Forward Looking Statements

This presentation may contain statements that constitute forward-looking statements about the Company, within the general meaning of the term and within the meaning of applicable securities laws, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations. These statements may appear in a number of places in this document and may include statements regarding our intent, belief or current expectations regarding our customer base, estimates regarding future growth in our different business lines, market share, financial results and other aspects of our activity and situation relating to the Company. The forward looking statements in this document can be identified, in some instances, by the use of words such as “expects”, “anticipates”, “intends”, “believes”, and similar language or the negative thereof or by the forward-looking nature of discussions of strategy, plans or intentions.

Such forward-looking statements, by their nature, are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors.

Neither this presentation nor any of the information contained herein constitutes an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, or any advice or recommendation with respect to such securities.

Finally, be advised that this document may contain summarized information or information that has not been audited. In this sense, this information is subject to, and must be read in conjunction with, all other publicly available information.
Major Macro Highlights

Higher government expenditure amid moderate revenue collection widened the fiscal deficit further

- Borrowing mode shifted to bank borrowing from high cost non-bank borrowing through NSCs
- Slowdown in sale of NSCs contributed towards higher growth in deposits in the banking system

Despite a significant growth in deposit base, upsurge in government bank borrowing put some pressure on liquidity throughout the year

- Banks’ investment in government securities led to a drop in AD ratio but left less room for incremental lending
- Uncertainty regarding interest rate capping created stiffness in the financial sector
- Interbank call money and REPO market remained volatile in terms of volume and rate

Adoption of cautious stance by banks amid sluggish trend of private investments made credit to private sector fall to its 10 year low

- Private sector credit growth came down to single digit
- The Industry Sector and Trade & Commerce, the two major drivers of economic growth witnessed subdued growth. Import of capital machineries also dropped
Major Macro Highlights (continued)

**Improved external sector performance helped Bangladesh Bank maintain stability in foreign exchange market**
- Strong growth in remittance inflows compensated for the drop in export earnings; resultantly current account deficit narrowed
- Less intervention from BB was required to increase USD liquidity in the market. Hence, pressure on BDT liquidity was toned-down as compared to previous two years

**Capital Market passed another bumpy year**
- Low turnover and downward movement in price indices limited the opportunities to book fee and investment income

**GDP growth of Bangladesh likely to remain resilient despite some setbacks**
- World Bank and ADB forecast strong growth at 7.2% and 8.0% respectively
- Domestic demand expected to be the key growth driver
Major Highlights: IDLC

- Achieved 1.50% ROA amidst challenging conditions
  - Average of Top 5 ROAs among Banks & NBFI$s (excl. IDLC) till Q3 2019: 1.33%
  - IDLC’s ROA till Q3 2019: 1.55%

- Initiation of tab-based loan origination

- Launching of Affordable Housing Finance

- Launching of VSE (Very Small Enterprise) Finance capitalizing on proprietary Credit Risk Grading (CRG) model

- Piloting of Kitchen Market Financing (IDLC Unnati)

- IDLC AML launched *IDLC AML Shariah Fund and IDLC Venture Capital Fund I*

- Re-alignment of Customer Segmentation
  - *Larger SME customers (previously looked after by Medium Enterprise Finance team) have been moved under Local Corporate team and SME to concentrate on Small and Very Small segments only*

- Implementation of IFRS 16, with net negative impact of BDT 45.5mn on NPAT
Major Highlights: IDLC (*continued*)

- Deployment of self-service facilities and software implementations for quicker customer service for retail customers

- Community Initiatives
  - Launched boat ambulance for the water-confined people of Rangabali Upazila
  - Established primary schools in Latarchar, Patuakhali & Malkhanagar, Munshiganj
  - Contributed to the extension/renovation of 3 other schools in remote areas
  - Scholarship program for underprivileged female students at Asian University for Women in Chittagong
  - Other initiatives catered towards underprivileged children and the elderly

- Recognitions
  - *Best Women-Friendly SME Bank* by Global SME Finance Forum
  - *Best SME bank* by Asiamoney
  - *Best Investment Bank* by Euromoney
  - Awarded by ICAB for Reporting: Overall winner, Integrated Reporting and Financial Services Sector
  - Best Corporate Award from ICMAB
  - Certificate of Merit by South Asian Federation of Accountants (SAFA)
NPAT hit by capital market downtrend and impacts of slow business climate

