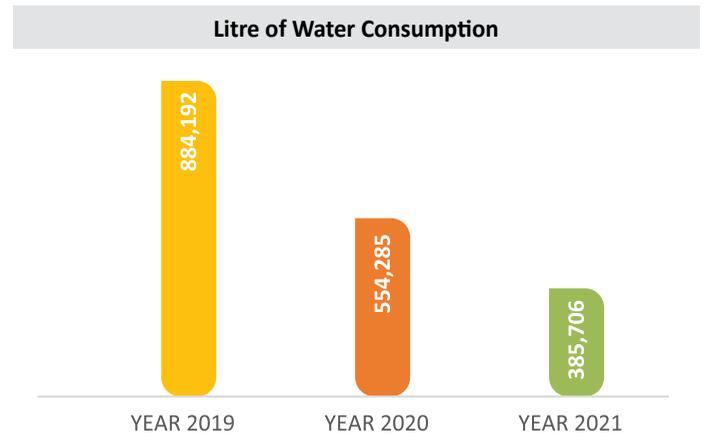


Compared to year 2019, our electricity consumption was 13.66% less in 2020. On the other hand, it increased by 15.73% in year 2021. One of the reason for the increase in consumption might be due to the daily attendance of the employee has been increased then the last year. As last year everyone was doing office from home, the consumption was very less in compared to year 2019.



GRI-302-4, 305-5

Our GHG fuel consumption was 40.49% less in year 2020 and 26.52% less in year 2021 compared to previous year. One of the factors for the unusual decline in the 2021 data being our staff working from home during pandemic situation.



GRI: 303-1

Our water consumption is 30% less than year 2020 as because in the year 2020 we have taken some initiatives of which one was to consolidate the work floors.

WASTE MANAGEMENT

GRI: 306-2

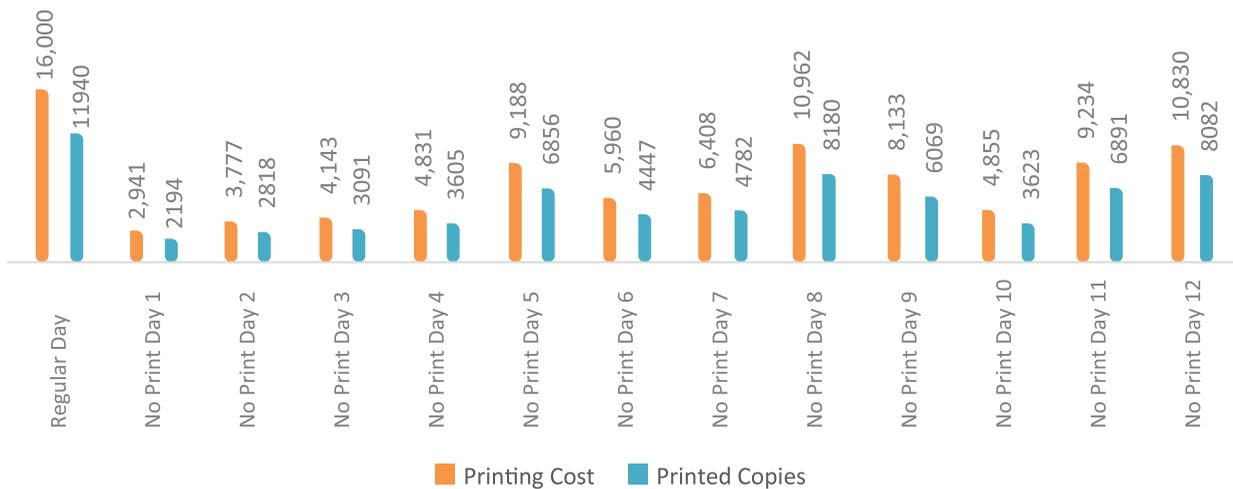
Major in-house green initiatives

As a financial services provider, LBFL believes in environmental protection since it helps the community stay healthy, despite the fact that such material consumption and waste instances are scarce in our sector, as opposed to the manufacturing industry. Nonetheless, environmental conservation and waste management have indeed been critical components for both the broader base and LBFL's sustainable stewardship. As a result, LBFL concentrates predominantly on the use of electronics and paper printing, as well as strategies to mitigate the adverse environmental effect of its operations through efficient technology management.

The practice of 'No Print Day' is one such discipline that is significantly vital in LBFL. The 12th 'No Print Day' campaign of LBFL has run its course recently. The last Thursday of each month is designated as a 'No Print Day'. This strategy has been embedded into the company's system as a means of attempting

to help with cost, plant, and environmental improvements. LBFL restricts the use of printers and prefers to go digital, which is equivalent to making efforts and developing innovative ways to reduce the consumption of resources. On this day, the print connectivity of the Division Head, Department Head, and Head of Branch remains open so that any employee who has to print urgently can do so. On a regular day, the cost of printed copies is around BDT 16,000, with a cost of almost BDT 1.34 each copy, reaching up to 11,940 copies on a regular day of printing. However, with the number of copies printed only on a contingency basis on a 'no print day,' there has been a significant reduction in printing costs, ranging from nearly an 18 percent reduction to a 68 percent reduction, demonstrating the massive cooperation and success achieved in the context of this initiative.

Printing Cost on No Print Day And No. of Copies



GREEN BANKING

GRI: 302-1

BUILDING A SUSTAINABLE Foothold...

“ Sustainability at LankaBangla Finance is part of the group risk function on the premise that environmental and social factors are material to the financial sector from a risk perspective. Having embarked on this journey only recently, we are still learning the ropes in terms of incorporating sustainability factors in our lending and investment decisions. The challenges are enormous since Sustainable Finance as a subject is still a relatively untrodden path in Bangladesh and the benefits are slow to materialize. Having said that, we have undertaken various internal and external sustainability efforts and aim to steadily fulfil our Chairman’s vision to be a sustainability leader in our sector. ”

The concept of green banking has been fundamental in LankaBangla. “Green Banking” is the practice of the financial sector with special focus on the environmental, ecological and social factors targeting conservation of nature and natural resources. The term broadly encompasses awareness creation and promotion of environment-friendly financing techniques, businesses and reduction of overall carbon footprint from both of its financing and in-house operations. To seek increased deployment of clean energy and more efficient use of funds, we introduced Green Finance, initiated in-house management, created Climate Risk Fund, Green Marketing, and supported employee training.

Green Targets and Achievements

Bangladesh Bank (BB) fixed a minimum target of green disbursement at 5.00% out of total funded term investment disbursement which was earlier fixed against total funded investment disbursement as a whole.

Disbursement in Green Finance

Particulars	Achievement Percentage
Sustainable Finance (SF) as % of Total Loan Disbursed	9.095%
Sustainable Agriculture as % of Total Loan Disbursed with SF	9.916%

Particulars	Achievement Percentage
Sustainable CMSMEs as % of Total Loan Disbursed with SF	6.103%
SRF as % of Total Loan Disbursed with SF	83.890%

Also, Percentage of number of borrowers with sustainable finance is 1.586%. Furthermore, Total two categories belong to green finance which are liquid waste management and Brick Klin.

In-house management

In-house management plays an important role to ensure sustainable banking practice by reducing the costs of every possible banking operation as well as to reduce carbon emission. Vigorous efforts have been taken by LankaBangla by enhancing awareness among all of the functional units of the organization and consequently the overall expenditure is being reduced gradually. The consumption costs of electricity, water, paper and fuel was BDT 10,457.95, BDT 992.02, BDT 1,669.42 and BDT 6,474.31 respectively over the year. To address the current pandemic situation and to maintain social distancing, all the training programs have been conducted on-line using various virtual platforms.

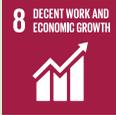
CAPITAL MANAGEMENT



FINANCIAL CAPITAL

GRI: 201-1, 207-3

The funds we receive from capital providers and use to support our business operations and invest in our strategy. Our business activities are funded with financial capital, which includes reserves derived through share capital, other equity-related funding, and retained profits generated from operations.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Profitability and Financial Stability ▶ Corporate Brand Image/ Goodwill Building ▶ Sales promotions, marketing communication, and information about the bank's products and services are all available 	Profit	<ul style="list-style-type: none"> ▶ 2021: BDT 609 mn Gross Income ▶ 27.48% Y-O-Y increase in net fee and commission income, driven by fees related to loans and advances, credit cards, trade and other electronic funds 	<ul style="list-style-type: none"> ▶ Allocating financial resources strategically to establish distribution channels in accordance with LBFL's expansion strategy would help to boost the market. ▶ Consistently improving financial performance over time contributes to the company's credibility and reputation in the industry. ▶ Strong financial outcomes would allow the company to allocate resources consistently in order to meet the needs of all major stakeholders. ▶ Improved financial performance enable the organization to boost wealth created for employees through higher-than-average compensation and benefits, enhancing motivation and employee satisfaction while decreasing employee turnover. 	   
	Asset Base	<ul style="list-style-type: none"> ▶ Cost-to-Income Ratio is 56.53% (2020: 64.24%) ▶ Asset Base: BDT 82.53 Bn 		
Liquidity	<ul style="list-style-type: none"> ▶ Tier I, Tier II and CAR stood at 13.31%, 3.57% and 16.89% respectively 			
Capital Structure	<ul style="list-style-type: none"> ▶ Dividend payout ratio: 88.48% 			
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Competitive Positioning ▶ Operational Excellence 				

Analysis of the Statement of Profit or Loss

Gross Income

The gross income declined by 26.25% to BDT 609 million from BDT 825 million in 2020. This was a correspondence due to the contractions in the reported in all of its key income sources. The interest income dropped by 16% compared to its preceding year, whilst the fee and other operational income accounted

for a 27.48%. The margin was reduced as well due to extreme competitive market.

Net Interest Income

With the government-led economic stimulus packages as a response to the pandemic and the regulator mandated interest caps, the outcome was a subsequent impact on the company's net interest margins, which fell 12.59 percent from the previous

year. Another reason for the decline in net interest income can be attributed to a slight decrease in loan appetite (which was generally high throughout the year, resulting in a liquid and competitive market) when the country was hit by the second wave of the pandemic, resulting in a slight decrease in portfolio volume. Again, the reduction in the combined variance of lower margins and lower portfolio average volume as a result of the competitive market reflected slightly negatively in net interest income. Bangladesh Bank's lifting of the asset classification cap also led to the drop in the NII.

Non-Fund Based Income

LBFL recorded a fees and other operational income of BDT 679 million in 2021, a 27.48% increase from BDT 533 million, owing to an increase in disbursement from BDT 22,006 million in 2020 to BDT 34,269 million. The majority of this improvement was due to the success of retail finance, which was followed by the great performance of SME finance. The credit card portfolio is the core driver of retail portfolio performance, accounting for 74.15% of total retail finance. Despite the periodic shocks of the pandemic, the service fee generated significantly as the nation is hit by the second wave of the pandemic, owing mostly to the movement of businesses and customers to digital channels during the lockdown period and thereafter. As a result, fee was generated mostly through the electronic channels such as cards, reflecting a robust performance the past year resultantly mirrored by the income from credit cards which increased by 19.55 percent compared to the prior year. We were able to mobilize BDT 21,852 million in liabilities, BDT 11,161 million of which were retail term deposits, as a result of the credit card portfolio, which also contributed to a strong performance of service fees and commissions.

Operating Expenses

Operating expenses decreased by 1.04 percent Y-o-Y, from BDT 1,646 million in 2020 to BDT 1,629 million in 2021. The Company's stringent cost optimization techniques implemented in response to the adverse macroeconomic conditions were essential in cost reduction. One of the primary priorities from the previous year was to optimize operating expenses, and we were successful in doing so.

Profitability

The profit before tax for the year 2020 was BDT 917 million which later on dropped to BDT 609 million in 2021, reflecting a of 23.75%. Alongside this dip in PBT, the Net Profit After Tax (NPAT) also witnessed a decline of 26.25%.

Return on Equity (ROE) and Return on Asset (ROA)

Reflecting our endeavors in the returns generated from both assets and equities, the standalone ROA stood at 0.76%. The ROE for the year 2021 stood at 5.66% from 8.07%.

Analysis of Statement of Financial Position

Total Assets

LBFL's total assets reached over BDT 82,534 million at the end of December 31, 2021, up from BDT 76,812 million at the end of the previous year, a BDT 5,722 million rise (7.45%).

Loan and advance growth, as well as an increase in capital market investment in local currency, were the primary drivers to the total asset growth indicated above. Cash and cash equivalents climbed by 1.63% to BDT 640 million at the end of the fiscal year, up from BDT 630 million reported on December 31, 2020.

Loan Growth

As in the previous year, weak economic conditions curtailing from the pandemic, led to low demand for loans and advances throughout 2021. In the midst of these challenges, LBFL adopted a far-sighted approach towards granting new loans and reported a growth of BDT 4,065 million for the twelve months ended 31st December 2021, a 7.43% increase over the previous financial year.

Liabilities

LBFL's deposit reported as BDT 48,181 million at 31st December 2021 with a year-on-year growth of 1.20%.

Simultaneously, term deposits also increased by 1.22% compared to the previous year. Overall, the total deposit portfolio grew by BDT 71,464 million at the end of 31st December 2021 compared BDT 66,364 million reported at the end of 31st December 2020.

Equity

Total equity of LBFL has reached almost BDT 11,073 million at the end of 31st December 2021, up from BDT 10,447 million at the end of the preceding year, an increase of BDT 626 million (5.99%).

