



IDLC Finance Limited

Earnings Disclosure

Q1 2019

14 May 2019

Forward Looking Statements



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Q1 2019: Guiding Themes



Objectives set previously	Intuition behind Objective (anticipations/challenges outlined in past disclosures)	Achievement Level	Reflection of Impact
Maintain deposit size	<ul style="list-style-type: none"> Tight liquidity scenario was expected to continue. 	1% growth in total deposits 10% growth in non-bank deposits	Q1 2019
Efforts to secure Medium-Long term funding	<ul style="list-style-type: none"> Managing liquidity Managing Maturity mismatch 	BDT 2.55 Bn bond deal	Q2 2019
Maintain deposit renewal rate		Renewal rate hovering around 80%	Q1 2019
Maintain loan portfolio	<ul style="list-style-type: none"> Tightening margins NIM Management 	4% Growth in Q1 2019	Q1 2019
Portfolio Re-pricing		~60% portfolio to be re-priced in Q2 2019	Incrementally in Q2 and Q3
Controlling Non Performing Assets	<ul style="list-style-type: none"> Probability of industry wide NPA issues with tight liquidity situation 	NPL increased by 9bps	Improvements are expected in Q2-Q4
Optimize Investment Portfolio	<ul style="list-style-type: none"> Balancing exposure in capital market to maximize profitability 	Proprietary investments in stocks reduced by 27.5%	Q1 2019
OPEX Governance	<ul style="list-style-type: none"> Rising OPEX base 	OPEX growth restricted to 3.3% YoY and (-10.6)% from trailing quarter	Q1 2019

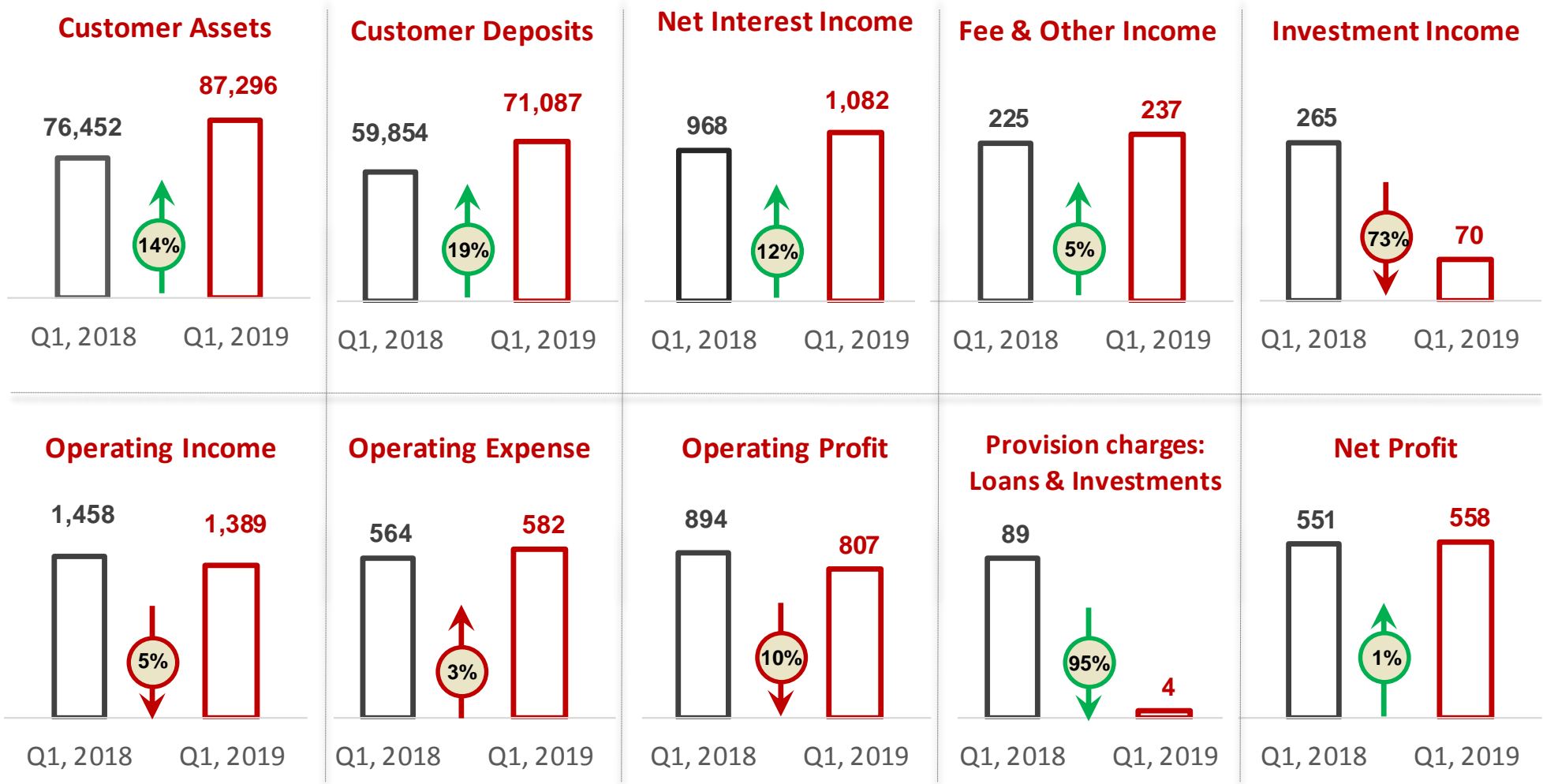
NPAT flat despite steady growth in Core-business performance



