



IDLC Finance Limited

Earnings Disclosure

Q2 - 2018

30 July, 2018

Forward Looking Statements



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H1 (Jan–Jun 2018) Highlights



CUSTOMER ADVANCES

BDT 78.8 bn, 12% YoY growth



NON PERFORMING LOANS

2.36%



NET PROFIT AFTER TAX

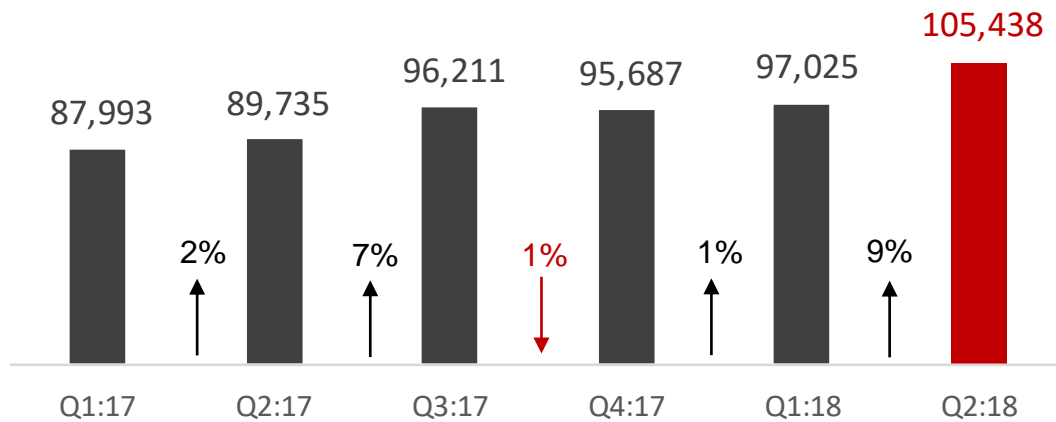
BDT 1,112 mn, 5% YoY de-growth

10% growth in Customer Loans in H1 amid industry wide liquidity pressure