Capital Adequacy Ratio and Liquidity

Throughout 2021, the Company remained well capitalized, with minimal leverage and strong levels of loss absorbing ability, with all capital indicators remaining well above regulatory norms. As of December 31, 2021, the Company's core capital Tier I, supplementary capital Tier II, and Capital Adequacy Ratio were 13.31 percent, 3.57 percent, and 16.89 percent, respectively, well exceeding the BASEL II recommended minimum capital requirements. Meanwhile, throughout the fiscal year under review, the Company maintained all liquidity ratios above the minimum standards.

Group Performance

LBFL consists of three subsidiaries: LankaBangla Securities Ltd., LankaBangla Investments Ltd., and LankaBangla Asset Management Company Ltd. All the companies have reported a resilient performance during these challenging times.

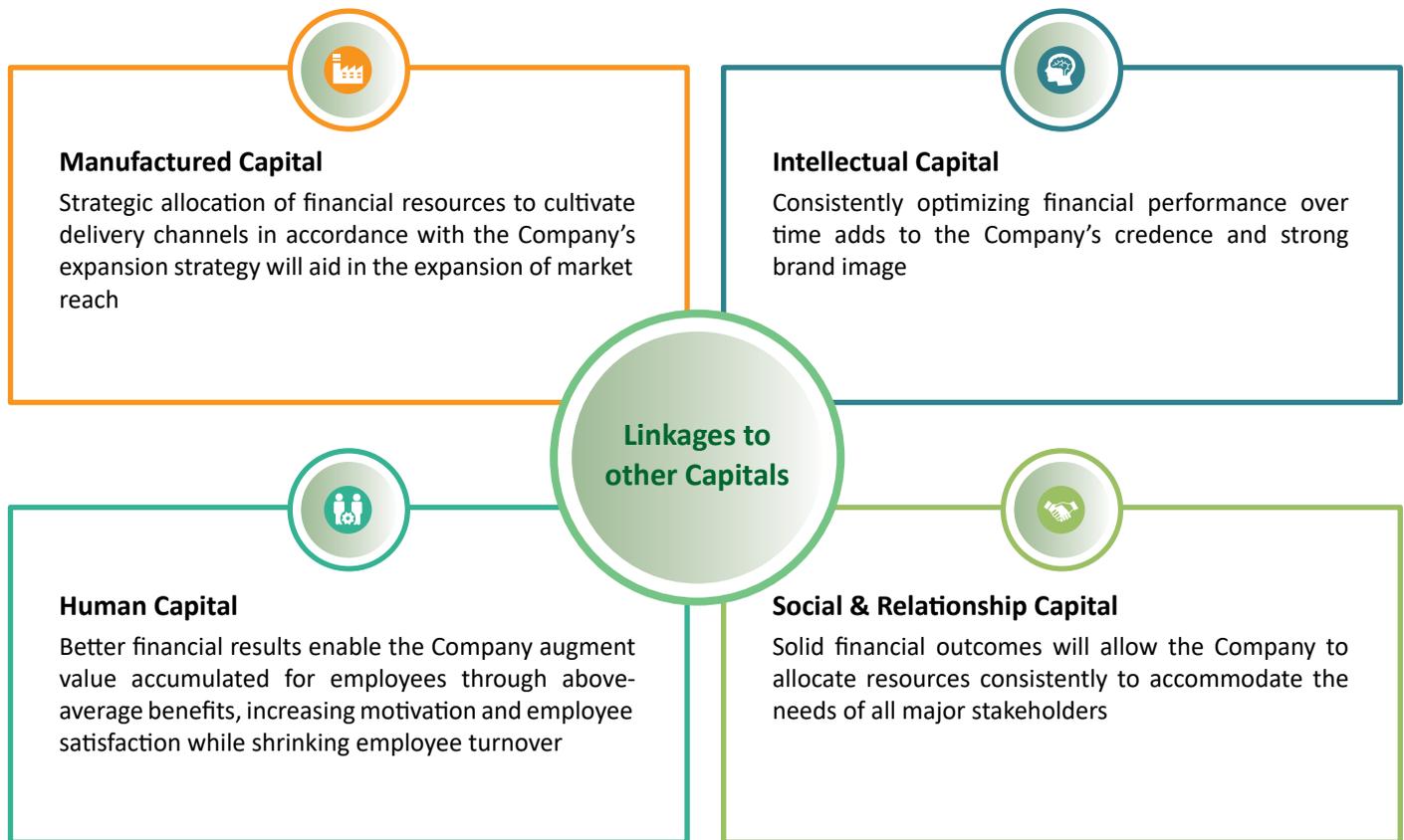
Performance of Shares

Following the resuscitation of the economy, the capital market in Bangladesh has seen remarkable performance, ranking as one of the top performing markets in South Asia, with its major exchange Dhaka Stock Exchange (DSEX) generating a 25.08 percent return in 2021. The total number of equities traded on the Dhaka Stock Exchange increased from 597 in 2020 to 616 in 2021.

BDT 1.00 per share (i. e. BDT 1.00 per share of TK. 10.00) each for the year ended 31 December 2021, constituting a dividend amount to reach at BDT 538 million. This will be considered for approval of shareholders at 25th Annual General Meeting (AGM) of the Company scheduled to be held on 31 May 2022. The dividend payout ratio of LBFL for year ended 31st December 2021 stood over 88.48%.

Dividend

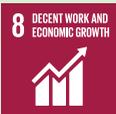
The Board of Director in its 136th Meeting held on 11 April 2022 has recommended to the shareholders a final cash dividend of



HUMAN CAPITAL

GRI: 102-17, 205-1, 401-1, 403, 404-1, 404-3, 405-2

Our people and how we select, manage and develop them. This enables them to use their skills, capabilities, knowledge and experience to improve and develop products and services that meet the needs of our clients across the diverse regions in which we operate.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> Talent Acquisition and Management Learning and Development Employee Engagement Employee Health and Safety Anti-Corruption Practices 	Remuneration and Benefits	More than 300 employees got recognized for their exemplary contribution and commitment towards business growth and core values	<ul style="list-style-type: none"> A performance-driven culture helps the business plan achieve superior financial performance. Learning and development interventions help employees to become more productive through better use of resources Employees who are emboldened are better equipped to provide the company's customer value proposition A highly talented and motivated team boosts the company's competitiveness and maintain a competitive edge 	    
	Learning and Development	Almost 31% of training activities conducted via the company's e-learning platform		
	Governance and Best Practices	126 Staff promotion		
	Digital Solution	Automation of routine HR processes to facilitate the redeployment of people towards more productive and rewarding roles		
Strategic Theme for 2022				
<ul style="list-style-type: none"> Driving a high performance culture Employee digital experience Creating a future ready workforce Operational excellence 				

Key performance indicators of HR practices and decent work responsibility

Like year 2020, COVID-19 pandemic took hold and shifted personal and professional lives again in 2021. To cope up with this, new and flexible thinking was required to motivate, engage and manage talent. The future of the workplace had already been evolving but the pandemic set in motion an acceleration in efforts and re-prioritization on management agendas.

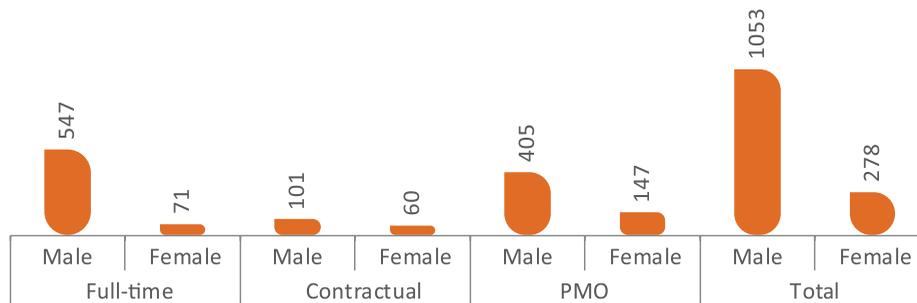
We have a planned approach focused on building strong connections with our team members both individually and collectively, to ensure every team member is deeply committed to the LBFL's core values and purpose.

Employment Type: Full-Time, Contractual and Product Marketing Officer (PMO)

In 2021, the company worked towards its headcount target, we continued with the process for restricted hiring to support company's strategic goal. Employees have been hired only to positions that are viewed as critical to company's success and future growth.

Employment Type	No. of Employees	Composition in%
All Employees of LBFL	2021	2021
Male	1053	79%
Female	278	21%
Full-Time	2021	2021
Male	547	89%
Female	71	11%
TOTAL	618	100%
Contractual	2021	2021
Male	101	63%
Female	60	37%
TOTAL	161	100%
PMO	2021	2021
Male	405	73%
Female	147	27%
TOTAL	552	100%
GRAND TOTAL	1331	100%

No. of Employee by Type and Gender in 2021



Age Analysis of Employees as at December 31

Category	Management Cadre		Non-Management Cadre		Menial Cadre		Total 2021	
	Male	Female	Male	Female	Male	Female	Male	Female
51-60 years	3	0	4	0	1	0	8	0
41-50 years	91	8	72	6	9	0	172	14
31-40 years	346	43	229	104	14	0	589	147
21-30 years	97	20	181	97	6	0	284	117
21 years below	0	0	0	0	0	0	0	0
TOTAL	537	71	486	207	30	0	1053	278

Service Tenure Analysis of Employees as at December 31

Category	Management Cadre		Non-Management Cadre		Menial Cadre		Total 2021	
	Male	Female	Male	Female	Male	Female	Male	Female
16 years & above	16	1	0	0	6	0	22	1
11-15 years	28	5	1	0	7	0	36	5
6-10 years	137	13	99	16	11	0	247	29
6 years below	356	52	386	191	6	0	748	243
TOTAL	537	71	486	207	30	0	1053	278

New Employees Hired

GRI: 401-1

Category	No. of Employees Hired
Management Grade	115
Non-Management Grade	202
TOTAL	317



Employment Status

As mentioned earlier, hiring has been restricted to positions that are viewed as critical to company’s success and future growth. Of the total employee, 42% were confirmed in service whereas 4% were on Probation. Rest 54% of the total employees were contractual in the company. Of this 54% contractual staff 75% are Marketing Officers.

New Employees Hired

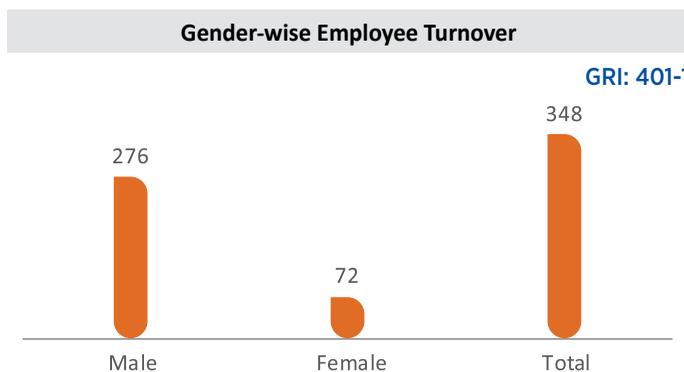
GRI: 401-1

Category	No. of Employees Hired
Management Grade	115
Non-Management Grade	202
TOTAL	317

Employees Attrition

GRI: 401-1

Category	Gender-Wise Turnover	Percentage of Employees	Gender-Wise Percentage of Attrition
Male	276	79%	25.44%
Female	72	21%	26.09%
TOTAL	348	100%	26.15%



Employee Attrition Rate by Age Group

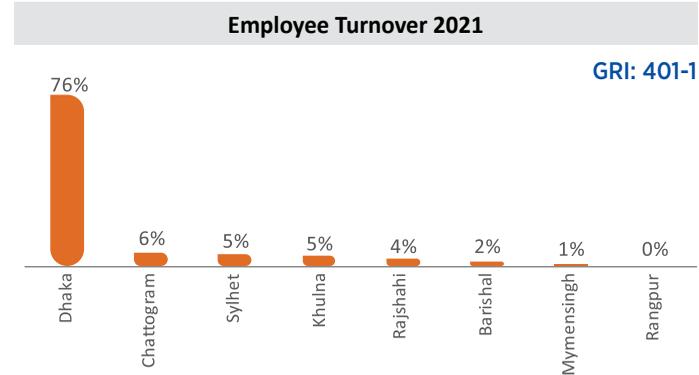
GRI: 401-1

Category	No. of Employees Left
51-60 years	2
41-50 years	23
31-40 years	178
21-30 years	145
TOTAL	348

Geography-wise Employee Turnover

GRI: 401-1

Category	Gender-Wise Turnover	Percentage of Employees
Category	Turnover (No.)	Turnover %
Dhaka	266	76%
Chattogram	22	6%
Sylhet	19	5%
Khulna	17	5%
Rajshahi	13	4%
Barishal	7	2%
Mymensingh	4	1%
Rangpur	0	0%
TOTAL	348	100%



Compensation and Benefits

The company follows a policy of continuous improvement in respect of the working lives of its employees. In addition to this, LankaBangla Finance Limited has taken further steps to enhance the facilities and benefits afforded to its staff:

Cash Benefits	Non Cash Benefits
Festival Bonus	Personal loan facility at a privileged interest rate
Provident Fund	Home loan facility at concessionary interest rate
Gratuity	Auto Loan for Executive grade employees
Annual Increment	Motorcycle for employees who need to visit outside office in regular basis
Performance related Bonus	Travel allowance & daily allowance
Performance Incentive for HRCs & PMOs	Fuel allowance and transport allowance

	<p>Disturbance allowance for temporary transfer</p> <p>Medical benefits enjoyed by all employees including life insurance and hospitalization insurance to cover up any medical emergency Insurance coverage for parents (premium paid by employee) which is managed by Human Resource Division</p> <p>Mobile allowance for all permanent employees</p> <p>Cost sharing for Professional qualification</p> <p>Reward and Recognition is created to set up a systematic process of expressing appreciation for employee's hard work, dedication and contribution to the company</p>
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Other Benefits

LBFL plan, design and arrange various job specific soft skills and technical training based on individual need assessment and business requirement

Orientation program for all employees (Management and Non-Management Grades including PMOs)

Response to COVID – 19

Recalibrating to Adapt to COVID-19 Challenges

- ▶ Proactive steps were taken to ensure employee safety; mask-wearing was made mandatory, installed physical barriers at counters and arranged sanitizing facilities at the entrance to each branch. All the office premises of LBFL were disinfected on regular basis.
- ▶ Branch operating hours were curtailed as per the guidelines issued by the Bangladesh Bank.
- ▶ New work arrangements, including the work-from-anywhere model were introduced for all employees.
- ▶ Provided emergency Transport facility for team ICT and Contact Centre team members for ensuring uninterrupted service.
- ▶ Critical resources were identified to deal with any emergency.
- ▶ HR Division with the help of the ICT team developed Vaccination Reporting tool in LBFL Intranet which is known as "Sporsho"
- ▶ A central database is maintained in the Human Resources Division regarding COVID infection of employees and their family members.
- ▶ Awareness e-flyer and emails were sent to all employees to keep them aware of the do's and don'ts during pandemic.