YoY Performance Metrics



BDT mn

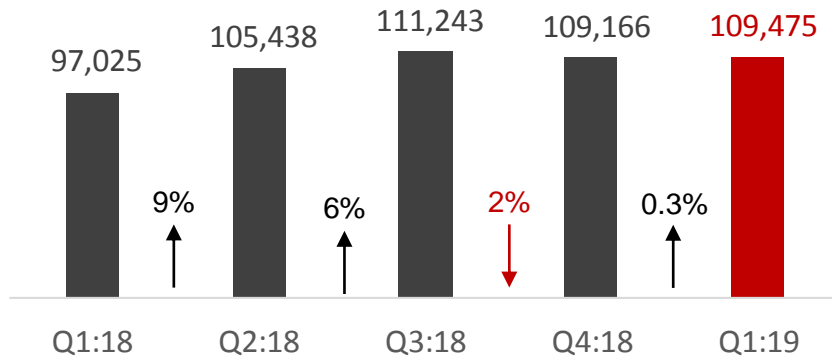


Adequate deposits to support loan growth

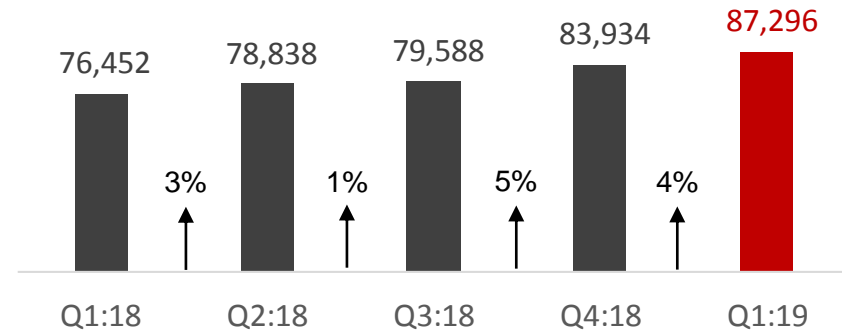


BDT mn

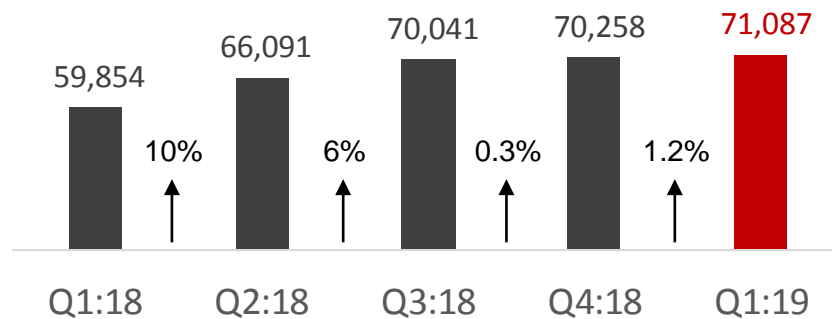
Balance Sheet



Customer Advances



Customer Deposit



- 1.2% growth in deposits (10.4% in non-bank deposits) achieved despite very difficult circumstances

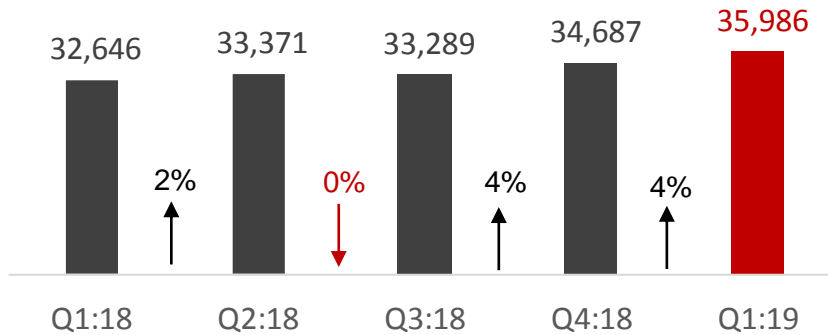
- Loan growth remains steady as majority of the growth was delivered by Small Enterprise Financing and Home Loans



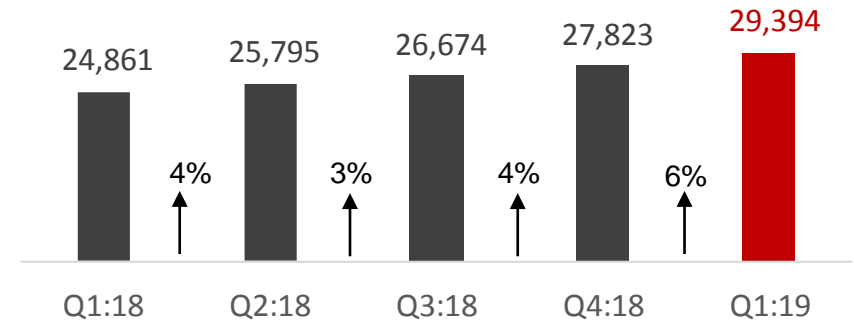
Loan book composition: IDLC FL Standalone

