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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Operating Environment: Q1-2020

- Government continued its borrowing from banking system to finance budget deficit

- All the banks gradually reduced deposit rates ahead of the implementation of 9% lending rate cap since Q4 2019

- Wholesale market faced tight liquidity situation; banks managed their shortfall through REPO and liquidity support from Bangladesh Bank

- Foreign exchange market remained stable owing to strong growth in remittances in the period

- Capital market showed weak performance with respect to volume and investment return

- Covid-19 crisis started taking its toll impacting both import and export businesses
Measures in Response to Covid-19

Policy support to increase liquidity and lending capacity of banks

- CRR of the banks has been reduced by 150 bps (from 5.50% to 4.00% on bi-weekly average basis)
- Interest rate of REPO from BB has been cut by 75 bps (from 6.00% to 5.25%)
- Banks and NBFIs will be allowed to sell their excess holding of govt. securities to BB at market price
- ADR for conventional banks has been increased to 87% from 85% & IDR for Islamic banks has been increased to 92% from 90%
- Special 360 days REPO introduced – proceeds under this can only be used for loan schemes under the government announced stimulus package

Loan classification & NPL recognition

- Classification of loans as at 1 January 2020 will remain unchanged till 30 June 2020, while improvement in classification will be duly considered
- Interest accrued in April & May on all Bank Loans is not to be collected from the borrowers, rather to be transferred to a blocked account for the time being. Further directions to follow
Stimulus packages worth BDT 840 billion have been announced. Banks and NBFIs to get refinancing support from BB for loan disbursement under these packages

- 50% refinance for total loan disbursement of BDT 300 billion to Large Industry & Service sector
- 50% refinance for total loan disbursement of BDT 200 billion to CMSME
- 100% refinance for total loan disbursement of BDT 340 billion under various schemes
  - Target segment for these schemes are export oriented industries, agricultural sector, small entrepreneurs, new entrepreneurs, low-income professionals & businessmen

There are interest subsidies of some form from the government/BB in all of the above mentioned measures though there is no risk sharing in case of default
Standalone NPAT still resilient, but weighed down by COVID impact

*Figures for Q1 2020*

**NPAT (STANDALONE)**
6%  
BDT 435mn  
Base: NPAT for Q1 2019

**NPAT (CONSOLIDATED)**
(43%)  
BDT 293 mn  
Base: NPAT for Q1 2019

**CUSTOMER ADVANCES**
0.3%  
BDT 92.6 bn  
Base: Balance at 2019 close

**NON PERFORMING LOANS**
13 bps  
2.93%  
Base: NPL% at 2019 close
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>Q1, 2020</td>
<td>Q1, 2019</td>
<td>Q1, 2020</td>
</tr>
<tr>
<td>IDLC Finance Limited</td>
<td>435</td>
<td>410</td>
<td>6%</td>
</tr>
<tr>
<td>IDLC Securities Limited</td>
<td>(53)</td>
<td>56</td>
<td>-194%</td>
</tr>
<tr>
<td>IDLC Investments Limited</td>
<td>(71)</td>
<td>41</td>
<td>-273%</td>
</tr>
<tr>
<td>IDLC Asset Management Limited</td>
<td>(18)</td>
<td>8</td>
<td>-327%</td>
</tr>
<tr>
<td><strong>Consolidated NPAT</strong></td>
<td><strong>293</strong></td>
<td><strong>515</strong></td>
<td><strong>-43%</strong></td>
</tr>
</tbody>
</table>

- NPAT growth of IDLC Finance (Standalone) attributable to
  - Y-o-Y loan growth, lower cost of funds and lower bad debt provisions, outweighing
  - impact of booking negative investment returns and higher provision cost on investments
- The 3 subsidiaries were hit by further drop in the capital market, coupled with lack of trade volumes for IDLC Securities
YoY Performance Metrics (Consolidated)

Figures in YTD values

Total Deposits:
BDT 75,669mn

<table>
<thead>
<tr>
<th>Loans &amp; Advances</th>
<th>Non-Bank Deposits</th>
<th>Net Interest Income</th>
<th>Fee &amp; Other Income</th>
<th>Investment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1, 2019</td>
<td>Q1, 2020</td>
<td>Q1, 2019</td>
<td>Q1, 2020</td>
<td>Q1, 2019</td>
</tr>
<tr>
<td>87,296</td>
<td>92,585</td>
<td>58,997</td>
<td>64,069</td>
<td>1,067</td>
</tr>
<tr>
<td>6%</td>
<td>6%</td>
<td>9%</td>
<td>7%</td>
<td>16%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Income</th>
<th>Operating Expense</th>
<th>Operating Profit</th>
<th>Provision charges: Loans &amp; Investments</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1, 2019</td>
<td>Q1, 2020</td>
<td>Q1, 2019</td>
<td>Q1, 2020</td>
<td>Q1, 2019</td>
</tr>
<tr>
<td>1,375</td>
<td>1,169</td>
<td>577</td>
<td>600</td>
<td>798</td>
</tr>
<tr>
<td>15%</td>
<td>15%</td>
<td>4%</td>
<td>4%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Net Profit: 293

Total Deposits: BDT 75,669mn

YoY Performance Metrics:
- Loans & Advances: 6%
- Non-Bank Deposits: 9%
- Net Interest Income: 7%
- Fee & Other Income: 16%
- Investment Income: 338%