Working Remotely

As COVID-19 pandemic took hold, our company faced significant challenges in order to continue serving clients, maintaining productivity and safeguarding the health and safety of employees. Considering this, LankaBangla Finance Limited has developed "Working Remotely" policy for all employees.

This practice is one of the growing megatrends in the world due to its unique attributes for the business. This model has already proved its effectiveness and multidimensional positive impact on our business and employee wellbeing with respect to managing operational cost, talent management, and the work-life balance of employees. This policy and practices are implemented to provide a guideline on eligibility, mandatory practices, and obligations for both parties, precisely a complete framework on "Working Remotely".

Learning & Development: Learning and Professional Development

Learning has long been a key element of our people strategy at the company. It is important for us to help our employees get better and better. We strive to do this by creating an engaging, personalized and varied learning experience accessible to all employees, at every stage of their career.

LankaBangla Finance Limited is dedicated in improving the professional competencies and performance of all its employees. As the year under review was an exceptional year, to avoid contamination from COVID-19, we have postponed many trainings. Still the company spent a total of BDT 7.09 million compared to BDT 1.27 million in 2020 (460% higher than 2020) on training and education programs for employees. All employees are subject to an annual performance review, at which they receive feedback on their performance and their development needs and potential as identified by the reviewers.

The company has followed a systematic approach to the identification of high performers among its employees. Through training, leadership competencies are identified and a pool of talent is created to serve the long term needs of the company.

A total of 81 training programs, involving 2,763 nos. of participants, were conducted during the year. These programs were categorized as in-house, external and overseas training. We have also arranged e-learning for our employees. We have run 25 modules for e-learning of which 10 modules were developed for all employees in the year 2021 where in total 1,464 nos. of employees attended the program. Given the company's strong commitment towards developing a learning culture, it is pertinent to note that employees underwent a total of 24,199 man-hours of training during the year on various knowledge building programs. It is to be noted that we are also focusing on providing trainings to our contractual employees as well.

Composition of Training Program

It is to be mentioned that, LBFL always focus on internal training rather than external training in the year under review. We have prepared our own customized course contents and hired specialist for those programs as and when required. We have also developed e-learning module with our own resources. In our internal training, we have our own resources as well to conduct the training. In 2021, of the total training, 20% was internal training, 30% were through e-Learning platform, 43% was external training and rest 6% was overseas training. This overseas training was online based from institutions like Massachusetts Institute of Technology (MIT Sloan), London School of Economics and Political Science (LSE), The Wharton School of the University of Pennsylvania (Executive Education), Cambridge Judge Business School for our top leaders.

Training Hours by Employee Grade

For creating a learning and development culture throughout LankaBangla Finance Limited, we have provided training to our contractual staffs as well as our sales forces. This will be a continuous learning process for them and helps them in honing their skills to penetrate the market effectively and efficiently since we believe in “Growing Together”. We will design and conduct more specific training for our sales forces and for our contractual employees as well in coming days.

Category	Male	Female
Management Grade	2,104	238
Non-Management Grade	168	145
Product Marketing Officer	77	31
TOTAL	2,349	414

Career Development Review & Succession Planning

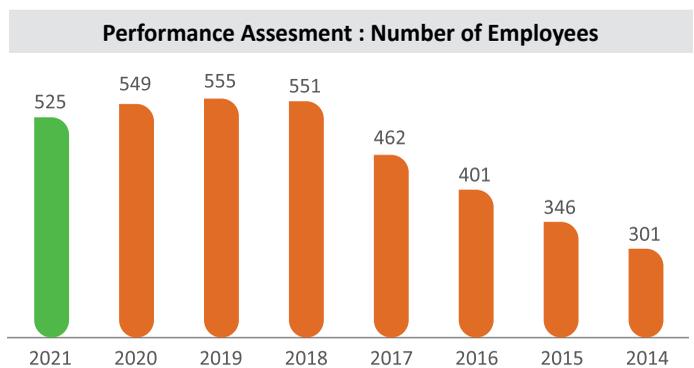
In the context of complex and special condition of the relevant industry, the primary assets of a business are the talents of its people, not the tangible and financial assets that make up the balance sheets. The cost of finding key talent and replacing key staff that leaves the company is expensive and time consuming. As a result, LBFL has the following procedure to ensure that they can continually develop and retain the talent that they groom through proper recognition and career enhancement. At the same time, we try to ensure that our operations do not become jeopardized due to the sudden departure of any key staff, so this policy also allows for some precautionary measures in terms of manpower planning.

- **Human Resources Planning:** Through Human Resources Planning (HRP), we analyse our human resources needs under changing conditions and develop the activities necessary to satisfy these needs. It helps to ensure that the right numbers of the right kinds of people are available at the right times and in the right places to shape the organisational plans into reality.
- **Human Resources Information:** In order to use the HR data effectively, it is important to update and manage Human Resources Information System in a structured manner. The data can be easily managed by a customised database to suit the management decision process of the Company regarding HR. The following information is essential in order to come to a sound and transparent decision regarding all HR issues such as transfer, promotion or redundancy:
 - ▶ Education record
 - ▶ Basic Personal Information
 - ▶ Training received
 - ▶ Job history
 - ▶ Performance rating
 - ▶ Extraordinary awards achieved
- **Career Management:** Based on the accumulated data, the management decides on the career progression of the key employee. This can happen along with the promotion or performance appraisal decisions. At the same time, the management may decide to groom potential talent among the staff through training and development efforts and also

ensuring the retention of the said talent within the Company. The HR Committee will review and develop structured Talent Identification Process along with required development interventions in this connection.

- **Succession Planning:** Succession plans establish the identity of the individual who will step in and assume the role of departed key employees, allowing companies to manage the transition and continue performing. To ensure this, we provide a mandatory 15 days or more Annual Block Leave at stretch to employees so that their senior team member can play the role of leader and can have hands-on experience of leading a team.

All employees of the company irrespective of their gender received formal performance and career development reviews during 2021. Annual performance reviews and the reviews conducted upon completion of probationary periods help the company in identifying and enhancing the potential skills and developing them as needed. As mentioned earlier, as a part of promoting our internal resources, contractual employees have been absorbed under Management Grade in 2021.



Reward and Recognition

GRI: 401-3

Reward and Recognition is a way to express appreciation for another employee's hard work, dedication and contribution to the Company. There are many levels of Reward and Recognition, to ensure both small contributions as well as the larger ones is recognized. Public recognition creates an environment in which all employees feel positive about the work place and sets a good example and motivates others to perform at a higher level. Moreover, the person feels that his/her contribution is valued by the organization.

We have different reward categories:

- ▶ Chairman’s Eminence Award: Once in a year
- ▶ MD’s Brilliance Award: Twice in a year
- ▶ Departmental Proficiency Award: Twice in a year
- ▶ Individual Aptitude Award: Twice in a year
- ▶ “ICON” - A Recognition Program for Best Branch Managers (BMS): Twice in a year
- ▶ Dine with MD: Quarterly basis
- ▶ HEROES@WORK: By-monthly basis
- ▶ Integrity Award: Once in a year (As per Bangladesh Bank Guideline)
- ▶ SHIKHA Award: Once in a year
- ▶ Long-Service Award

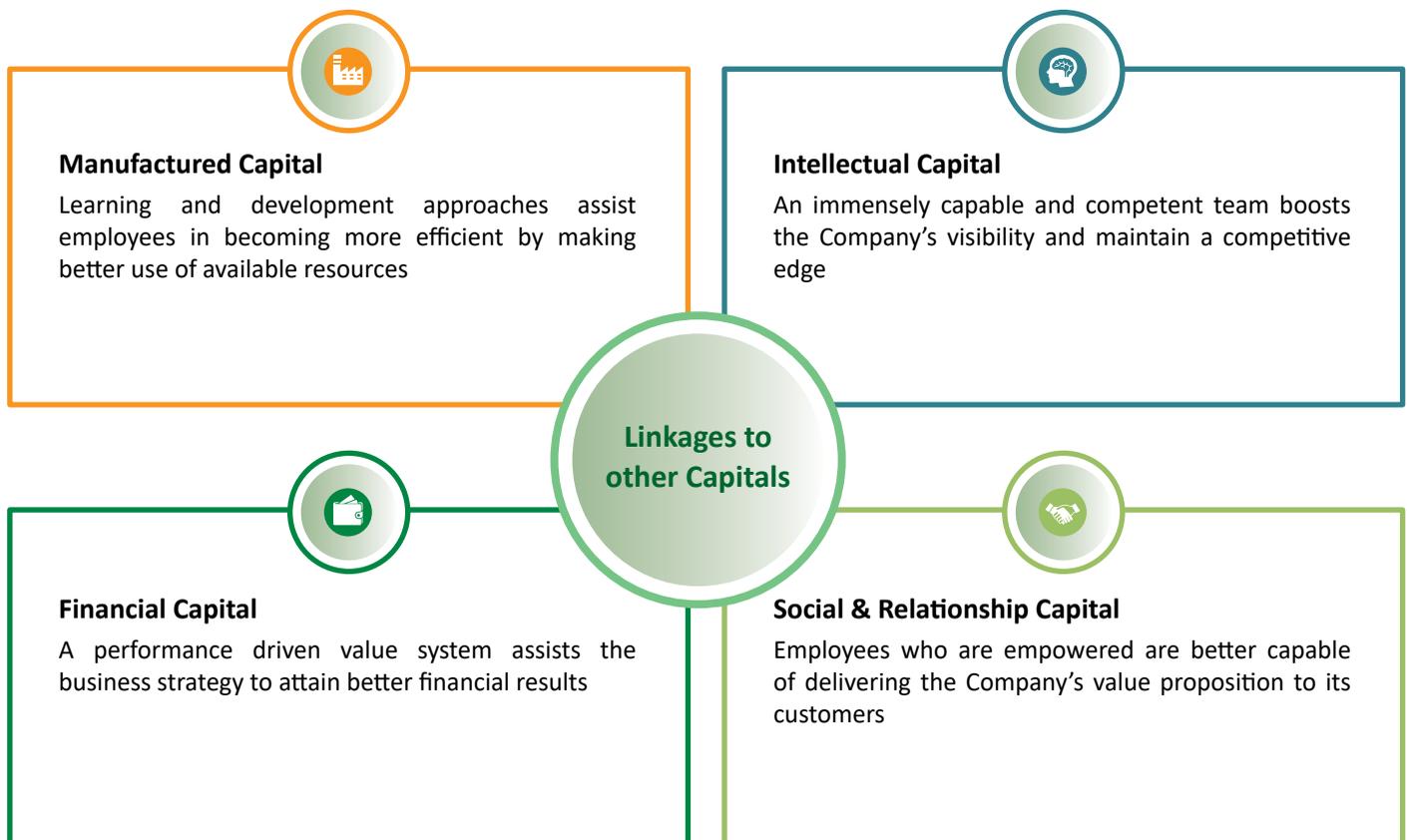
In addition to above, we run several campaign for both assets and liability product throughout the year.

Proposed Goal

- ▶ To ensure female to total employee ratio to be taken up to 25% by 2025;
- ▶ To ensure 10% female participation in leadership role by 2025

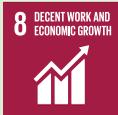
Proposed Action for 2022

- ▶ Focus on the change management process where we will seek increased automation and digitalization, thus releasing team members who perform traditional routine tasks for reskilling and subsequent redeployment to more value-adding tasks.
- ▶ Develop alternative work arrangement solutions that allow employees to be more productive to maintain a better work-life balance.
- ▶ Enhance the e-learning platform to ensure quality learning that can add value to the Company.
- ▶ Developing ERP-based Performance Appraisal System, which will ensure in providing timely feedback to concerned employees regarding their performance.
- ▶ Creating an internal high potential talent pool to meet the internal talent requirements for smooth operation of the business.
- ▶ Review and revamp LBFL’s HR function to ensure a future-ready HR Division capable of driving the Company to the next level.