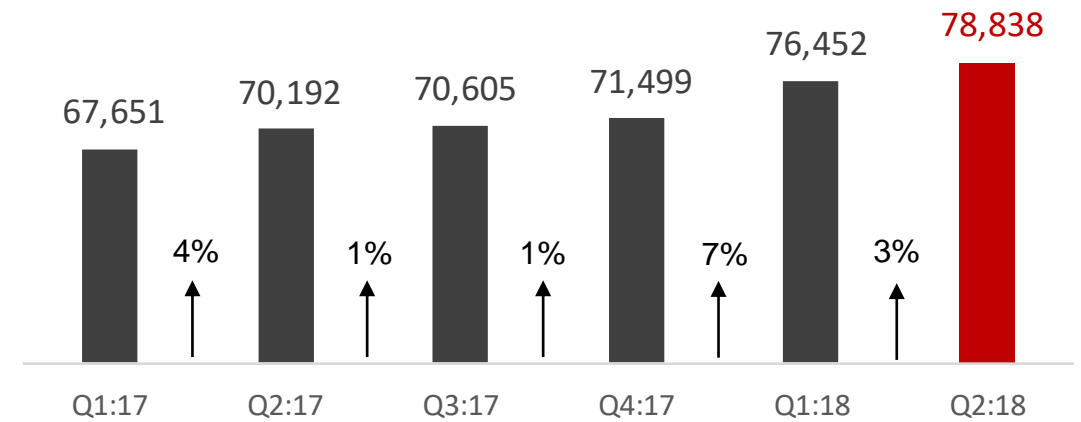


BDT mn

Balance Sheet



Customer Advances



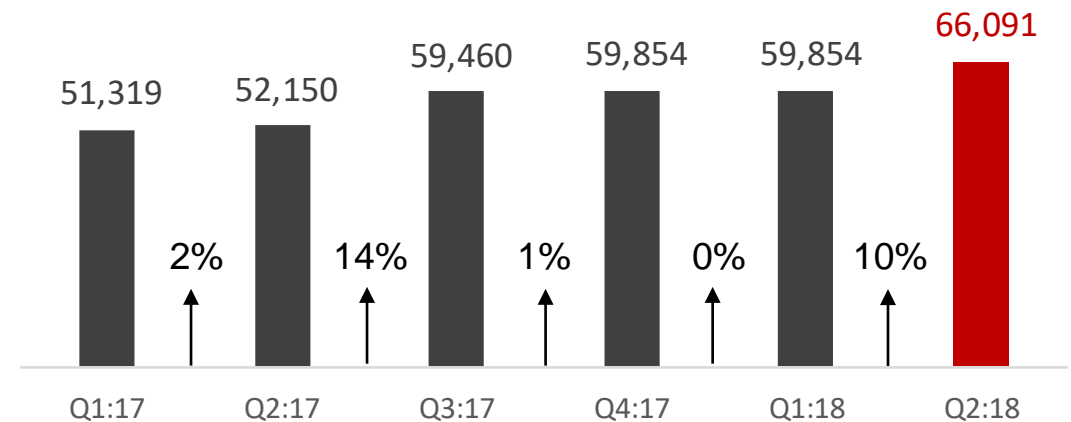


Loan growth is backed by similar growth in deposits

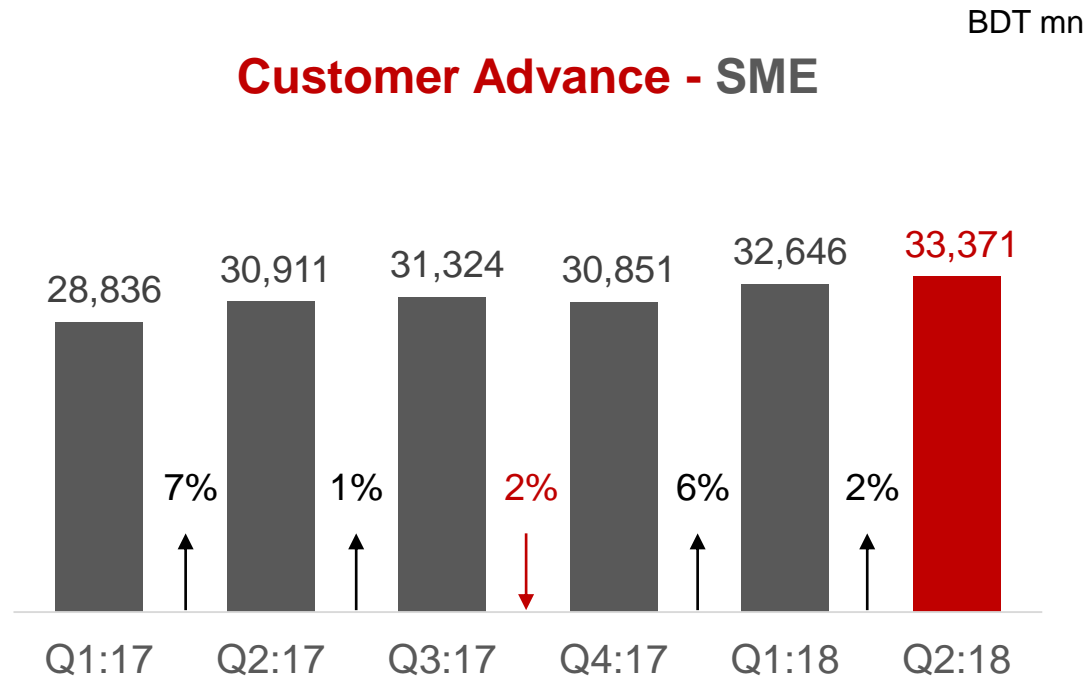
- Deposits contribute 81% to the funding basket
- Upward pressure in deposit interest rate continued in Q2
- Several steps have been taken by industry participants to reign in the rates starting in Q3

