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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YTD Q3 (Jan–Sep 2018) Highlights

CUSTOMER ADVANCES
- BDT 79.6 bn, 11% from Dec’17

NON PERFORMING LOANS
- 2.67%

NET PROFIT AFTER TAX
- BDT 1,822 mn, 1% YoY growth
Practiced cautionary lending, while taking on deposit growth

Balance Sheet

Customer Advances

BDT mn
Maintained 83% deposits in the funding basket

- Liquidity scenario in the industry eased up gradually in Q2 and Q3 - rates have also decreased in Q3 on the back of several initiatives taken by industry participants

- IDLC achieved significant deposit growth in last two quarters and remains in firm footing to fund expected loan growth in Q4 even if liquidity scenario changes marginally for the worse, as expected, at the end of the year
SME Portfolio growth slowed in the festive season

- SME accounts for 43% of the total Loan Book
- New SME Loan acquisition expectedly slowed down during the festival season (June-August) and amidst volatile interest rate scenario
- However, there is strong growth prospect in Q4 with more focus on Small Business Loans and slightly moderate interest rate scenario

Customer Advances - SME

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Value (BDT mn)</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1:17</td>
<td>28,836</td>
<td>7%</td>
</tr>
<tr>
<td>Q2:17</td>
<td>30,911</td>
<td>1%</td>
</tr>
<tr>
<td>Q3:17</td>
<td>31,324</td>
<td>2%</td>
</tr>
<tr>
<td>Q4:17</td>
<td>30,851</td>
<td>6%</td>
</tr>
<tr>
<td>Q1:18</td>
<td>32,646</td>
<td>2%</td>
</tr>
<tr>
<td>Q2:18</td>
<td>33,371</td>
<td>0%</td>
</tr>
<tr>
<td>Q3:18</td>
<td>33,289</td>
<td></td>
</tr>
</tbody>
</table>
10% growth achieved in Consumer portfolio in 2018 so far

- Home Loans growth remained consistent throughout the year despite industry-wide slow down in loan growth
- Home loans grew by 12% in 2018 and now comprises over 91% of Consumer Portfolio
- Recent product developments expected to strengthen our foundations to cater to markets beyond the capital city and beyond the upper echelons of the society
Corporate portfolio remained steady

- Corporate portfolio to be optimized based on market opportunity
- Makes up 23% of the company’s portfolio and remains the major source of structured finance, agency operations and advisory businesses
Increase in NPL expected to be temporary in nature

- NPL remains within our usual range despite marginally spiking in Q3 on the back of irregular payments from some larger clients.

- However, situation remains under control and improvement is expected in the last quarter.

<table>
<thead>
<tr>
<th></th>
<th>Q1:17</th>
<th>Q2:17</th>
<th>Q3:17</th>
<th>Q4:17</th>
<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPL%</td>
<td>2.79%</td>
<td>2.84%</td>
<td>2.83%</td>
<td>2.77%</td>
<td>2.80%</td>
<td>2.36%</td>
<td>2.67%</td>
</tr>
</tbody>
</table>
YoY Performance Metrics

**Customer Assets**
- Q3 2017: 70,605
- Q3 2018: 79,588
- YoY Growth: 13%

**Customer Deposits**
- Q3 2017: 59,460
- Q3 2018: 70,041
- YoY Growth: 18%

**Net Interest Income**
- Q3 2017: 3,032
- Q3 2018: 3,083
- YoY Growth: 2%

**Fee & Other Income**
- Q3 2017: 919
- Q3 2018: 740
- YoY Growth: 20%

**Investment Income**
- Q3 2017: 914
- Q3 2018: 689
- YoY Growth: 25%

**Operating Income**
- Q3 2017: 4,865
- Q3 2018: 4,513
- YoY Growth: 7%

**Operating Profit**
- Q3 2017: 3,131
- Q3 2018: 2,864
- YoY Growth: 9%

**Net Profit**
- Q3 2017: 1,809
- Q3 2018: 1,822
- YoY Growth: 1%
QoQ Performance Trends

**Net Interest Income**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1:17</th>
<th>Q2:17</th>
<th>Q3:17</th>
<th>Q4:17</th>
<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
</tr>
</thead>
<tbody>
<tr>
<td>BD Talking</td>
<td>950</td>
<td>1,065</td>
<td>1,015</td>
<td>965</td>
<td>968</td>
<td>1,048</td>
<td>1,067</td>
</tr>
</tbody>
</table>