INTELLECTUAL CAPITAL

Intellectual capital refers to intangible resources that reinforce our company foundations in order to assist the smooth operation of day-to-day operations and to ensure the Company's long-term viability. We operate under the assumption that investing in our intellectual capital will provide the Company with a distinct competitive advantage over its competitors.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Corporate Brand Image/ Goodwill Building ▶ Digitalization Strategy ▶ Business Continuity Schemes ▶ Information Security ▶ Customer Privacy ▶ Customer Convenience ▶ Financial Inclusion Agenda ▶ Communal Development 	Brand Strength	<ul style="list-style-type: none"> ▶ Shikha Chatbot launched ▶ Re-launching of FinSmart app ▶ Shikha Credit Card Soft launch ▶ Strong presence on social media channels ▶ Account for customers to view their availed products 	<ul style="list-style-type: none"> ▶ The Company's strong competitive standing enables it to constantly enhance its financial performance. ▶ Allows for the provision of necessary system support in order to improve the performance efficacy of all distribution channels. ▶ Increases customer, business partner, and community trust ▶ Establishes a firm platform for staff to carry out their responsibilities efficiently and effectively. 	  
	Information Security	<ul style="list-style-type: none"> ▶ 800 secured VPN for work from anywhere ▶ DR and Near DR rolled out to preserve customer data 		
	Business Continuity Planning	Automation of routine HR processes to facilitate the redeployment of people towards more productive and rewarding roles		
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Competitive Positioning ▶ Customer Experience ▶ Operational Excellence ▶ Community Stewardship 				

Brand Strength

For more than two decades, LankaBangla has taken pride in its exceptional brand identity as a holistic financial service provider. With the altering business circumstances all over the world as a result of the pandemic, LankaBangla Finance Limited concentrated on solidifying its geographic and digital reach through cutting-edge digital technologies and solutions that provide a superior client experience.

Shikha's virtual assistant is now available to all current and prospective clients, allowing them to interact with a bot on

the company's website and numerous social media platforms for any type of enquiry or account information. If a customer has a specific question, they can also speak with a live agent. In addition to this development, LankaBangla had signed a white level agreement with Dmoney. In 2021, FinSmart, an app, was relaunched with new transaction features. FinSmart is a smartphone app for LankaBangla Finance Limited customers who have various products, such as a credit card, a loan, or a deposit scheme.

Shikha Chatbot Launch
 Launching: 2021, May



LankaBangla Finance has launched its virtual assistant “Shikha” – a Chatbot to provide faster, improved, and convenient services for the valued customers.

Shikha Credit Card Soft Launch
 Launching: 2020, June



Shikha Credit Card for women from LankaBangla evolves as a smart living solution. This preferred card ensures an ever growing range of rewarding value additions to her everyday lifestyle.

FinSmart App Re-Launch
 Launching: 2021, July



LankaBangla Finance Limited brings out an updated mobile app Finsmart with all the necessary information and services to its customers. By FinSmart App, now without visiting any of the branches, customer can get the desired financial services at fingertips at any time. The updated app will be available in Google Play Store, Apple App Store.

Insurance-Backed Deposit Product (Swasti-Protiva)
 Launching: 2020, June



LankaBangla Finance introduces two unique deposit schemes "Swasti" and "Protiva" with life insurance coverage at free of cost in Bangladesh.

The main objective of these two landmark deposit schemes is to build regular savings habits with an assurance of getting full maturity value for any unanticipated incident. LankaBangla Finance will pay the premium on behalf of the customers.

Brand Accolade
ISO Certification
 Launching: 2020, December



LankaBangla Finance Limited is the first NBFi in Bangladesh who has received the ISO/IEC 27001:2013 certification by the British Standard's Institute (BSI). This certification assures that the organization has met all requirements successfully, regarding Information Security Management.

Apply Online Anytime Anywhere for all the products

LankaBangla Finance started developing the ‘online apply’ platform during the pandemic. The provision to apply full application process with necessary document attachments without any assistance of a sales person contributes to the added customer experience.

Prospect Generation

Through Website: January 2021- December 2021

Department	Amount
Retail	1822
Corporate	24
SME	383
Deposit	2
Total	2231

Online Application

APPLICATION	LAUNCHED	APPLIED	SUBMITTED
Credit Card	Jan 2020	3003	534
Deposit	August 2020	1406	105
Personal Loan	April 2021	2584	36
Auto Loan	Nov 2021	3	1
SME Loan	20th Dec 2021	0	0
Total		6996	676

Digital Activities of LankaBangla Finance

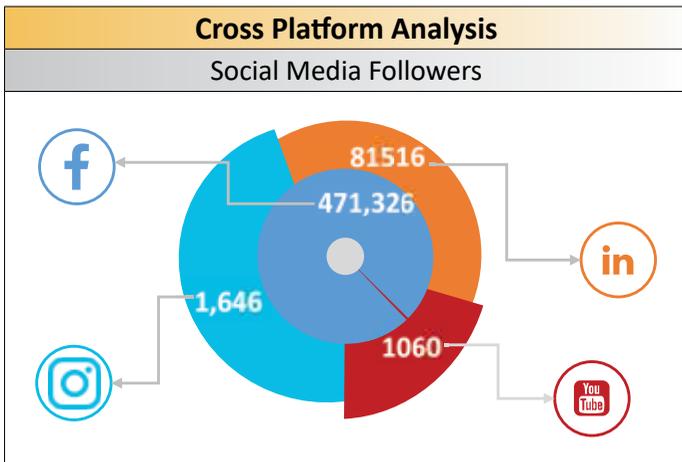
Strong Foothold on Social Media

LankaBangla Finance has a strong presence on social media channels, with a dedicated team to respond to client inquiries on our verified page. These social media platforms generate a considerable quantity of leads.

Social Platforms' Performance Overview

From 1st January, 2021 to 31st December, 2021





PLATFORM SUMMARY: WEBSITE

AUDIENCE OVERVIEW

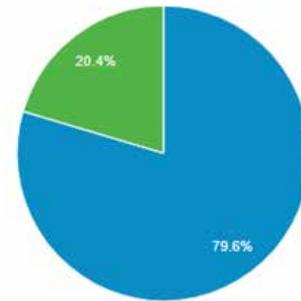


Audience Growth

From January to December, 2021

Category	Totals	Total Messages Received
Facebook	49,600 Page Likes	34.6 k
Instagram	207 Followers	
LinkedIn	10054 Followers	246 Comments
YouTube	390,000 impressions	
GDN	1,310,000 impressions	

■ New Visitor ■ Returning Visitor

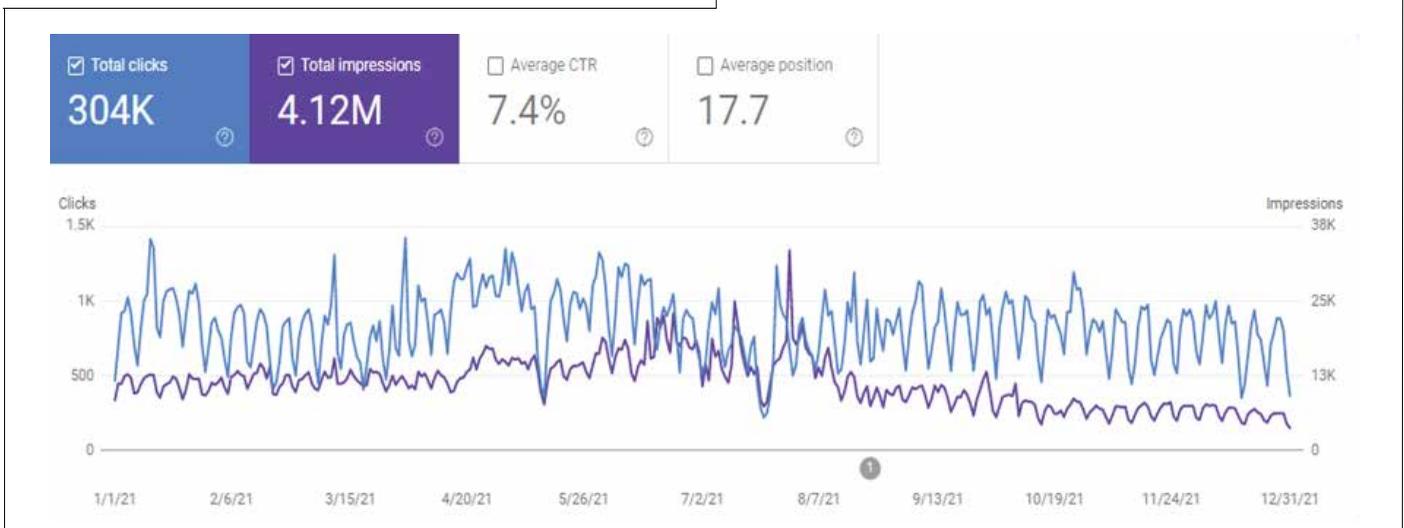


PR Valuation

Category	2020	2021
Press Release	32	35
Monitory Value (Approx.)	30,000,000	43,000,000

Google Search

The users clicked through to LBFL’s website for 304K and 4.12M impressions were achieved by LBFL. Average CTR is 7.4% which refers to the percentage of impressions that resulted in a click.



Payment Operations with Digital Payment Based Organization

Driven by new innovations and digitization, LankaBangla Finance Limited is always one step ahead of the competition in providing better service to its consumers via modern technology. By

offering simple and safe financial services across the country, the company hopes to attract more people within its service umbrella. By innovating in the provision of financial services, the company has worked relentlessly to bring financial inclusion to the country.

LankaBangla Finance has struck into agreements with a number of digital payment solution-based organizations in recent years to facilitate clients' payment-related transactions. Customers will be able to conduct credit card bill payments, utility bill payments, and deposit related transactions from anywhere at any time using these businesses' apps. dMoney, Nagad, iPay, Ekpay, Upay, and other notable organizations have been contracted.

Business Continuity Planning with Digital Inclusiveness

In the world of the new normal, LankaBangla believes that digitalization and innovation would be pivotal to long-term sustainability and hence, integrates it with its business planning framework. The Company aspires to switch into being fully digital by 2023 and has taken its first step towards this transition as we tap on our future initiatives.

The Company's strong business continuity planning builds a solid ecosystem to handle the impact of major disruptions and ensure the continuity of all mission important operations as well as auxiliary services in day-to-day operations. Routine operational functions were decentralized and performed at branches, while non-core functions were approved to be done remotely by staff working from home or at the next branch. LankaBangla has begun to integrate its systems and procedures into digital platforms for both consumers and staff, consequently improving customer service quality and refining productivity, with the goal of cultivating efficiency by magnifying experiences. LankaBangla wants to improve their client experience by utilizing digital channels and models.

Firming up on Information Security System

Meanwhile, as the world went digital, LankaBangla enhanced its systemic resilience to deal with the COVID-19 virus's effects. We have set up a home office for 800 users with secure VPN connectivity to let the business function smoothly.

	<p>100% licensed OS and Database LankaBangla is very keen to obey all compliances from the Central Bank and other entity as well as MasterCard and VISA inc. LankaBangla's all user device's OS is 100% licenced. And also licensed product for Oracl, Redhat etc.</p>
	<p>DR and Near DR since 2016 Tobe compliant and sensitivity of customers' data, LankaBangla established Disaster Recovery and Near DR site since 2016.</p>
	<p>EMV, Contactless and 3DS enabled Credit Card System LankaBangla has always been focused in adopting the latest technology and ensure customer security. EMV Chip Card and contactless card were rolled out in 2018. Also for e-commerce transactions, we follow 3DS method.</p>

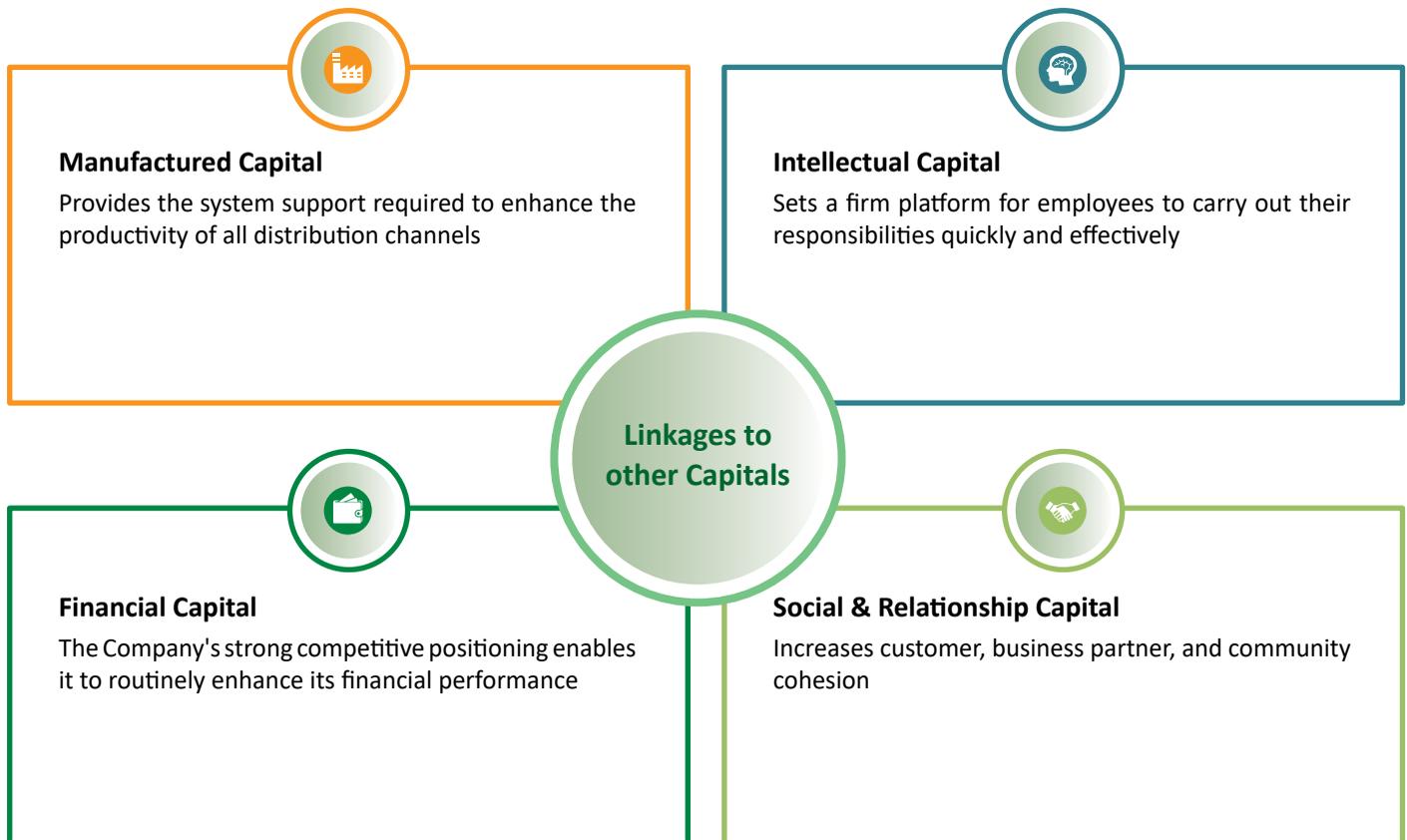
<p>PCI-DSS Certification</p>
<p>Launching: 2021, July</p>
<div style="text-align: center;">  </div> <p>LankaBangla Finance Limited has received the Payment Card Industry Data Security Standard (PCI DSS). LankaBangla has received this certification for adopting and applying the mandatory controls set by PCI SSC to ensure the effectiveness, efficiency, confidentiality, the integrity of our credit card business operations.</p> <p>This certification entails that the organization has met all requirements with strong confidence regarding credit card security and becoming the first NBFi in Bangladesh to receive that accreditation.</p>