BDT mn

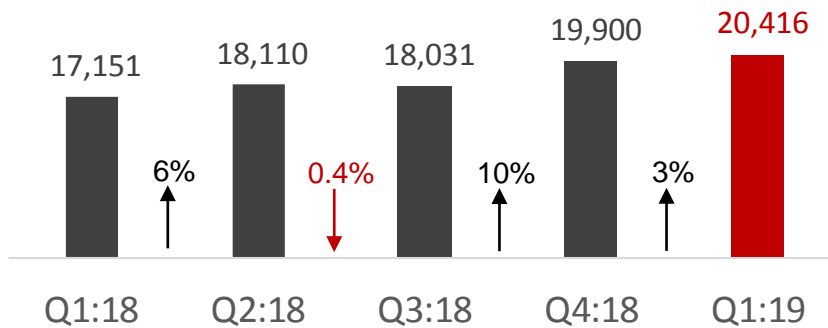
Customer Advances - SME



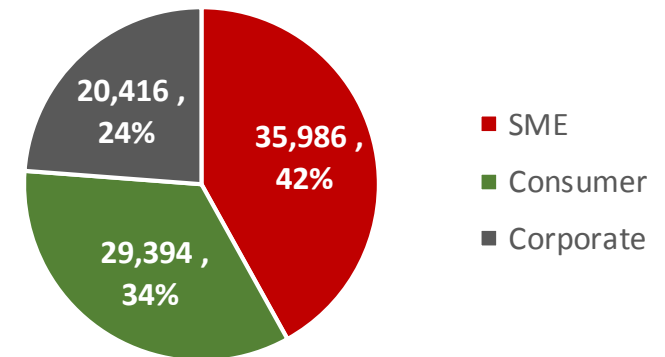
Customer Advances - Consumer



Customer Advances - Corporate



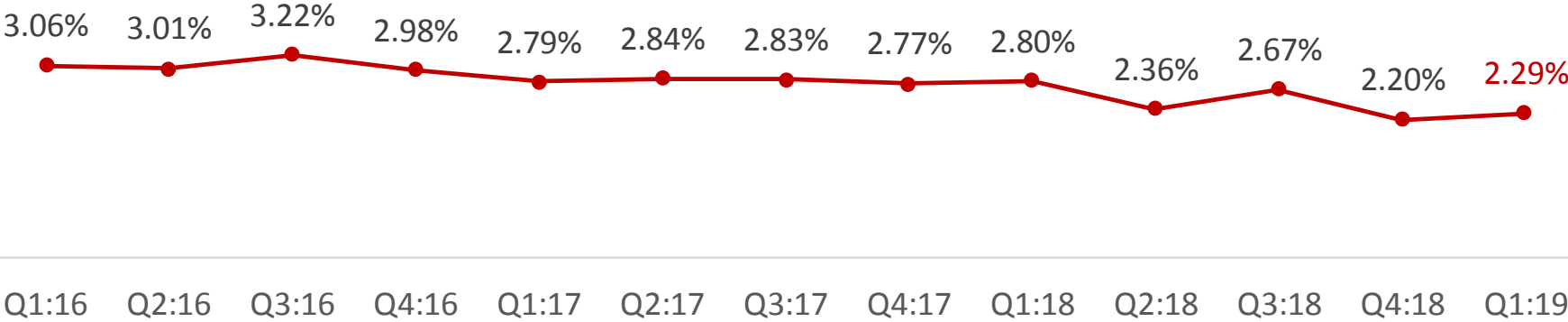
Portfolio Composition, Q1 2019



Focus on restricting NPL ratio to continue