Figures for 2019

NPAT (CONSOLIDATED)
BDT 1,700 mn
(22%)
Base: NPAT for 2018

CUSTOMER ADVANCES
BDT 92.3 bn
10%
Base: Balance at 2018

NPAT (STANDALONE)
BDT 1,522 mn
(4%)
Base: NPAT for 2018

NON PERFORMING LOANS
3.07%
87 bps
Base: NPL% at 2018
## Profit contribution from different entities

<table>
<thead>
<tr>
<th>Entity</th>
<th>NPAT (BDT mn)</th>
<th>Growth</th>
<th>NPAT Contribution %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>IDLC Finance Limited</td>
<td>1,522</td>
<td>1,591</td>
<td>-4%</td>
</tr>
<tr>
<td>IDLC Securities Limited</td>
<td>99</td>
<td>366</td>
<td>-73%</td>
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<tr>
<td>IDLC Investments Limited</td>
<td>106</td>
<td>180</td>
<td>-41%</td>
</tr>
<tr>
<td>IDLC Asset Management Limited</td>
<td>(27)</td>
<td>35</td>
<td>-177%</td>
</tr>
<tr>
<td>Consolidated NPAT</td>
<td>1,700</td>
<td>2,171</td>
<td>-22%</td>
</tr>
</tbody>
</table>

- IDLC Finance (Standalone) saw increase in core business income but got affected by lower investment return and higher provisions.
- IDLC Securities suffered with lack of trade volumes in the market coupled with even lower participation from foreign clients and High Net Worth Individuals (HNWs).
- Poor capital market returns hit IDLC Investments and IDLC Asset Management as well.
- While Assets under Management (AUM) declined, IDLC Asset Management was able to increase its client base by 94.4%.
Income breakdown highlights key challenges

Income Breakdown

- **Net Interest Income**
- **Operating Income**
- **Fee & Other Income**
- **Investment Income**

Income Breakdown in BDT mn

YoY Performance Metrics (Consolidated)

Figures in YTD values

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loans &amp; Advances</strong></td>
<td>83,934</td>
<td>92,346</td>
</tr>
<tr>
<td><strong>Non-Bank Deposits</strong></td>
<td>53,338</td>
<td>62,558</td>
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<tr>
<td><strong>Net Interest Income</strong></td>
<td>4,223</td>
<td>4,671</td>
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<td><strong>Fee &amp; Other Income</strong></td>
<td>1,042</td>
<td>851</td>
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<td><strong>Investment Income</strong></td>
<td>559</td>
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<tr>
<td><strong>Operating Income</strong></td>
<td>5,824</td>
<td>5,618</td>
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<td><strong>Operating Expense</strong></td>
<td>2,300</td>
<td>2,434</td>
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<td><strong>Operating Profit</strong></td>
<td>3,524</td>
<td>3,184</td>
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<tr>
<td><strong>Provision charges: Loans &amp; Investments</strong></td>
<td>397</td>
<td>423</td>
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<tr>
<td><strong>Net Profit</strong></td>
<td>2,171</td>
<td>1,700</td>
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Total Deposits: BDT 77,906mn

YoY Performance Metrics

- Loans & Advances: +10%
- Non-Bank Deposits: +17%
- Net Interest Income: +11%
- Fee & Other Income: -18%
- Investment Income: -83%
- Operating Income: -4%
- Operating Expense: +6%
- Operating Profit: -10%
- Provision charges: Loans & Investments: +7%
- Net Profit: -22%

Total Deposits: BDT 77,906mn

Slide 10 of 17
Net Interest Income rose in Q4:
- on account of greater disbursements and spread normalization after portfolio repricing in past quarters
- IFRS 16 impact in Q4: BDT 58.3mn reduction due to additional Interest Expense classification

OPEX growth restricted:
- through companywide efficiency drives
- IFRS 16 impact in Q4: BDT 24.2mn OPEX reduction; net of changes in rent and depreciation expenses
Staying ahead of the market in liquidity expected to bear fruits

- Deposit growth taken in Q3 proved an essential enabler for the 6% growth in lending in Q4.

- Liquidity management at IDLC remains a key strength at the company.

- Retail and institutional deposits mobilization remains robust in IDLC despite concerns from some quarters over the health of the NBFI industry as a whole.