Proposed Goal

- ▶ System up-gradation to ensure no data privacy breach takes place

Proposed Action for 2022

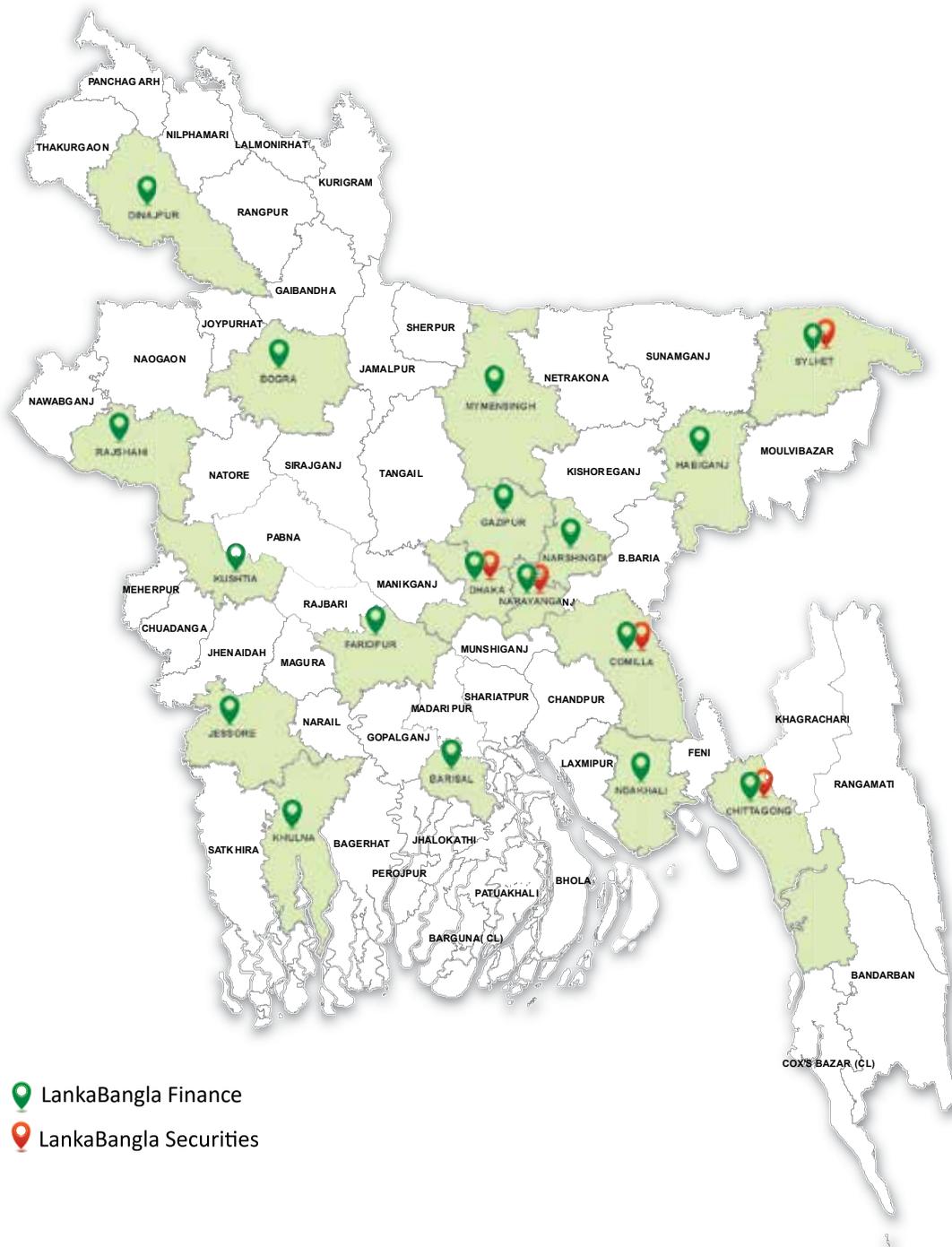
- ▶ Executives to use online application system, IFS, Chatbot, Credit Approval System and FinSmart to serve the clients better and faster
- ▶ Promote further Digital Payment Solution Campaigns
- ▶ Develop DR sites even more for identified business functions
- ▶ Open and execute digital survey for product insight and development
- ▶ Continuous customer and staff awareness programs
- ▶ Sponsorship event brandings
- ▶ Digital advertisements
- ▶ Outdoor media advertisements
- ▶ Dynamic advertisement and communication materials productions



MANUFACTURED CAPITAL

GRI: 204-1

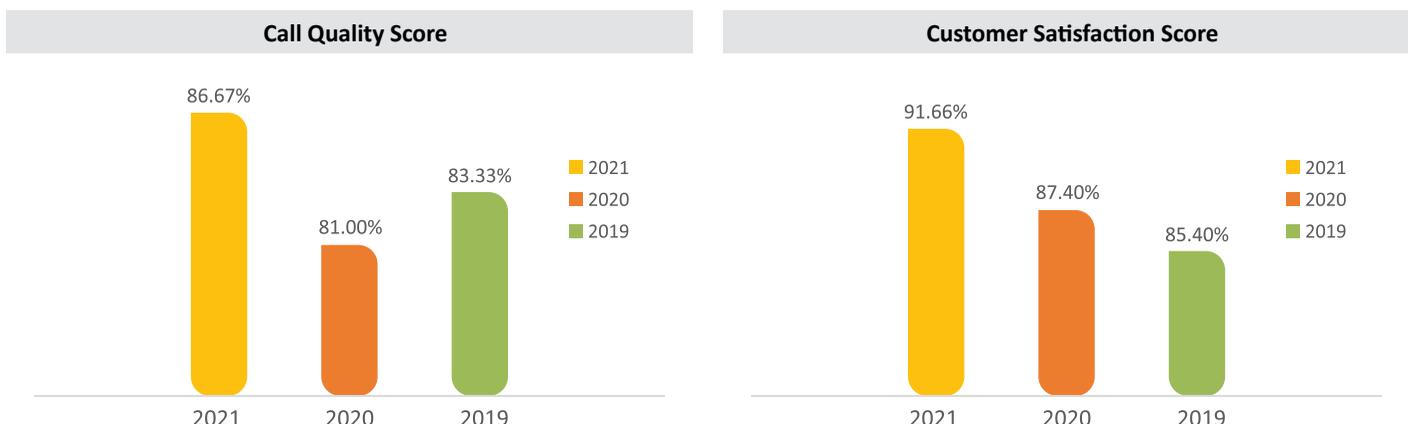
The tangible and intangible infrastructure that we employ to conduct our business activities, such as our infrastructure, network, and information technology (IT) assets, as well as the national infrastructure of the country in which we operate. Our parent firm, LBFL, has 27 branches, and our primary subsidiary, LBSL, has 10 branches spread over Bangladesh, allowing us to expand our horizons and serve a bigger number of people with our valued services. We spent heavily in information technology to improve operational efficiency, which resulted in more pleasant services for our valued clientele. LBSL's online trading window allows its clients to easily access the stock market from remote locations and provides them with hassle-free trading services. We are devoted to further strengthening our branch network in order to outperform the possibility of expanding our presence into new frontiers. We are also committed to increasing our investment in information technology in order to improve service efficiency and realize our objective of becoming Bangladesh's most preferred financial service provider.

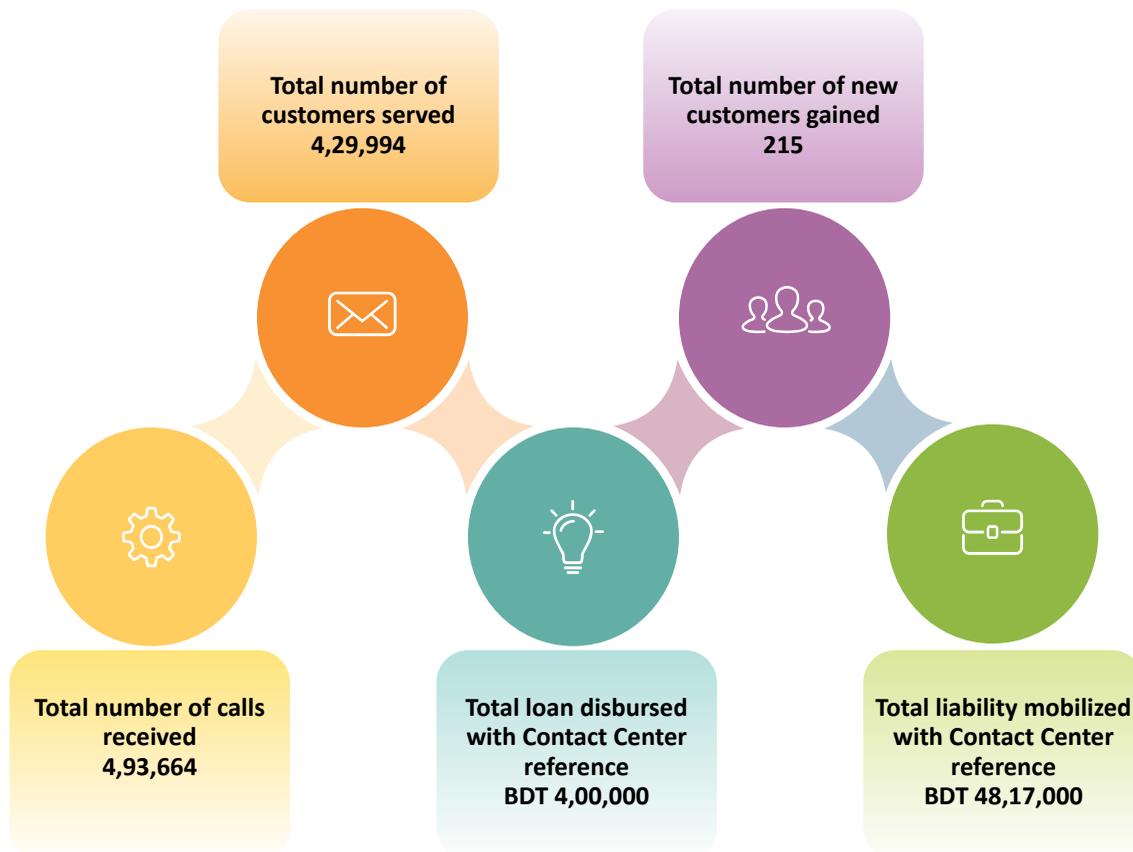


Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Physical Channel ▶ Digitalization Agenda ▶ Customer Convenience ▶ Customer Health and Safety 	Branch Network	<ul style="list-style-type: none"> ▶ 27 branches ▶ LBFL Contact Center 24/7 	<ul style="list-style-type: none"> ▶ Multiple banking channels enhance the number of income-generating avenues available to the company, hence increasing revenue and profitability. ▶ The dependability and high resilience of core systems assure business continuity, which benefits the company's reputation and increases brand equity. ▶ A broader range of outlets aids in gaining the trust of varied customer segments. ▶ A greater emphasis on digital operating solutions will reduce the consumption of paper, reducing the company's environmental effect. 	  
	Digital Channel	<ul style="list-style-type: none"> ▶ 137 tabs for sales force for online apply 		
	IT Infrastructure	<ul style="list-style-type: none"> ▶ Tier III Data Center 		
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Digital Footprint ▶ Paperless Operations ▶ Operational Distinction 				

Branch Network

The goal to consistently improve the value proposition delivered to customers through LankaBangla Finance Limited's branch network has been the fundamental underlying concept guiding LankaBangla Finance Limited's branch strategy over the years. Thus, LBFL highlighted the realignment of branch operations to support its clients, particularly during and after a pandemic, since it also focuses on being customer-centric. Throughout the year, the call center remained open 24/7, earning a stellar reputation with a high call quality and customer satisfaction score, both during and after the pandemic. In addition, new clients were successfully acquired in 2021. The performance was effectively supported by strong business continuity plans and strategies, which were implemented to ensure functional teams reported to work while administrative teams were allocated to work from home. Since 2016, LankaBangla has had a contact center capacity of more than 50 agents with a single short code 16325.





Sales force for Online Apply

LankaBangla Finance ICT Division created the OCAS Online Credit Approval System. The software connects Branch and Head Office procedures from application submission to approval, and it is projected to improve operational efficiency by shortening decision-making time.