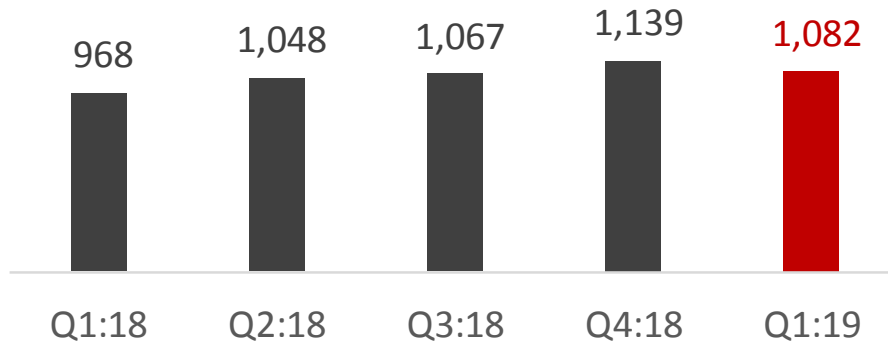
NPL%



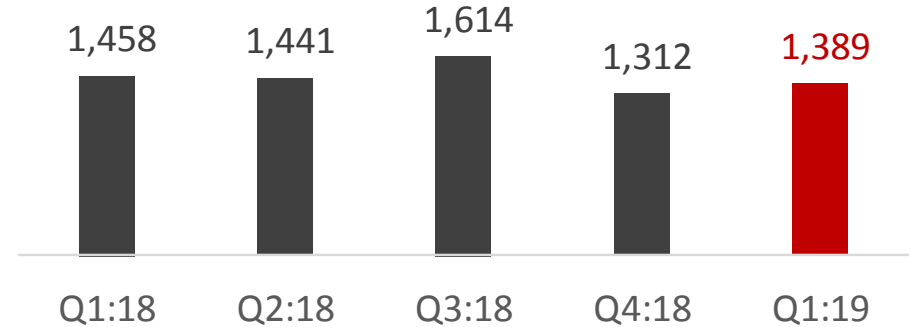
Operating Income and Expense



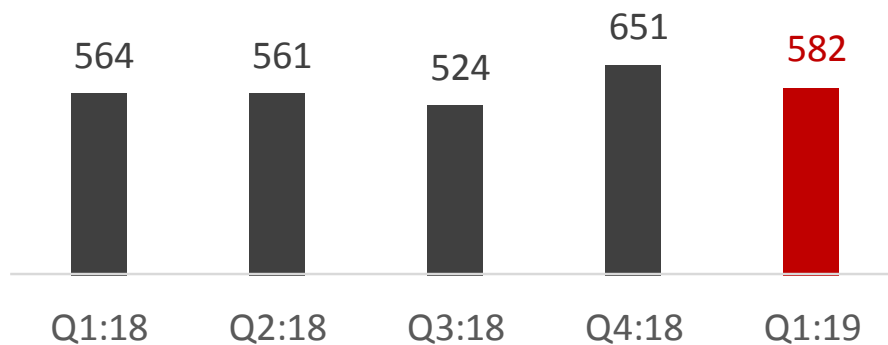
Net Interest Income



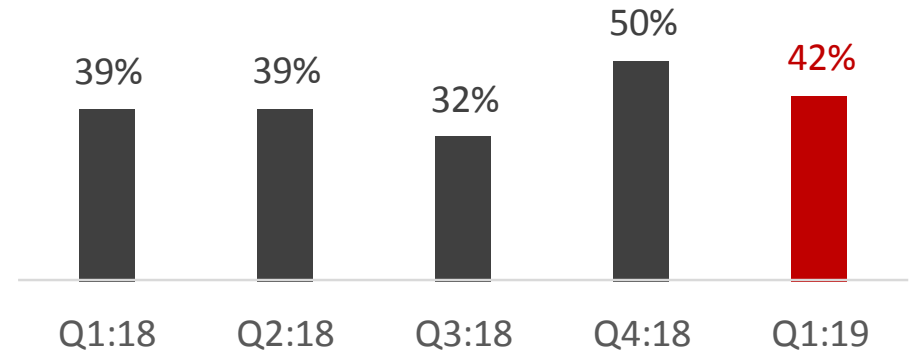
Operating Income



Operating Expense