**Operating Income**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1:17</th>
<th>Q2:17</th>
<th>Q3:17</th>
<th>Q4:17</th>
<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
</tr>
</thead>
<tbody>
<tr>
<td>BD Talking</td>
<td>1,639</td>
<td>1,516</td>
<td>1,707</td>
<td>1,418</td>
<td>1,458</td>
<td>1,441</td>
<td>1,614</td>
</tr>
</tbody>
</table>

**Operating Expense**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1:17</th>
<th>Q2:17</th>
<th>Q3:17</th>
<th>Q4:17</th>
<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
</tr>
</thead>
<tbody>
<tr>
<td>BD Talking</td>
<td>568</td>
<td>591</td>
<td>573</td>
<td>604</td>
<td>564</td>
<td>561</td>
<td>524</td>
</tr>
</tbody>
</table>

**Cost/Income Ratio**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1:17</th>
<th>Q2:17</th>
<th>Q3:17</th>
<th>Q4:17</th>
<th>Q1:18</th>
<th>Q2:18</th>
<th>Q3:18</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Talking</td>
<td>35%</td>
<td>39%</td>
<td>34%</td>
<td>43%</td>
<td>39%</td>
<td>39%</td>
<td>32%</td>
</tr>
</tbody>
</table>
QoQ Shareholder Returns

**Earnings per Share**

- Q1:17: 1.70
- Q2:17: 1.55
- Q3:17: 1.73
- Q4:17: 1.26
- Q1:18: 1.46
- Q2:18: 1.49
- Q3:18: 1.88

**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%
- Q3:18: 2.74%

**Book Value Per Share**

- Q1:17: 29
- Q2:17: 30
- Q3:17: 32
- Q4:17: 33
- Q1:18: 32
- Q2:18: 33
- Q3:18: 35

**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%
- Q3:18: 21.94%
<table>
<thead>
<tr>
<th>Entity</th>
<th>NPAT (BDT mn)</th>
<th>YTD Q3 2018</th>
<th>YTD Q3 2017</th>
<th>Growth</th>
<th>NPAT Contribution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDLC Finance Limited</td>
<td>1,214</td>
<td>1,291</td>
<td>-6%</td>
<td>67%</td>
<td>71%</td>
</tr>
<tr>
<td>IDLC Securities Limited</td>
<td>340</td>
<td>287</td>
<td>19%</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>IDLC Investments Limited</td>
<td>241</td>
<td>210</td>
<td>15%</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>IDLC Asset Management Limited</td>
<td>27</td>
<td>21</td>
<td>28%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Consolidated NPAT</strong></td>
<td><strong>1,822</strong></td>
<td><strong>1,809</strong></td>
<td>1%</td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
### IDLC FL’s P&L Breakdown

<table>
<thead>
<tr>
<th></th>
<th>YTD Q3 2018</th>
<th>YTD Q3 2017</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>3,485</td>
<td>3,702</td>
<td>-6%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>1,364</td>
<td>1,437</td>
<td>-5%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>2,121</td>
<td>2,264</td>
<td>-6%</td>
</tr>
<tr>
<td>Provision for Doubtful Accounts</td>
<td>316</td>
<td>135</td>
<td>134%</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>1,805</td>
<td>2,129</td>
<td>-15%</td>
</tr>
<tr>
<td>Provision for Tax</td>
<td>591</td>
<td>838</td>
<td>-30%</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td><strong>1,214</strong></td>
<td><strong>1,291</strong></td>
<td><strong>-6%</strong></td>
</tr>
</tbody>
</table>

*Detailed elaborations provided in upcoming slides*
Funding costs have been on the rise since end of 2017, until H1 2018.