OCAS is compatible with any platform, including laptops, Android, and iOS devices. As a test, we deployed 137 tabs for sales force. OCAS will also handle credit card, deposit scheme, personal loan, SME, Auto Loan, and Home Loan applications.

Creating Values to Our Customers

It is obvious from the outset that as a corporate participant, we understand our responsibility to the prosperity of society and the country as a whole. We want to be regarded as an organization that fosters long-term engagement with and provides superior customer experience, shareholders, employees, and the communities in which we operate. We define sustainability in the broadest sense possible at LankaBangla. It is about going about our daily lives in the proper way and continuing to play a role in tackling some of society's most pressing issues. Our operating branch network has grown to 27 in a short period of time, and we are planning future expansion.

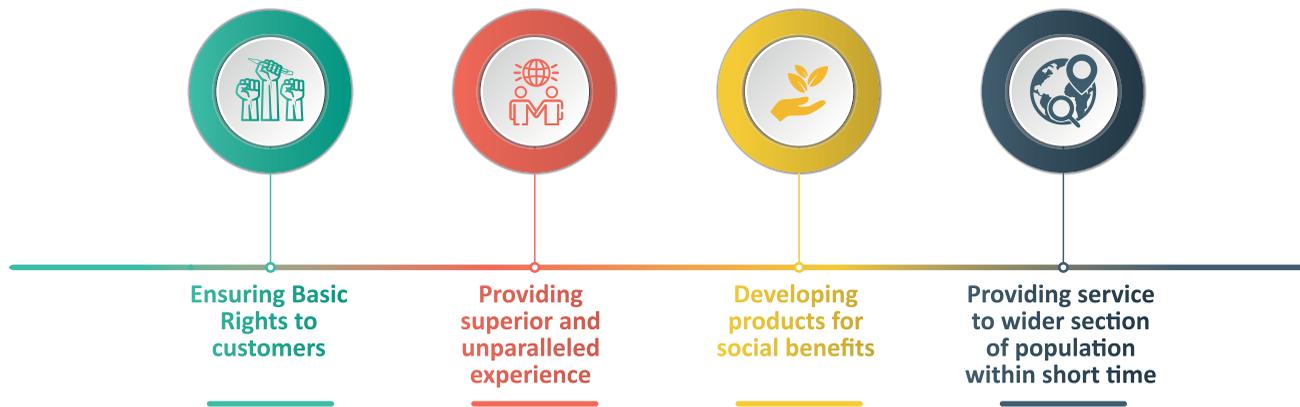
Basic Onuses to the Customers

LankaBangla Finance Ltd. believes in developing its financial operations by offering delicate financial services in addition to distinct items that can be consumed by all levels of society's clients. LBFL believes in expanding with its customers, thus it developed user-friendly products and services to ensure that all types of customers benefit and can grow alongside the firm.

Offering Remarkable and Unprecedented Services to the Customers

LBFL has been earnest about its duties and obligations to its customers from its inception, as customers are one of the important success factors. LBFL is enhancing client experience through building brand, an easy loan amortization technique, and customized services. LBFL also believes that it can assist assure dependable, appropriate, and accessible products and services to satisfy the needs and desires of our customers, allowing them to benefit.

Creating values to our customers



Customer Engagement via Frontline Level Channel

Innovation is a critical facet of sustainability because it demonstrates how we thrive at insuring and improving the financial well-being of individuals, businesses, and communities. Because of the pandemic and in attempt to lessen in-person engagements with our customers, we were primarily focused on communicating with them via call center, as we were last year. We use the call quality score and customer satisfaction score to acquire a real-time picture of the customer's experience with LBFL's product quality, convenience of transactions, and service assistance. It allows us to analyze client satisfaction at crucial points during their journey with us and implement improvement activities. We also have a well-organized system in place to handle client complaints. The online credit card and deposit application systems, which were established last year, have also garnered a lot of interest. Our contact center is unique in the Non-Bank Financial Institutions business, as it uses cutting-edge IVR (Interactive Voice Response) technology.

Providing Assistance to a Larger Population in a Short Span of Time

As LankaBangla Finance Limited feels that they are obligated to their clients, and they provide quick assistance to all difficulties raised by their clients. With the help of the department of IT's intellectual support, the organization provides solutions in the fastest feasible time through its branches all throughout the country. LBFL resolves concerns alleged by clients during the claims adjustment process and develops the causes so that the issues do not recur in the future.

IT Infrastructure

LankaBangla Finance's Data Center is Tier III certified and works in accordance with international standards and best practices for end-to-end redundancy protocols.

Digitalization for Geographical Expansion

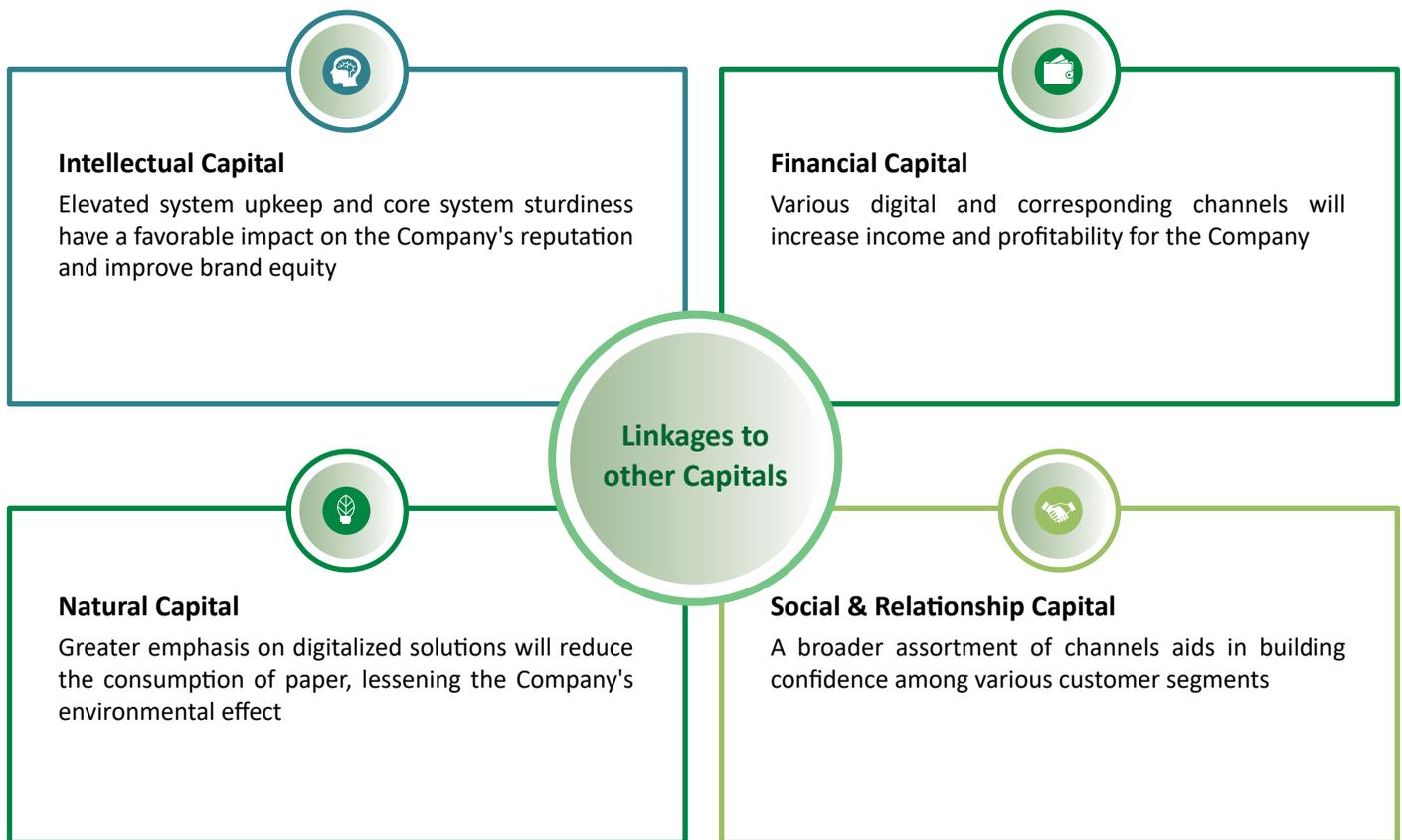
LankaBangla intends to construct a hub and spokes model, with the goal of using it as a tool for the SME business line, as developing this business line is one of our primary goals for the future. Not only will the merging of the model in this business line help us expand our business geographically and make it viable to worm our way into the market of digitalization profoundly, but it will also be a cost-cutting method, vis-à-vis energy consumption via this model will contribute to the process of creating sustenance for the community, as additional spokes are established, the number of workplaces used decreases, and as a result, electricity and other energy and resources are used less.

Proposed Goal

- ▶ To roll out around 21 spokes to support the hubs

Proposed Action for 2022

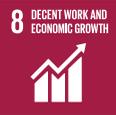
- ▶ Enhance customer experience through Digital Channels
- ▶ Execution of Lead Generation Programs for retail and SME division
- ▶ Development and rolling out on hub and spokes model for improved business functionalities
- ▶ Roll out more spokes in order to support the hubs
- ▶ Deeper market penetration with wider geographic reach, especially, for SME business
- ▶ Enhanced brand awareness
- ▶ Expansion at minimum cost
- ▶ Maximum utilization of resources



SOCIAL AND RELATIONSHIP CAPITAL

GRI: 203-2, 413

The cooperative relationships with our customers, clients, capital providers, regulators, and other stakeholders that we create, develop, and maintain in order to remain commercially and socially relevant and to operate as a responsible corporate citizen are referred to as social and relationship capital.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Customer Convenience ▶ Customer Health and Safety ▶ Sales Promotions, Marketing Communication and Information Availability on Bank's Products and Services ▶ Research and Development ▶ Community Development ▶ Financial Inclusion Agenda 	Product Relevance	<ul style="list-style-type: none"> ▶ Improved performance of credit card portfolio and retail basket 	<ul style="list-style-type: none"> ▶ Improving the total client experience allows the company to increase revenue sources. ▶ Customer insights aid in prioritizing the company's efforts across physical and digital channels. ▶ Customer feedback aids in the development of staff capacity by increasing the relevance of training sessions. ▶ Building strong ties with customers and the community enhances LankaBangla Finance's brand reputation over peers 	       
	Product Innovation	<ul style="list-style-type: none"> ▶ Roll out on hub and spokes model for SME-led growth ▶ Execution and monitoring of Lead Generation Program through digital channels 		
	Digital Adoption	<ul style="list-style-type: none"> ▶ Shikha credit card soft launched ▶ Virtual Digital Assistance launched 		
	Customer Engagement	<ul style="list-style-type: none"> ▶ Use of digital channel to serve the clients better ▶ System of online application on any platform for SME and Retail products 		
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Customer Experience ▶ Digital Leadership ▶ Community Stewardship ▶ Competitive Positioning ▶ Operational Excellence 				

Product Relevance

Improving the relevance of LankaBangla Finance's product portfolio has always been important to the bank's customer strategy. The commitment of LankaBangla Finance to continually develop its products and services in order to optimize their social significance has proven to be a crucial differentiator in garnering the respect and trust of clients across the country.

LankaBangla Finance's exceptional stride in its retail basket, rationalizing to be the main driver of the improvement in its disbursements, thus ensuring that its retail basket is relevant, especially the crux of the portfolio's driver is the company's credit card basket, which strives to deliver stellar results for the past few years.

Product Innovation

Product innovation has been one of the major pillars of LankaBangla Finance's market competitive advantage. Over the years, LankaBangla's unique financial services provided, have served to solidify the Company's position as one of the trusted partners to its customers.

The future focus has been on the expansion of its SME business line in order to enhance its customers' experiences while also walking on its road to viability. Along with expanding its retail portfolio, the Company intends to expand through its SME basket, thereby providing a differentiated value proposition to its customers. With SME-led growth, the Company also makes advances to stimulate digital adoption among customers and within the business, thereby combining the SME business with the hub and spokes model and constructing overall resilience to sustain the system.

Customer Engagement

With a strong foundation provided by the digital ecosystem created over the years, the Company was able to accelerate its digital initiatives to provide clients a completely more comfortable digital experience to assist them adapt to the new normal environment in 2021.

LankaBangla Finance Ltd. believes in expanding its financial operations by providing delicate financial services as well as distinct commodities that may be consumed by clients at all levels of society. Because LBFL believes in growing with its customers, it has created user-friendly products and services to ensure that all sorts of customers benefit and can grow alongside the company. Since its inception, LBFL has been diligent about its duties and obligations to its customers, as consumers are one of the most significant success components. LBFL is improving the client experience by developing a brand, a simple loan amortization method, and tailored services. LBFL also believes that it can help provide dependable, acceptable, and accessible products and services to meet our customers' needs and preferences, allowing them to benefit.

Community Development

LankaBangla's Corporate Social Responsibility (CSR) is a type of corporate self-regulation integrated into our business model with the goal of good business for good society. In all business activities and interactions with stakeholders such as shareholders, customers, employees, suppliers, business partners, local communities, and other organizations, we prioritize social and environmental concerns.

The Company believes that with its CSR policies and principles, it can achieve a balance of economic, environmental, and social imperatives ("Triple-Bottom-Line-Approach") while also protecting the interests of stakeholders. It has also significantly improved its company processes, as well as its corporate governance and compliance, in order to support seamless and effective operations. As a result, it has been able to contribute to the creation of a more sustainable society. LankaBangla Foundation provides assistance to poor members of the community in order to assure their education, health, and well-being.

