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.

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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.
H1 (Jan–Jun 2018) Highlights

- **Customer Advances**: BDT 78.8 bn, 12% YoY growth
- **Non-Performing Loans**: 2.36% (41 bps)
- **Net Profit After Tax**: BDT 1,112 mn, 5% YoY de-growth
10% growth in Customer Loans in H1 amid industry wide liquidity pressure
Loan growth is backed by similar growth in deposits

- Deposits contribute 81% to the funding basket
- Upward pressure in deposit interest rate continued in Q2
- Several steps have been taken by industry participants to reign in the rates starting in Q3
8% Growth in SME loans in H1

**Customer Advance - SME**

- Majority of the growth is delivered by *Small Enterprise Finance (SEF)*, which now stands at BDT 25,354mn - having grown 3% during the second quarter
- Cautious growth expected to continue during the rest of the year
7% growth in Consumer loans despite significant increase in lending rates

- Consistent growth maintained during the quarter - Home Loans grew by 4% in Q2 to reach BDT 23,490mn
- Home Loan growth pan industry have slowed considerably in 2018, with some big players experiencing no-growth in Q2
Opportunities for quality growth in Corporate loans for FIs with sufficient liquidity

- Corporate portfolio continued to grow during the second quarter. The portfolio grew by 27% Y-o-Y despite rate increase.

- However, coming quarters might be more challenging with significant focus on decreasing lending rates.
NPL declined by 44bps in Q2 after remaining stable for 5 quarters

- Reduction in NPL is due to settlement/re-scheduling of few long standing problem cases while the rest of the portfolio remain stable.
Net Interest Income increased in Q2 despite increase in cost of fund

- Net Interest Income rose 8% QoQ, riding on
  - Portfolio re-pricing
  - 3% QoQ portfolio growth, and
  - Improved collection efforts

- Fees and other income remained flat for last three quarters with decreased turnover in the stock market

- Operating Income remained flat despite growth in NII due to de-growth in Fees and Investment Income
Operating expenses remained flat in Q2 with tighter controls in place; expected to remain flat in the coming quarters as well.

Cost to income ratio contained well in H1 despite significant pressure on margins.
YoY results show solid performance in H1’18 considering the challenging environment.
## 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>H1 2018</td>
<td>H1 2017</td>
<td>2018</td>
</tr>
<tr>
<td>IDLC Finance Limited</td>
<td>799</td>
<td>794</td>
<td>0.5%</td>
</tr>
<tr>
<td>IDLC Securities Limited</td>
<td>187</td>
<td>228</td>
<td>-18%</td>
</tr>
<tr>
<td>IDLC Investments Limited</td>
<td>108</td>
<td>141</td>
<td>-24%</td>
</tr>
<tr>
<td>IDLC Asset Management Limited</td>
<td>18</td>
<td>6</td>
<td>208%</td>
</tr>
<tr>
<td>Consolidated NPAT</td>
<td>1,112</td>
<td>1,169</td>
<td>-5%</td>
</tr>
</tbody>
</table>
QoQ Shareholder Returns

Earnings per Share

- Q1:17: 1.70
- Q2:17: 1.60
- Q3:17: 1.81
- Q4:17: 1.32
- Q1:18: 1.46
- Q2:18: 1.49

Return on Asset (Annualized)

- Q1:17: 2.88%
- Q2:17: 2.69%
- Q3:17: 2.92%
- Q4:17: 2.14%
- Q1:18: 2.29%
- Q2:18: 2.23%

Book Value Per Share

- Q1:17: 29
- Q2:17: 30
- Q3:17: 32
- Q4:17: 33
- Q1:18: 32
- Q2:18: 33

Return on Equity (Annualized)

- Q1:17: 24.23%
- Q2:17: 22.23%
- Q3:17: 24.29%
- Q4:17: 17.40%
- Q1:18: 17.90%
- Q2:18: 17.82%
Strong foundations to support continued growth

Capital Adequacy Ratio (CAR)

- Regulatory Minimum: 10.0%
- Actual as of 30 Jun 2018: 14.5%*

Loan to Fund

- Regulatory Maximum: 95.0%
- Actual as of 30 Jun 2018: 81.7%

* CAR of IDLC Finance on standalone basis, before consolidation. On a consolidated basis, CAR stands at 16.6% as on 30 June 2018
Looking forward

• Further margin reduction is not expected for the time being. However, the interest rate situation remains very dynamic amid pressure to reduce lending rates.

• Slowdown expected in private sector credit growth in next quarters though IDLC will continue to pursue quality growth in the lending portfolio if opportunity persists.

• Focus will be on further strengthening sustainable sources of fee based income in the longer term, with special emphasis on investment banking, corporate advisory and alternative investment management services.

• Industry-wide NPL scenario might deteriorate in case liquidity pressure re-emerges/continues. Careful monitoring and proactive actions required to contain NPL.