BDT mn

Customer Deposit



8% Growth in SME loans in H1

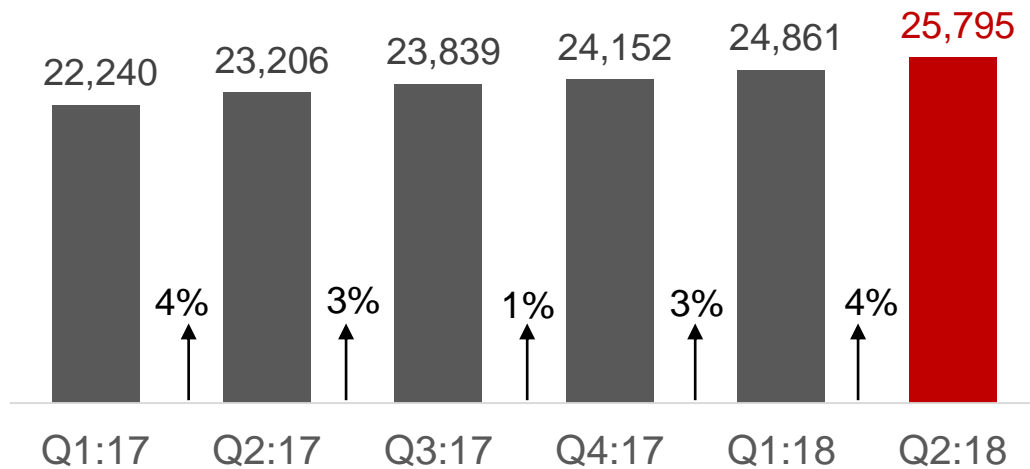


- Majority of the growth is delivered by *Small Enterprise Finance (SEF)*, which now stands at BDT 25,354mn - having grown 3% during the second quarter
- Cautious growth expected to continue during the rest of the year

7% growth in Consumer loans despite significant increase in lending rates



Customer Advance - Consumer BDT mn

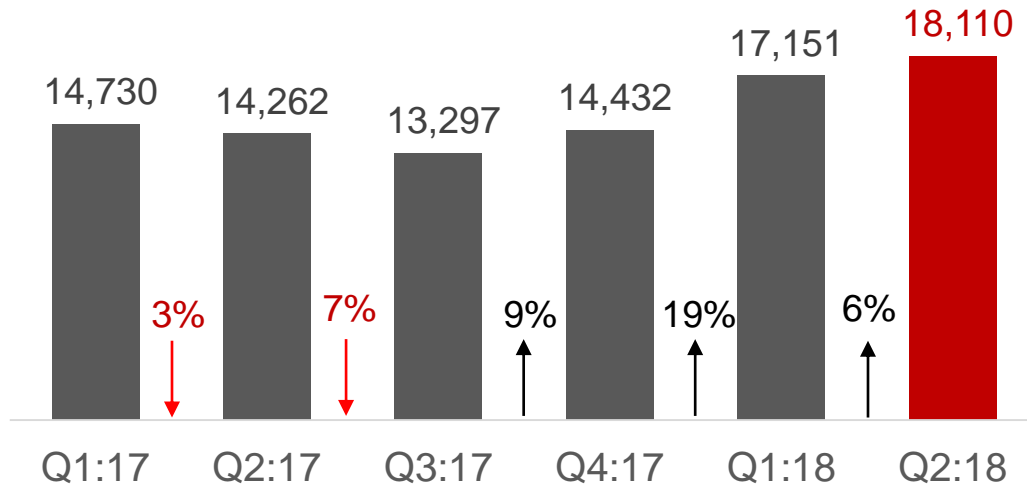


- Consistent growth maintained during the quarter - Home Loans grew by 4% in Q2 to reach BDT 23,490mn
- Home Loan growth pan industry have slowed considerably in 2018, with some big players experiencing no-growth in Q2

Opportunities for quality growth in Corporate loans for FIs with sufficient liquidity