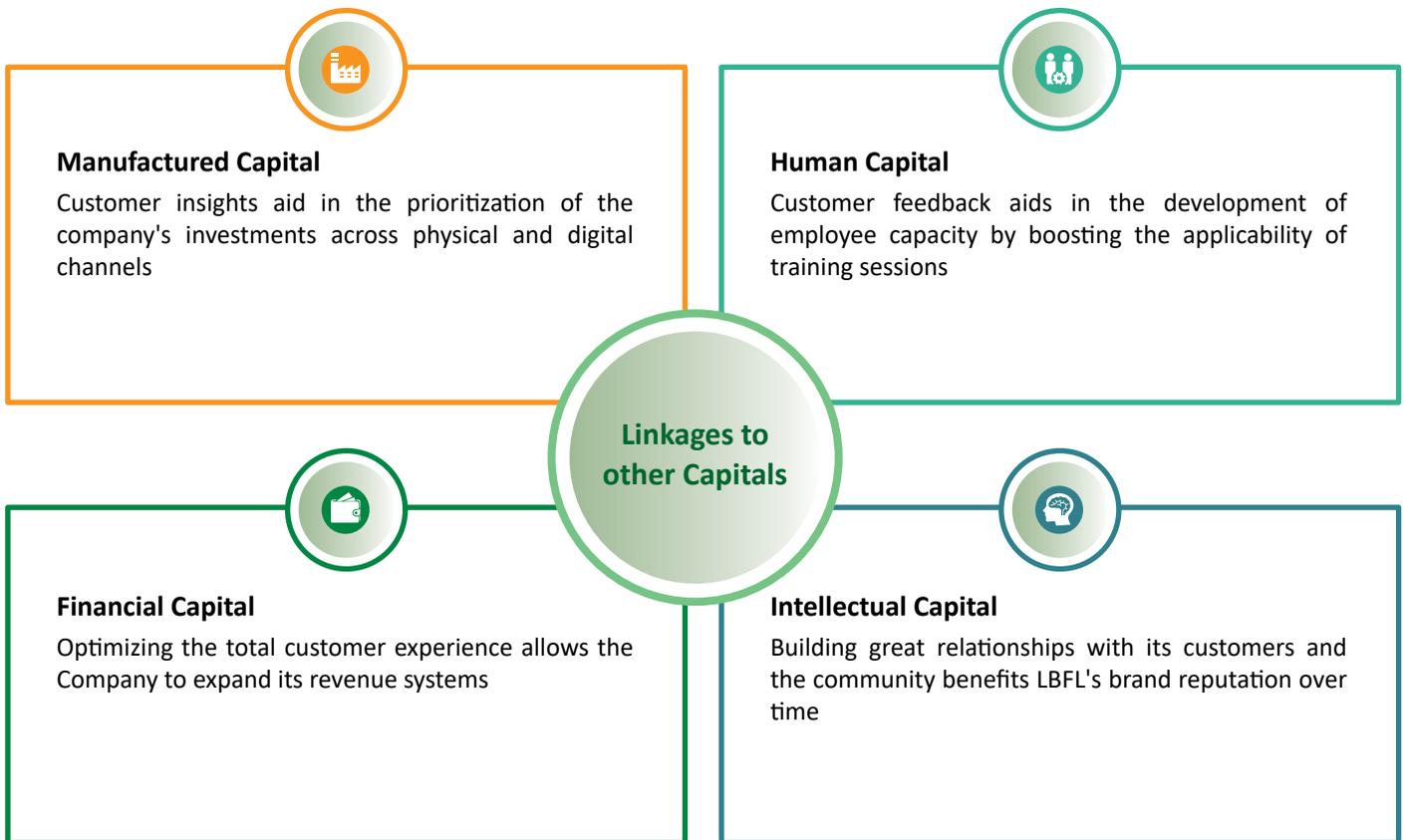


Proposed Goal

- ▶ To distribute around BDT 5 million for CSR activities

Proposed Action for 2022

- ▶ Expand market research activities to understand evolving customer demographics and map rapidly changing customer behavior patterns
- ▶ Prioritize the introduction of new digital solutions that have the ability to transform the local operating landscape.
- ▶ Expand the women entrepreneurial products and SME businesses
- ▶ A CSR wing is be formed with members from the Sustainable Finance Committee to provide assistance and advisory support to Sustainable Finance Unit for CSR activities.



NATURAL CAPITAL

GRI: 302-1, 302-4, 303-1, 305-5, 306-2

Environmental Protection and Conservation is considered a substantial topic in LBFL’s journey towards evolving into a truly sustainable NBF. As one of the promising NBF of Bangladesh LBFL’s fundamental approach to preserve Natural Capital is premised on responsibly managing the environmental and social risks associated with its own operations as well as the client businesses, in order to minimize the negative impacts on the environment and its stakeholders.

Material Topics influencing the Capital Development Strategy	Key Pillars	Value Creation Highlights for 2021	Impact on other capitals	SDG relevance
<ul style="list-style-type: none"> ▶ Protection and Conservation ▶ Corporate Brand Image / Goodwill Building 	Resource Efficiency	<ul style="list-style-type: none"> ▶ Significant reduction in electricity consumption at all the branches including head office 	<ul style="list-style-type: none"> ▶ Higher market share in the green financing area will help to drive revenue and profit targets. ▶ Provides the opportunity to introduce innovative solutions to update/ replace traditional banking models ▶ Enhances LBFL’s reputation as an NBF that prioritizes sustainable operations. 	     
	Responsible Lending	<ul style="list-style-type: none"> ▶ 9.095% of total loan disbursed as sustainable finance 		
	Environmental CSR	<ul style="list-style-type: none"> ▶ About 2,000 saplings of fruit-bearing and wood trees were planted 		
Strategic Theme for 2022				
<ul style="list-style-type: none"> ▶ Competitive Positioning ▶ Digital Leadership ▶ Operational Excellence ▶ Paperless Operations 				

LBFL’s operations cause very little direct impact on the environment. Nonetheless, stemming from its ambition to be a truly sustainable corporate entity, it has always made a circumspective endeavor to accomplish even the slightest environmental impact arising through its business. Per se, it considers Environmental Management to be a material topic driving its strategic accomplishments. Spearheading its journey towards becoming a truly sustainable NBF is a wide-ranging Environmental and Social Management System (ESMS), which is supported by a solid operation structure that outlines strong lines of responsibility accompanied by specific goals to achieve its environmental performance and drive endless development.

In August 29, 2021, LBFL took steps to promote strengthen governance and facilitate more proactive decision making at a strategic level, by reforming the sustainable finance committee. The Committee comprising sustainability and other relevant business units, will provide omission for refining its risk details in response to new social and environmental trends that arise periodically.

Resource Efficiency

LBFL has always believed that the efficient use of resources brings multiple benefits. It not only minimizes environmental imprint and generates cost savings that gives a viable advantage, but also helps to address the wider challenges arising as a result of climate change. Having advocated resource efficiency as a major enabler for sustainable growth now and in the future, it is looking to change its operational structure to motivate resource efficacy at all levels of operation.

Green Building LankaBangla Tower

LankaBangla Finance Limited believes that a hygienic environment is a key element for healthy consumers which leads to a strong business circumstance. In believing this, LankaBangla Finance Limited is constructing its own building named “LankaBangla Tower” which will be one of the LEED (Leadership in Energy and Environmental Design) certified building consistent with the green banking policy provided by Bangladesh

Bank. Having 12 floors along with 4 basements, the tower will be both environmentally friendly and energy efficient which will save both energy and expenditures and will have a good impact on environment.

To make a sustainable environment, we are creating our building based on these following activities:

Sustainable Sites

Our architects, designers, and engineers are rigorously mandated to follow a healthy construction guideline in order to keep our eco-system safe and to preserve public health near the construction site. We are also concerned about the safety of our thoroughly trained employees, therefore we supply them with safety nets, guardrail systems, and personal fall arrest devices. We created our tower with enough space inside and outside of the building for our staff to feel at home during working hours.

Water Efficiency

We will install water-saving devices to save water, which will have a positive impact on our environment. We plan to install a water harvesting system on the tower's rooftop to save raindrops and reduce pressure on underground and surface water.

Energy and Atmosphere

To save energy and protect the environment, we will use daylight as much as possible in our workplace in working hours. To implement this, we will install glass facade system around the building to consume more sunlight and put less pressure on electricity. We will also employ energy-efficient LED lights that are both cost-effective and long-lasting.

We are considering using a renewable energy system, such as building a solar power plant on the rooftops of LankaBangla Tower, in order to use less electricity and save money on electricity costs.

Recyclable materials and resource

LankaBangla Finance Limited plans to install a water recycling system to reduce water consumption while also saving money. Water will be filtered, disinfected, and recycled through this system before being reused for toilet flushing. This will cut our water consumption by half and have a smaller environmental impact.

Indoor Environment Quality

We will apply eco-friendly painting to have good impact on our environment as well as employees. Our air ventilation system will be based on natural air and we will apply HVAC (Heating, Ventilation, Air Conditioning) system hence using of fan and air-condition will be reduced and the electricity consumption will be comparatively declined.

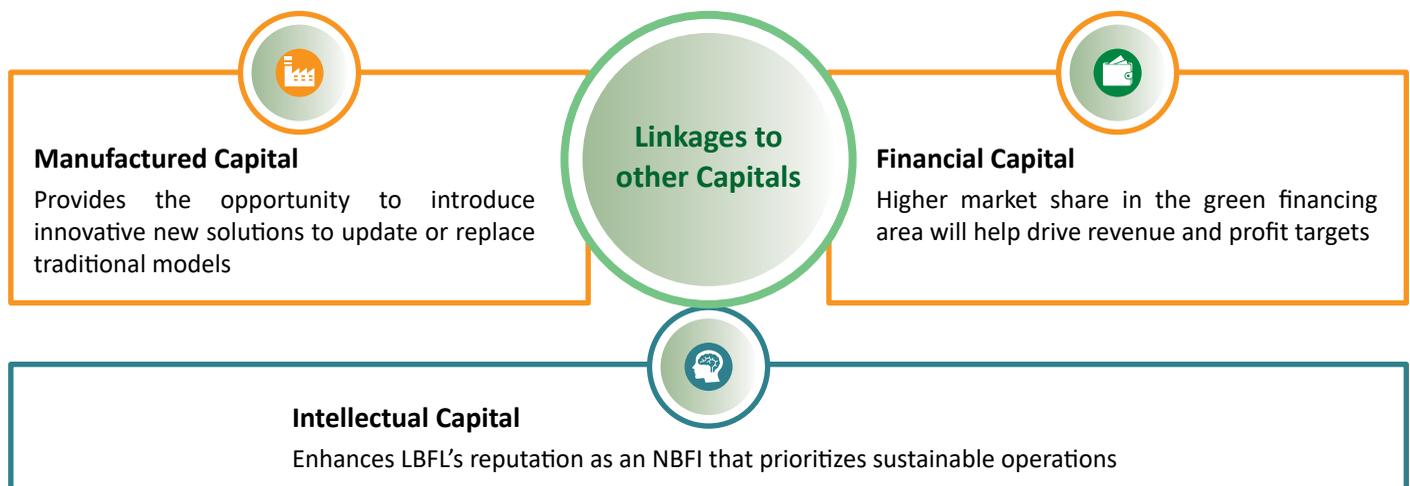
We will strictly prohibit smoking inside the building to make a sustainable environment and protect our employees.

Proposed Goal

- ▶ To reduce electricity and water consumption by 5% by 2025 (over 2019 baseline);
- ▶ To ensure that loan portfolios will not any organization that pollutes the environment significantly including tobacco companies
- ▶ To ensure compliance with the Central Bank's guidelines to disburse 5% of disbursement for green finance and 20% of total disbursement for sustainable finance.
- ▶ To maintain 2% green portfolio and 15% sustainable finance portfolio as per Bangladesh Bank's regulation

Proposed Action for 2022

- ▶ Promote Green Financing to minimize and mitigate our environmental impact
- ▶ Responsible consumption of resources to reduce GHG emissions and resource wastages
- ▶ Support tree plantation programs as part of our CSR activities



SUPPLEMENTS



CORPORATE INFORMATION

GRI: 102-5

Registered Name of the Company		LankaBangla Finance Limited
Legal Form		Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange, having incorporated in Bangladesh on November 5, 1996 under Companies Act, 1994
Company Registration Number		C-31702 (823)/96
Bangladesh Bank License No.		FID(L) - 1053/41-1088
Corporate Office		Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (880-2) 222283701-10, Fax: (880-2) 58810998
Company E-mail		info@lankabangla.com
Company Website		www.lankabangla.com
Business Divisions	Corporate Financial Services Retail Financial Services & SME Financial Services	Assurance Nazir Tower, (Level-9), 65/B Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (880-2) 9883701-10, Fax: (880-2) 8810998 Email: info@lankabangla.com
Card Centre		Tropical Mollah Tower (Level 11), Sha 15/1-15/4 Bir Uttam Rafiqul Islam Ave., Middle Badda, Dhaka 1212, Bangladesh Phone: (880-2) 55035243-55 E-mail: cards@lankabangla.com
Contact Centre		Tropical Mollah Tower (Level 11), Sha 15/1-15/4 Bir Uttam Rafiqul Islam Ave., Middle Badda, Dhaka 1212, Bangladesh Contact Centre Number: Local-16325, Overseas-0961101632 E-mail: myrequest@lankabangla.com
Operations Division		Assurance Nazir Tower, 65/B Kemal Ataturk Avenue (Level-3), Banani, Dhaka- 1213, Bangladesh Phone: (880-2) 55034079-90 E-mail: banani@lankabangla.com
Tax Consultant		Adil & Associates 50, Purana Paltan Line (3rd floor), Dhaka-1000, Bangladesh
Legal Advisors		Sadat Sarwat & Associates House # 28, Road # 23 Gulshan-1, Dhaka-1212
Auditors		
Credit Rating Agency		Credit Rating Agency of Bangladesh (CRAB) D H Tower, 6 Panthapath, Level 15, Dhaka 1215, Bangladesh Phone: (880-2) 55013678, 55013681-84, Fax: (880-2) 55013679 E-mail: info@crab.com.bd Web: www.crab.com.bd