### Balance Sheet

<table>
<thead>
<tr>
<th>Period</th>
<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
<th>Q4:18</th>
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<td>111</td>
<td>109</td>
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<td>117</td>
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<td>%</td>
<td>9%</td>
<td>6%</td>
<td>-2%</td>
<td>0.3%</td>
<td>7%</td>
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### Loans & Advances

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<th>Q4:18</th>
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<td>%</td>
<td>3%</td>
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<td>4%</td>
<td>~nil</td>
<td>-1%</td>
<td>6%</td>
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### Term Deposits

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<th>Q3:18</th>
<th>Q4:18</th>
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<td>%</td>
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<td>7%</td>
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<td>2%</td>
<td>-2%</td>
<td>8%</td>
<td>0.9%</td>
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### Non-Bank Deposits

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<th>Q3:18</th>
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<td>4%</td>
<td>11%</td>
<td>4%</td>
<td>2%</td>
<td>-0.1%</td>
<td></td>
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</tbody>
</table>
Loan book composition: IDLC FL Standalone

BDT bn

Portfolio Composition, 2019

Customer Advances - SME

Customer Advances - Consumer

Customer Advances - Corporate

* Portfolio composition restated in Q4 as per new customer segmentation
Loan Quality

- Large legacy contracts remain an issue
- Other notable drivers include sluggish business climate and effects of slow down in credit growth
- Immediate response: furthered collection efforts to limit portfolio at risk
- Other undertakings: policy changes and investment on deeper credit analytics to counter the increased level of credit risk under the current scenario
Shareholder Returns

Return on Asset (Annualized)

<table>
<thead>
<tr>
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<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
<th>Q4:18</th>
<th>Q1:19</th>
<th>Q2:19</th>
<th>Q3:19</th>
<th>Q4:19</th>
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<tbody>
<tr>
<td>ROA</td>
<td>2.29%</td>
<td>2.22%</td>
<td>2.62%</td>
<td>1.27%</td>
<td>2.04%</td>
<td>1.74%</td>
<td>0.88%</td>
<td>1.34%</td>
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2019

Return on Equity (Annualized)

<table>
<thead>
<tr>
<th></th>
<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
<th>Q4:18</th>
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<th>Q2:19</th>
<th>Q3:19</th>
<th>Q4:19</th>
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</thead>
<tbody>
<tr>
<td>ROE</td>
<td>17.90%</td>
<td>18.24%</td>
<td>21.96%</td>
<td>10.38%</td>
<td>16.85%</td>
<td>15.02%</td>
<td>7.59%</td>
<td>11.36%</td>
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</table>

Return on Asset (Annualized)

<table>
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<tr>
<th></th>
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<td>1.27%</td>
<td>2.04%</td>
<td>1.74%</td>
<td>0.88%</td>
<td>1.34%</td>
</tr>
</tbody>
</table>

2019

Earnings per Share

<table>
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<tr>
<th></th>
<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
<th>Q4:18</th>
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<th>Q2:19</th>
<th>Q3:19</th>
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<tbody>
<tr>
<td>EPS</td>
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<td>1.49</td>
<td>1.88</td>
<td>0.93</td>
<td>1.48</td>
<td>1.31</td>
<td>0.68</td>
<td>1.04</td>
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</table>

2019

Book Value Per Share

<table>
<thead>
<tr>
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<th>Q1:18</th>
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<th>Q3:18</th>
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<tr>
<td>BVPS</td>
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<td>36</td>
<td>34</td>
<td>35</td>
<td>36</td>
<td>37</td>
</tr>
</tbody>
</table>
Adequate capital for planned business growth

* Regulatory limit for Loan to Fund Ratio: 95%
Looking Ahead

- SME and Housing Finance expected to be the main portfolio drivers in 2020 with significant push towards the VSE and affordable housing segments
- While deposit and lending rates are being gradually priced down in response to potential rate capping, loan growth target may be compromised if SMEs and Mortgage loans are not excluded from the purview of potential regulatory guidance on rate capping
- Digital deposit product expected to be rolled out in 2020 following the announcement of eKYC guidelines by Bangladesh Bank
- Productivity increases expected to continue with ongoing process efficiency drives and further investments in technology
- Tech investments and further initiatives to enhance customer experience are to remain a priority
- Emphasis on marketing strategies and promotional efforts to be enhanced to further strengthen presence in the retail segments
- Community initiatives for the underprivileged and underserved to continue
Q & A