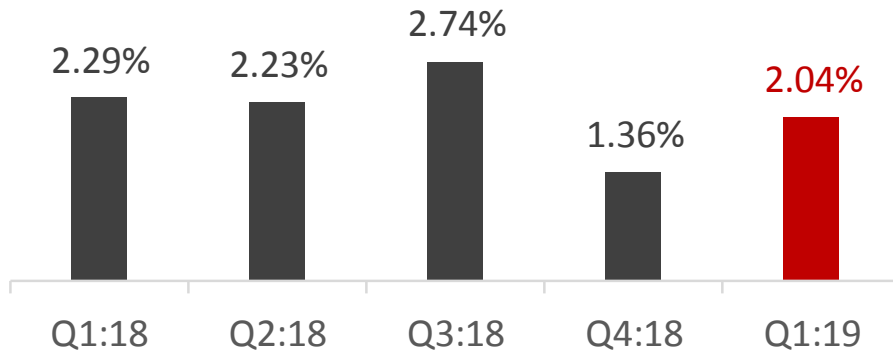
Cost/Income Ratio



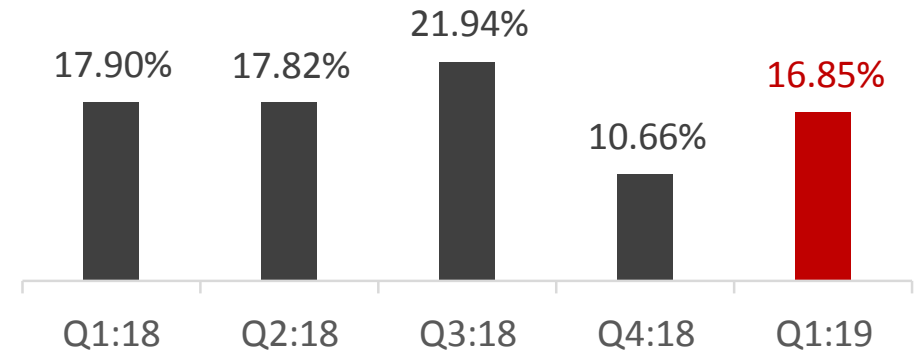
Shareholder Returns



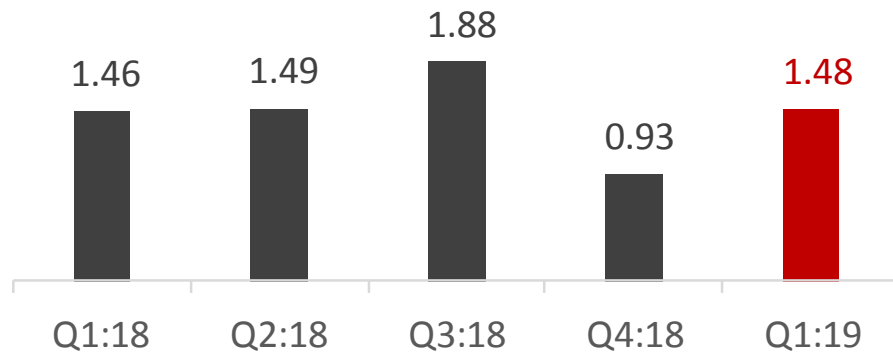
Return on Asset (Annualized)



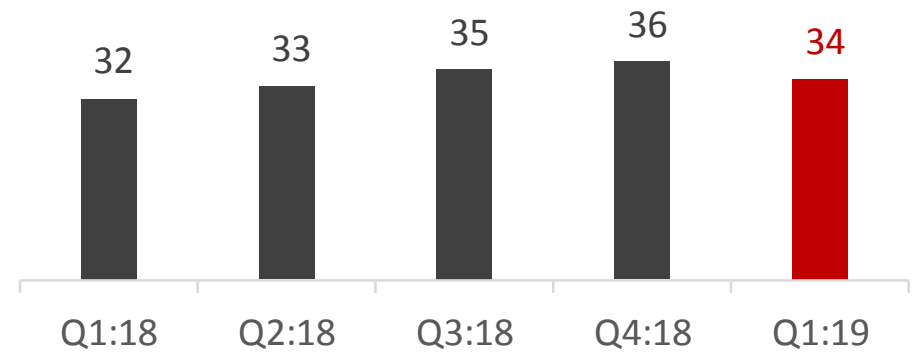
Return on Equity (Annualized)