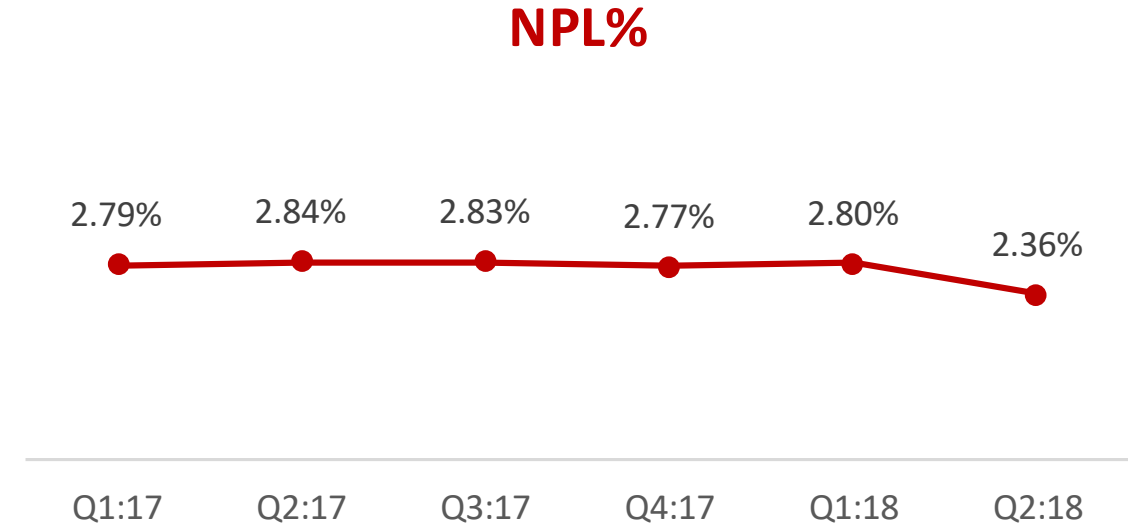
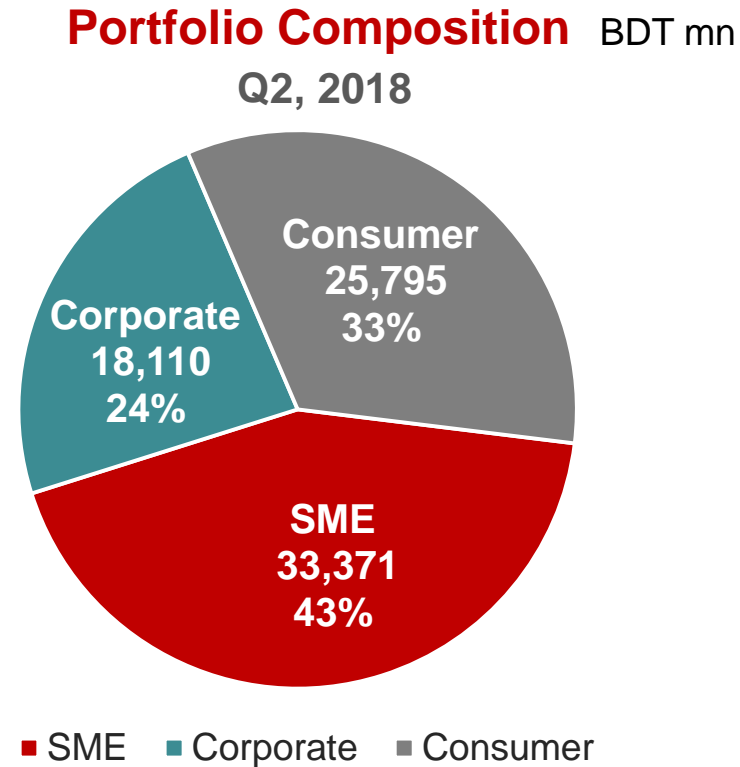