Operating Income: 15%
Operating Expense: 4%
Operating Profit: 29%
Quarterly Operating Income and Expense (Consolidated)

- Interest Income fell from trailing quarter despite rise in loan-deposit spread as
  - Holding of govt. securities increased, shifting interest income to investment income, and
  - Treasury placement spread fell

- Operating Income affected by negative investment returns

- OPEX savings mainly derived from
  - lower promotional expenditure
  - decline in performance incentive
  - reduction in other expenses

Note: Quarterly NII & OPEX of 2019 restated since last Earnings call, after spreading out IFRS 16 impact over the quarters.  Slide 9 of 16
Increased Balance Sheet strength

- Increased investment in government securities to further strengthen Balance Sheet
- Balance Sheet size maintained with moderate growth in SME and Consumer, while Corporate portfolio de-grew
- Total deposit basket remained stable on the back of increased non-bank deposits
Loan book composition: IDLC FL Standalone

Portfolio Composition, Q1 2020

- SME: 32, 35%
- Consumer: 32, 35%
- Corporate: 28, 30%

Customer Advances - SME

Q1:19: 29
Q2:19: 29
Q3:19: 30
Q4:19: 31
Q1:20: 32

- Q1:19: 2%
- Q2:19: 1%
- Q3:19: 6%
- Q4:19: 3%
- Q1:20: 3%

Customer Advances - Consumer

Q1:19: 29
Q2:19: 30
Q3:19: 31
Q4:19: 31
Q1:20: 32

- Q1:19: 3%
- Q2:19: 1%
- Q3:19: 3%
- Q4:19: 3%
- Q1:20: 3%

Customer Advances - Corporate

Q1:19: 28
Q2:19: 27
Q3:19: 26
Q4:19: 29
Q1:20: 28

- Q1:19: -4%
- Q2:19: -3%
- Q3:19: 15%
- Q4:19: -5%
- Q1:20: -5%

* Portfolio composition shown as per new customer segmentation (introduced in Q4 2019)
Loan Quality

Covid-19 crisis and, consequently, BB’s policy to freeze classification status of loans has had an adverse impact on collections since mid-march as majority of the customers are opting for this “deemed moratorium”

While the situation is being monitored continuously, long term impact on the portfolio quality can be reasonably assessed only after the “general holidays” are over
Shareholder Returns

### Return on Asset (Annualized)
- Q1:19: 1.88%
- Q2:19: 1.72%
- Q3:19: 0.86%
- Q4:19: 1.49%
- Q1:20: 1.00%

**2019 ROA 1.50%**

### Return on Equity (Annualized)
- Q1:19: 15.57%
- Q2:19: 15.05%
- Q3:19: 7.57%
- Q4:19: 12.69%
- Q1:20: 8.26%

**2019 ROE 12.3%**

### Earnings per Share
- Q1:19: BDT 1.37
- Q2:19: BDT 1.31
- Q3:19: BDT 0.68
- Q4:19: BDT 1.16
- Q1:20: BDT 0.78

**2019 EPS BDT 4.51**

### Book Value Per Share
- Q1:19: BDT 34.0
- Q2:19: BDT 35.3
- Q3:19: BDT 36.0
- Q4:19: BDT 37.2
- Q1:20: BDT 38.0
Well capitalized with adequate liquidity buffers

**Capital Adequacy Ratio (Consolidated)**
- 17.5% (2019)
- 17.1% (Q1, 2020)

**Capital Adequacy Ratio (Standalone)**
- 14.8% (2019)
- 14.5% (Q1, 2020)

**Loan to Fund Ratio**
- 85.9% (2019)
- 87.3% (Q1, 2020)

* Regulatory limit for Loan to Fund Ratio: 95%
Actions taken in response to COVID-19

- Introduction of Work From Home policy across the company even before the government announced “general holidays”
- Safety guidelines implemented for the miniscule number of employees that need to attend office physically
- Temporary pause on disbursements, except for factoring facility for suppliers of necessary services
- Deposit operations remain fully functional (while working remotely) to provide seamless customer service
- Increased investments in govt. bonds to improve strength of the Balance Sheet
- Expediting work towards deployment of enhanced underwriting models and credit analytics for the post-COVID scenario
- Community initiatives to face Covid-19 crisis in Bangladesh
  - Provided basic food support to 8,671 low income families, as part of drive to combat the Covid-19 crisis in Bangladesh
  - More initiatives are planned and will be implemented in phases
Going forward

• Even if the “general holidays” are over on 30\textsuperscript{th} May, it will take considerable time for the situation to approach “normalcy” and we anticipate a large number of colleagues working from home for an extended period of time

• Efforts to gauge the full scale of the economic damage to our customer base caused by covid-19 will continue and appropriate actions will be taken to re-structure some loans as necessary

• SME and Corporate Loan portfolios are likely to be more affected by the crisis. Consumer Loan portfolio is currently faring better on account of being comprised of mostly Home Loans provided to a majority of Service Holder customers

• Ongoing projects to automate customer on-boarding and other processes will take on even greater significance and will be accelerated. However, measures are already being put in place to control all non-essential costs

• A cautious approach will be taken in underwriting new loans and significant portfolio growth is not expected in the short term
Q & A