Earnings per Share



Book Value Per Share



2019 Q1: Profit contribution from different entities



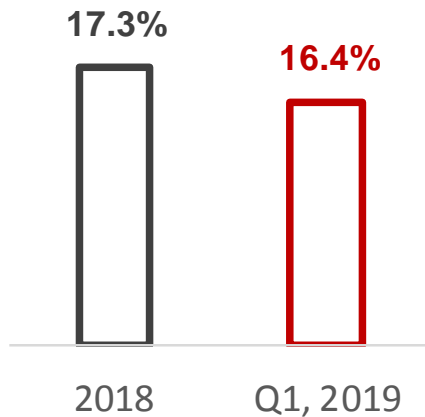
Entity	NPAT (BDT mn)		Growth	NPAT Contribution %	
	Q1, 2018	Q1, 2019		Q1, 2018	Q1, 2019
IDLC Finance Limited	395	447	↑ 13%	72%	80%
IDLC Securities Limited	74	60	↓ -19%	14%	11%
IDLC Investments Limited	70	43	↓ -39%	13%	8%
IDLC Asset Management Limited	11	9	↓ -19%	2%	2%
Consolidated NPAT	551	558	↑ 1%	100%	100%

- Core financing business remains resilient amid liquidity concerns in the industry and well positioned to deliver strong performance in the remaining quarters
- However, the capital market subsidiaries, especially IDLC Investments Limited and IDLC Securities Limited, are enduring a difficult year so far
- Profits of IDLC Securities suffered despite a 45% YoY increase in brokerage income, owing to the performance of proprietary investments in stocks.
- Decrease in profits for IDLC Investments is also due to decrease in investment returns

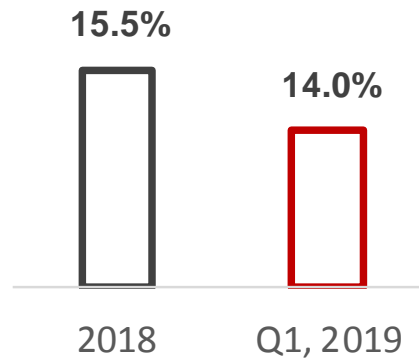
Capital Adequacy and Loan-Deposit Ratio



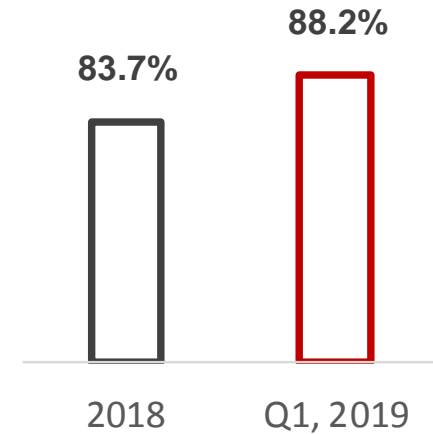
Capital Adequacy Ratio (Consolidated)



Capital Adequacy Ratio (Solo)



Loan to Deposit Ratio



* Regulatory limit for Loan to Deposit Ratio: 95%

Balance Sheet remains strong with room to grow the loan portfolio

Non-Financial highlights



- Pilot phase initiated for underwriting through automated Credit Risk Grading in Small Enterprise Financing (SEF)
 - Only for small ticket loans
 - To be expanded based on pilot results
- Re-modeling of SEF business is under way
 - Changes in customer on-boarding process and re-allocation of internal responsibilities between business, credit and operations teams
 - Expected to reduce redundancies and increase employee productivity
- Mobile App introduced to ensure enhanced sales force productivity in consumer and small enterprise loans
 - Automates lead management
 - Currently in 2nd phase of rollout. Full roll-out by Q3
- Testing phase initiated for the customization of core banking software
 - Full Implementation expected by Q3 2019
- Community initiatives taken
 - Inauguration/premise extension of 4 schools in Faridpur, Gazipur, Sajek and Latarchar under *Khushir Kheya* – our unique CSR platform
 - Arranged pre-*Boishakh* festivities with over 200 under-privileged children in association with IBA-JU Social Welfare Club
- Awarded *Best SME Bank in Bangladesh* by Asiamoney



Q & A