Customer Advance - Corporate BDT mn



- 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

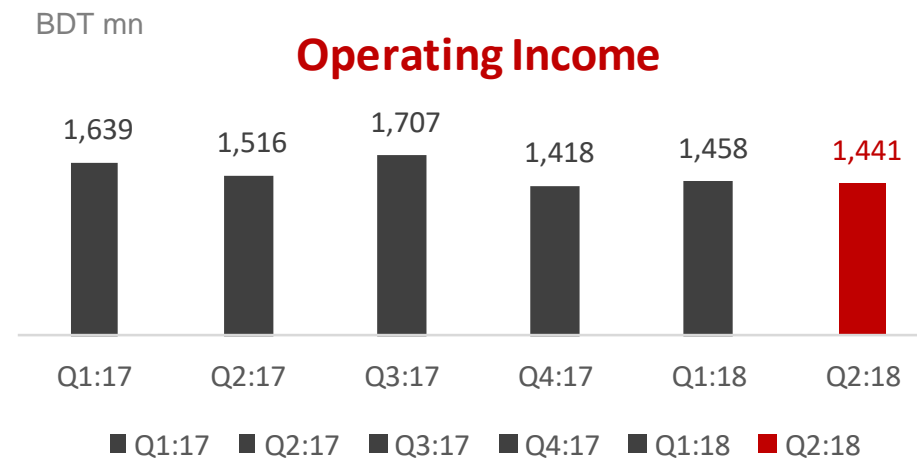
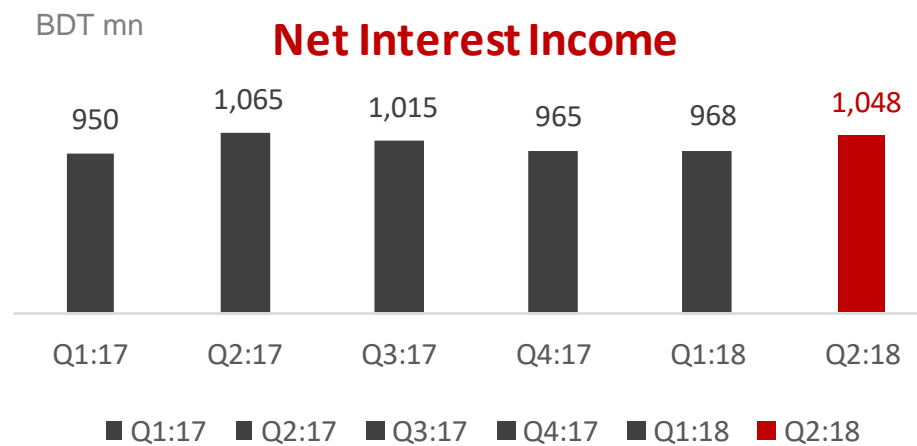


- Reduction in NPL is due to settlement/re-scheduling of few long standing problem cases while the rest of the portfolio remain stable

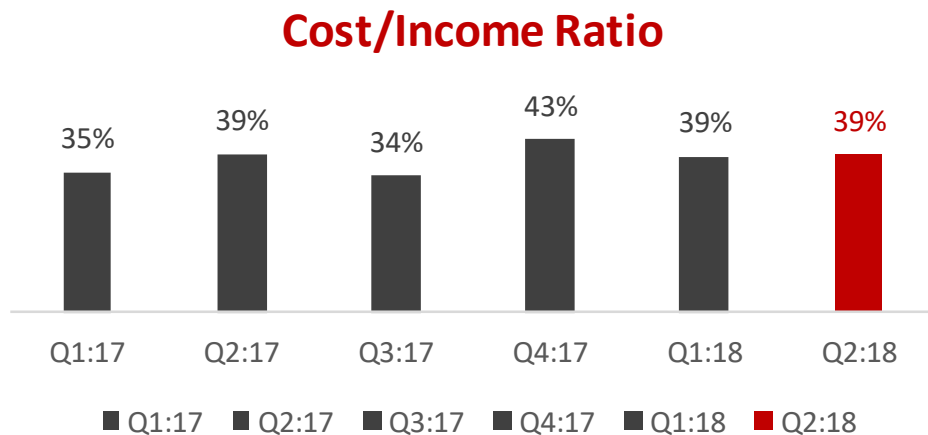
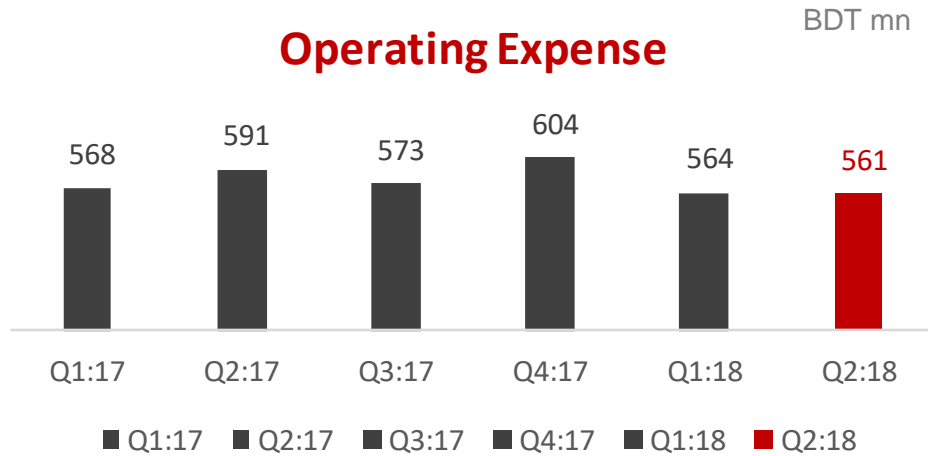
Net Interest Income increased in Q2 despite increase in cost of fund