We have been able to re-price most of our lending portfolio by Q1 2018, to minimize the impact on NIM:
- However, we have made a conscious exception in this regard for our small business clients, which comprises 33% of our total loan portfolio.
- Loan Processing fees have been on decline across the industry, leading to reduced fee incomes.
- De-growth in investment incomes surpassed expectations of most market participants, following extraordinary market conditions in previous year.

**Actions and Way Forward**
- Net Interest Income expected to reflect the full impact of portfolio re-pricing by year end.
- Processing fees are unlikely to improve much, following directives issued by the regulators; however, overall fee income is not expected to de-grow further if disbursement volumes increase as expected.
- Proprietary investments in fundamentally strong shares are expected to generate value over the coming periods.
• Major process improvements allowed us to respond to turnovers with fewer replacements, thereby restricting growth in HR expenses

• Portfolio growth has been achieved through productivity enhancements rather than additional hires

• Core Banking System completely depreciated, while still remaining fully functional. However, some amendments and customizations will be required going forward

• Significant cost optimization has been achieved in other areas as well on back of our efforts to analyze each of the activity streams and rationalization, standardization and simplification of processes and activities

**Actions and Way Forward**

• Strive for operational efficiency and excellence will continue with further process automations expected in coming quarters

• Opex, however, is expected to marginally increase in the imminent quarter, on the back of some planned one-off expenses and increased promotional and advertisement efforts

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*Port. mgt. fee, printing & stationaries, sales commissions, travel & conveyance, professional fees, entertainment expenses*
Growth in portfolio resulted in higher General Provision.

Rise in Specific Provision expected to be temporary and regularization of payments from larger clients anticipated to improve position in the last quarter.

IDLC’s proprietary investments have brought in significant value for the company in the past. However, recent changes in stock prices have led to some unrealized losses, contributing to the provision for diminution expense. Nonetheless, the holdings in the portfolio remain fundamentally strong and expected to generate more value in the coming days.

Tax rate has been revised to 37.5% from 40% in 2018, effective from 2017; while some other adjustments of prior excess provisions have also come into effect.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>YTD Q3, 2018</th>
<th>YTD Q3, 2017</th>
<th>Amt. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for doubtful A/Cs</td>
<td>316</td>
<td>135</td>
<td>181</td>
</tr>
<tr>
<td>General Provision</td>
<td>64</td>
<td>45</td>
<td>19</td>
</tr>
<tr>
<td>Specific Provision</td>
<td>131</td>
<td>90</td>
<td>41</td>
</tr>
<tr>
<td>Provision for diminution in value of investment</td>
<td>121</td>
<td>-</td>
<td>121</td>
</tr>
<tr>
<td>Provision for tax</td>
<td>591</td>
<td>838</td>
<td>(247)</td>
</tr>
</tbody>
</table>
Looking forward

- Credit flow to private sector unlikely to pick up before election, while sale of NSCs expected to be higher. The impacts are expected to cancel out and **deposit market likely to remain stable** if current trend continues for the rest of the year.

- Competition in areas beyond the capital city expected to intensify over the next few years as banks and financial institutions branch outwards to reduce over-dependence on the Dhaka market. **Product development for outstations will be a key agenda** on most players’ long-term strategies.

- Business model of our Consumer Division has been restructured to unlock productivity of colleagues involved at all stages of the loan cycle. The added scalability is expected to **allow business growth without a proportional increase in human resources**.

- Companywide **technology investments to further expand capacity in all verticals** within the short to medium term are **under review**.

- Efforts towards fortifying fee-based income generation capacity to continue. **License obtained for alternative investments** in July 2018 by IDLC AML expected to reinforce these efforts.

- NPL remains a key focus area and **proactive efforts to prevent payment irregularities** are to be carried on.
Q & A