LOCATION OF OPERATIONS

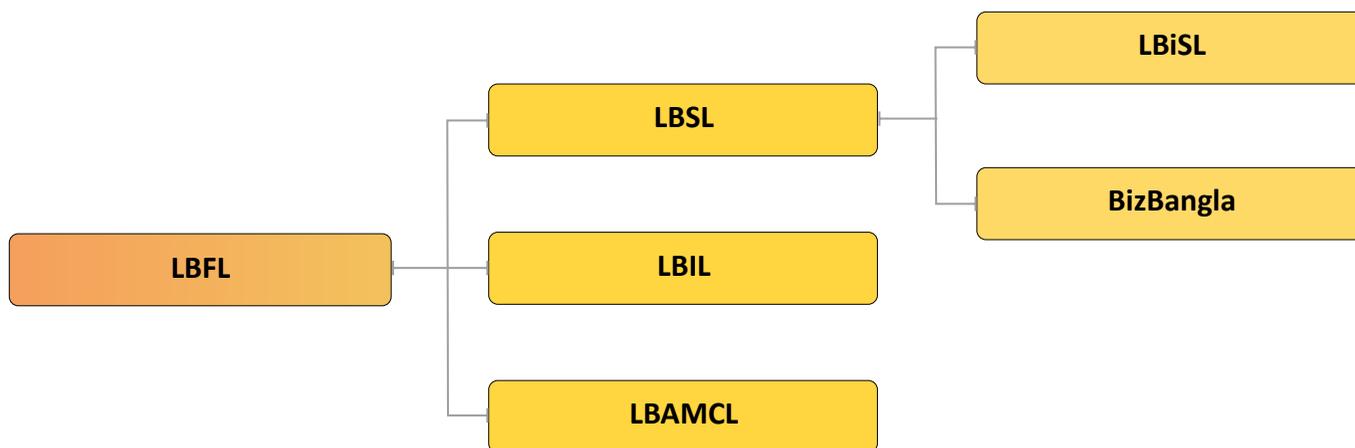
GRI: 102-4

Branches of LankaBangla Finance Limited	
Banani Branch	Assurance Nazir Tower (Level-3) 65/B Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh Phone: (880-2) 55034079-86 E-mail: banani@lankabangla.com
Dhanmondi Branch	Green Rowshanara Tower (4th Floor) Type-B, 755 (Old), 55 (New) Satmasjid Road Dhanmondi C/A, Dhaka-1209, Bangladesh Phone: (880-2) 58157820-26 E-mail: dhanmondi@lankabangla.com
Uttara Branch	Ishtiak Green (2nd Floor) Plot-81 A, Road-7, Sector-4, Uttara Model Town, Dhaka 1230, Bangladesh Phone: (880-2) 48964230, 48963493, 48950256, 8931412-13 E-mail: uttaralankabangla.com
Mirpur Branch	Northern Khan Height Tower (Level 3) Plot No # 34, Road No # 03, Block # D Section # 11, Mirpur, Dhaka-1216, Bangladesh Phone: (880-2) 9037841, 9037842-8, 9037851-2 Fax: (880-2) 9037848 E-mail: mirpur@lankabangla.com
Motijheel Branch	Al-Haj Tower (3rd Floor) 82 Motijheel C/A, Dhaka-1000, Bangladesh Phone: (880-2) 9514570-72, 9513714-16, 9514767-68 E-mail: motijheel@lankabangla.com
Agrabad Branch	Hal's Aster Anwer (14th Floor) 1728 Sheikh Mujib Road, Agrabad, Chattogram-4100, Bangladesh Phone: (880-31) 2512601-3, 2514563-5 E-mail: agrabad@lankabangla.com
CDA Avenue Branch	Yunusco City Center (level 8) 807/1056, CDA Avenue, OR Nizam Road, Khulshi, Chattogram-4000, Bangladesh Phone: (880-31) 2868901-3 E-mail: cdaavenue@lankabangla.com
Sylhet Branch	Khoirun Bhaban (Level 3) Holding No # 118, Azadi, Mirboxtula, Sylhet 3100, Bangladesh Phone: (880-821) 728418-20 E-mail: sylhet@lankabangla.com
Cumilla Branch	The Garden City (2nd Floor) 203/187 Jhawtola, Police Line, Cumilla-3500, Bangladesh Phone: (880-81) 73371-2, 74372-3 E-mail: comilla@lankabangla.com
Narsingdi Branch	Sonali Tower (2nd Floor, North-East side) Anandhi Moar, College Road, Madobdhi, Narshingdi-1604, Bangladesh Phone: (880-2) 9446730-31, 9446771, 9446776 E-mail: narsingdi@lankabangla.com
Jashore Branch	Mohashin Super Market (2nd Floor) 10 R. N. Road, Jashore-7400, Bangladesh Phone: (880-421) 71146-48 E-mail: jessore@lankabangla.com
Barisal Branch	Mannan Plaza (2nd Floor) 84, Sadar Road, Barishal-8200, Bangladesh Phone: (880-431) 65030, 61225 E-mail: barisal@lankabangla.com

Bogra Branch	Jamil Shopping Center (3rd floor) Rangpur Road, Borogola, Bogura-5800, Bangladesh Phone: (880-51) 71031-35 E-mail: bogra@lankabangla.com
Mymensingh Branch	Sabit Sharif Bhaban (2nd Floor) 55/A Boro Bazar, Mymensingh-2200, Bangladesh Phone: (880-91) 62901-02 E-mail: mymensingh@lankabangla.com
Khulna Branch	Tribune Tower (2nd floor) 2/A KDA Avenue, Khulna-9200, Bangladesh Phone: (880-2477) 725689, 726317, 726436, 726441 E-mail: khulna@lankabangla.com
Rajshahi Branch	Ahmed Plaza (2nd floor) 182-Alu Patti, Ghoramara, Boalia, Rajshahi-6100, Bangladesh Phone: (880-0721) 771216, 771286, 771293, 771036, 771158 E-mail: rajshahi@lankabangla.com
Narayanganj Branch	H.R. Plaza (2nd Floor) 64/90/A, B.B Road, Narayanganj-1400, Bangladesh Phone: (880-0671) 7631342, 7646980-82, 7631343 E-mail: narayanganj@lankabangla.com
Chowmuhani Branch	Morshed Alam Complex (3rd floor) South west corner, Karimpur Road, Begumgonj, Chowmuhani, Noakhali, Bangladesh Phone: (880-081) 73371-2, 74372-3 E-mail: chowmuhani@lankabangla.com
Bangshal Branch	Mahmud Tower (Level-8) 19, Siddique Bazar, North South Road, Dhaka-1000, Bangladesh Phone: (880-2) 9586009, 9586007, 47112904, 9550482, 9513822 E-mail: bangshal@lankabangla.com
Faridpur Branch	Rangolal Plaza (Level-3) 103 Goalchamot Mouza, Holding No-30, Fairidpur sadar, Faridpur-7800, Bangladesh Phone: (880 0631) 64382-86 E-mail: faridpur@lankabangla.com
Board Bazar Branch, Gazipur	Omar Ali Plaza (Level-3) Holding No. 309, Ward No. 30, Mymensingh Road, Kolomeshor, National University, Board Bazar, Gazipur, Dhaka-1704, Bangladesh Phone: (880 02) 9291506-7 291507, 9291509 E-mail: gazipur@lankabangla.com
Savar Branch	MK Tower (Level-4) B16/1, Jaleshwar, Shimultola, Savar, Dhaka-1340, Bangladesh Phone: (880-2) 7744835-39 E-mail: savar@lankabangla.com
Dinajpur Branch	Northern Plaza (Level-04) Goneshtola, Dinajpur-5200, Bangladesh Phone: (880-531) 66916-20 E-mail: dinajpur@lankabangla.com
Keraniganj Branch	Haji Alimullah Complex (Level-03) Aganagar, South Keraniganj, Keraniganj, Dhaka-1310, Bangladesh Phone: (880-2) 7763103, 7763259, 7763823 E-mail: keraniganj@lankabangla.com
Gulshan Branch	The Glass House (4th Floor-West side) Plot No. 02, Block -SE (B), 38 Gulshan Avenue, Gulshan-1, Dhaka-1212, Bangladesh Phone: (880-2) 8833930-34 E-mail: gulshan@lankabangla.com
Habiganj Branch	Syed Bari Tower (2nd Floor) Holding No: 3828/1, Habiganj Sadar, Habiganj-3300, Bangladesh Phone: (880-0831) 54473, 54474, 54493-94 E-mail: habiganj@lankabangla.com
Kushtia Branch	Bashar Tower (2nd Floor) Holding No.: 72, N. S. Road, Kushtia Sadar, Kushtia-7000, Bangladesh Phone: (880-071) 72462-63, 72442-43 E-mail: kushtia@lankabangla.com

GROUP STRUCTURE

The Group consists of a total of six companies including the Parent LankaBangla Finance Limited (LBFL). LBFL has direct holding on three companies LankaBangla Securities Limited (LBSL), LankaBangla Investment Limited (LBIL) and LankaBangla Asset Management Company Limited (LBAMCL). LBFL has indirect holding on two companies LankaBangla Information System Limited (LBiSL) and BizBangla Media Limited.



The table below shows the Group Shareholding Structure of LankaBangla Finance Ltd.

Sl.	Name	Place of business	Direct Ownership Interest	Indirect Ownership Interest	Total Ownership Interest
1	LankaBangla Securities Limited	Bangladesh	92.3198229%	4.3469729%	96.6667958%
2	LankaBangla Investments Limited	Bangladesh	99.9999975%	-	99.9999975%
3	LankaBangla Asset Management Company Limited	Bangladesh	99.9998942%	-	99.9998942%
4	LankaBangla Information System Limited	Bangladesh	-	96.4734622%	96.4734622%
5	BizBangla Media Limited	Bangladesh	-	93.1728152%	93.1728152%

GRI CONTENT INDEX

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX – ‘IN ACCORDANCE CORE’

GRI: 102-55

GRI Standards	Disclosure	Page No	Remarks / Reason for Omission
100. General Disclosures			
Organizational profile			
102-1	Name of the organization	2	
102-2	A description of the organization’s activities	6, 8, 9	
102-3	Location of the organization’s headquarters	Back page	
102-4	Number of branches where the organization operates	93-95	
102-5	Nature of ownership and legal form	93	
102-6	Sectors served	10	
102-7	Scale of the organization	9, 11	
102-8	Information on employees and other workers	52	
102-9	A description of the organization’s supply chain	44	
102-10	Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination	44	
102-11	Precautionary Principle or approach	21-27	
102-12	External initiatives	29	
Strategy			
102-14	Statement from senior decision-maker	13-14, 15-16	
102-15	Key impacts, risks and opportunities	37	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	42-43, 50-51, 52	
Governance			
102-18	Governance structure of the organization, including committees of the highest governance body	17	
	Committees responsible for decision-making on economic, environmental, and social topics	18, 19-20, 36	
Stakeholder engagement			
102-40	List of stakeholders group engaged	30	
102-41	Collective bargaining agreements	45, 51	100% employees are covered under the agreement and no complaints were reported for the past years
102-42	Basis for identifying and selecting stakeholders	31-32	
102-43	An Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	33-34	
102-44	Key topics and concerns that have been raised through stakeholder engagement	33-34	

GRI Standards	Disclosure	Page No	Remarks / Reason for Omission
Reporting practices			
102-45	Entities included in the consolidated financial statements	46, 47	
102-46	Defining report content and topic boundaries	2	
102-47	List of the material topics identified in the process for defining report content	38-40	
102-48	Restatements of information		Not Applicable for LBFL since it's the first edition of the report
102-49	Changes in reporting		Not Applicable for LBFL since it's the first edition of the report
102-50	Reporting period for the information provided	2	
102-51	Date of most recent report	2	
102-52	Reporting cycle	2	
102-53	Contact point for questions regarding the report	2	
102-54	Claims of reporting in accordance with the GRI Standards	2	
102-55	GRI Content Index	97-99	
102-56	External assurance		Not applicable for LBFL as no external assurance was sought while reporting
200. Economic			
201-1	Direct economic value generated and distributed	46, 47	
201-3	Defined benefit plan obligations and other retirement plans	54	
203-2	Significant indirect economic impacts	57, 58-60, 61	
204-1	Proportion of spending on local suppliers		
205-1	Operations assessed for risks related to corruption	45	
205-2	Communication and training about anti-corruption policies and procedures	45	No complaints on anti-corruption, money laundering or fraud was reported for the past years
207-1	Approach to tax	47	
207-3	Stakeholder engagement and management of concerns related to tax	48	
300. Environment			
302-1	Energy consumption within the organization	63, 65	
302-4	Reduction of energy consumption	63	
303-1	Interactions with water as a shared resource	63	
305-5	Reduction of GHG emissions	63	The company does not have significantly direct impact that would result in gross emission of any GHG or fuels

GRI Standards	Disclosure	Page No	Remarks / Reason for Omission
306-2	Management of significant waste-related impacts	64	
400. Social			
401-1	Total number and rate of new employee hires during the reporting period, by age group, gender and region	52-53, 72	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	54	
403	Occupational Health and Safety	55-56	No hazardous situation was reported by the employees of the company for the past years
404-1	Average hours of training per year per employee	54-55	
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review	56	
405-1	Diversity of governance body and employees	20	
413	Local Communities	58-60	



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