- 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



Expenses contained within target



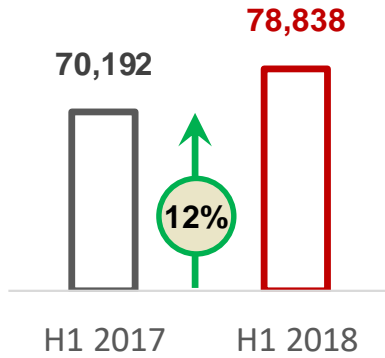
- Operating expenses remained flat in Q2 with tighter controls in place; expected to remain flat in the coming quarters as well
- Cost to income ratio contained well in H1 despite significant pressure on margins.

YoY results show solid performance in H1'18 considering the challenging environment

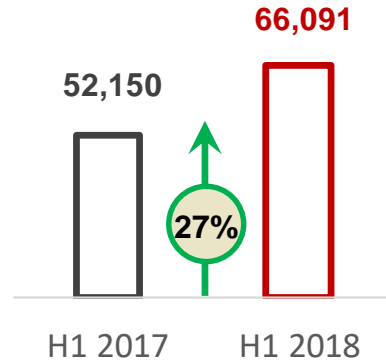


BDT mn

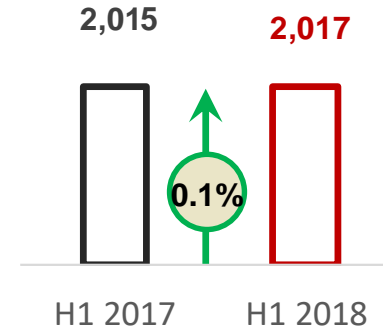
Customer Assets



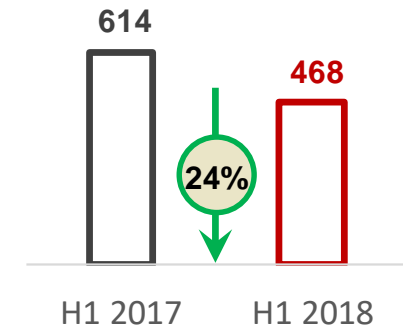
Customer Deposits



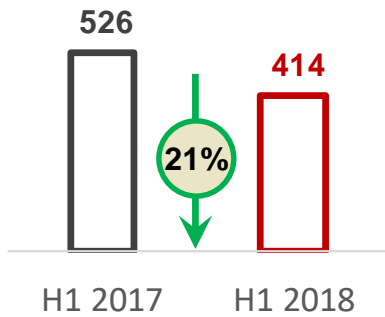
Net Interest Income



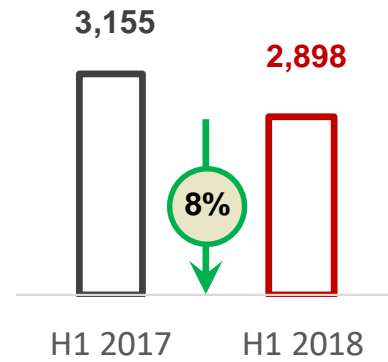
Fee & Other Income



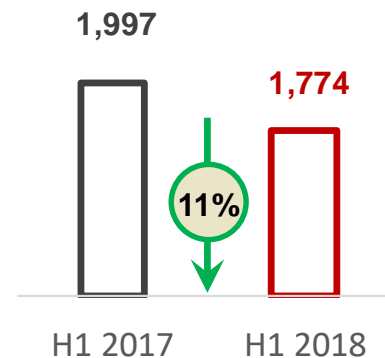
Investment Income



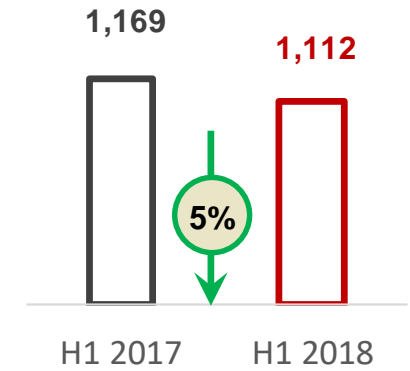
Operating Income



Operating Profit



Net Profit



Profit contribution from different entities

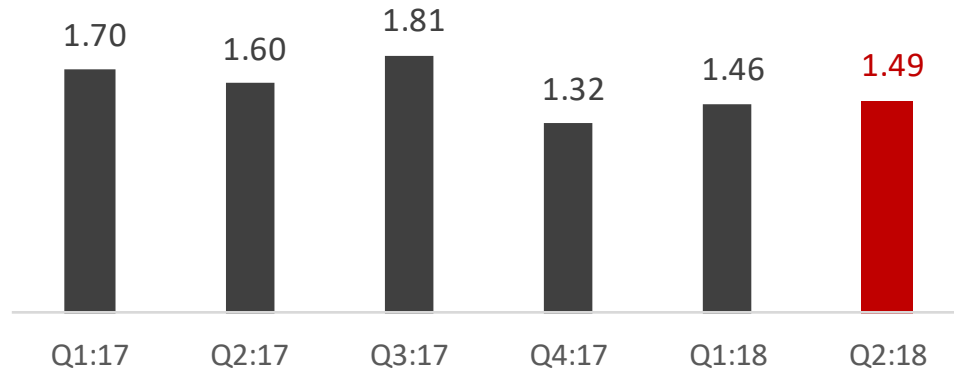


Entity	NPAT (BDT mn)		Growth	NPAT Contribution %	
	H1 2018	H1 2017		H1 2018	H1 2017
IDLC Finance Limited	799	794	↑ 0.5%	72%	68%
IDLC Securities Limited	187	228	↓ -18%	17%	19%
IDLC Investments Limited	108	141	↓ -24%	10%	12%
IDLC Asset Management Limited	18	6	↑ 208%	2%	1%
Consolidated NPAT	1,112	1,169	↓ -5%	100%	100%

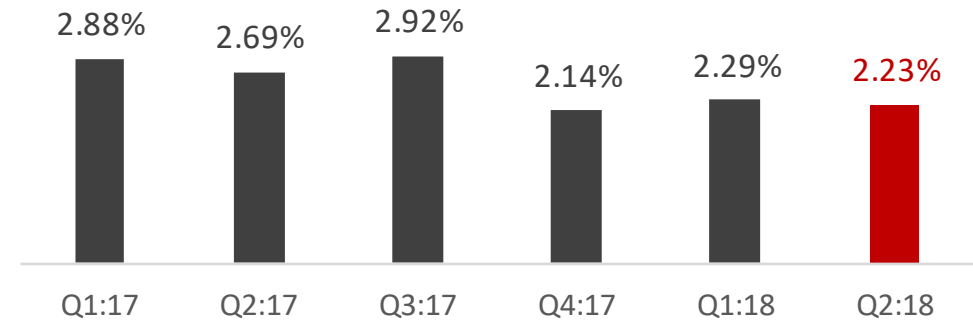
QoQ Shareholder Returns



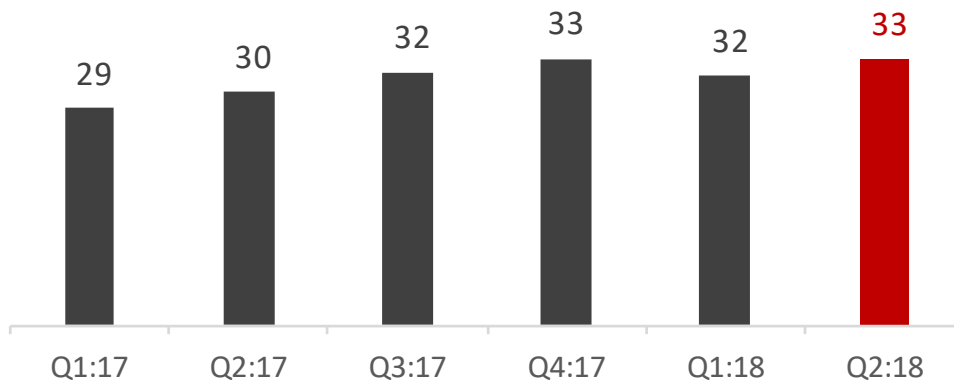
Earnings per Share



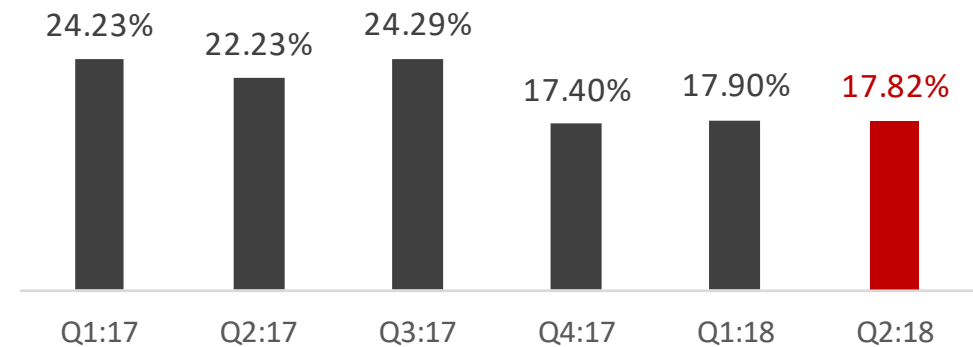
Return on Asset (Annualized)



Book Value Per Share



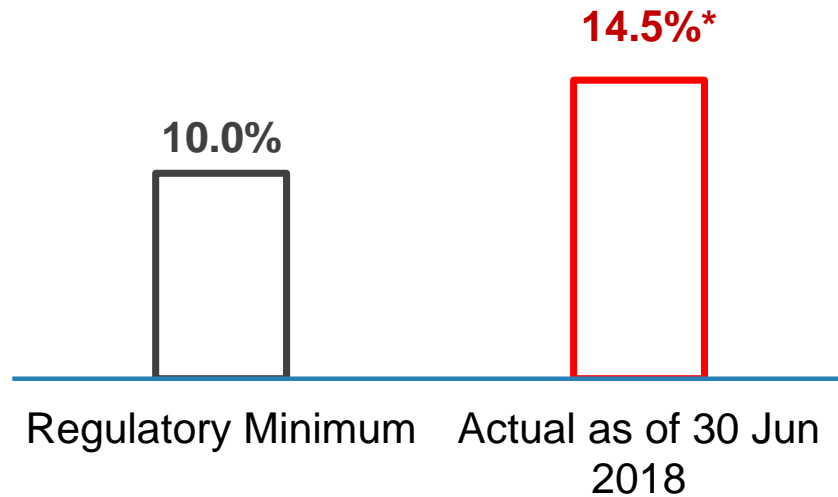
Return on Equity (Annualized)



Strong foundations to support continued growth

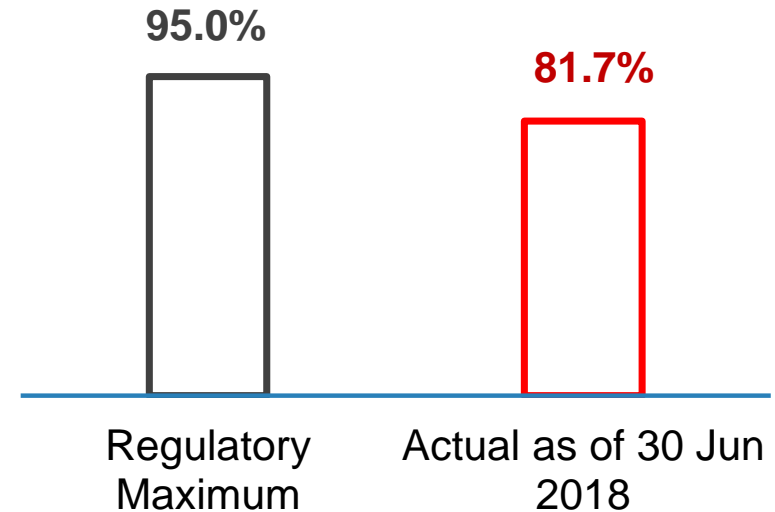


Capital Adequacy Ratio (CAR)



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

Loan to Fund



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.



Q & A