



IFS Capital Limited

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Half Year 2015 Unaudited Results

Presentation

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IFS Capital Limited

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"\$" means Singapore dollars unless otherwise indicated.

IFS Capital Limited (Reg. No. 198700827C)



Highlights

- Lower Group net profit of \$460,000 (1H 2014: \$1.9m).
- Higher net earned premium revenue of \$2.0m (1H 2014: \$1.8m).
- Lower non-interest income of \$5.8m (1H 2014: \$7.0m).
- Operating expenses little changed at \$10.9m (1H 2014: \$10.8m).
- Lower net claims incurred of \$508,000 (1H 2014: \$957,000).
- Higher allowances for loan losses of \$4.9m (1H 2014: \$3.8m).
- After non-controlling interests ("NCI"), loss attributable to shareholders was \$159,000 (1H 2014: profit of \$1.2m).



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Highlights (cont'd)

- Regional operations posted lower net profit after NCI of \$1.0m (1H 2014: \$1.3m).
- EPS (cents) : Loss 0.11(1H 2014: Earning 0.83)
NAV per Share (cents) : 78.1 (FY 2014: 80.2)
- Stable net interest margin at around 5.9%.



Highlights (cont'd)

2Q 2015 vs 1Q 2015

- Turnaround in 2Q 2015 business volume in Singapore and Malaysia.
- While factoring volume under Singapore financing operations remains unchanged, loan business volume grew by 28%, resulting in improvement in performance Q-o-Q.
- Singapore financing operations reported lower net loss before tax of \$175,000 (1Q 2015: \$1.4m).
- However, such improvement was dragged down by losses reported by subsidiaries in Indonesia and ECICS.
- Group loss before tax and NCI was \$128,000.



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Group Statement of Profit or Loss

(\$'000)	1H 2015	1H 2014	+ / (-) %
Net Interest Income	9,224	9,104	1.3
Net Earned Premium Revenue ^	2,040	1,840	10.9
Non-Interest Income	5,804	7,049	(17.7)
Total Income	17,068	17,993	(5.1)
Operating Expenses	(10,913)	(10,824)	0.8
Operating Profit before Net Claims & Allowances	6,155	7,169	(14.1)
Net Claims Incurred	(508)	(957)	(46.9)
Allowances & Impairments	(4,881)	(3,765)	29.6
Profit before Tax	766	2,447	(68.7)
Tax Expense	(306)	(571)	(46.4)
Profit after Tax	460	1,876	(75.5)
Attributable (Loss)/Profit after NCI	(159)	1,242	NM

^ After intra-group transactions elimination

NM - not meaningful/more than +/- 200%



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Group Statement of Comprehensive Income

(\$'000)	1H 2015	1H 2014	+ / (-) %
Profit for the period	460	1,876	(75.5)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale financial assets	675	171	NM
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(747)	(1,067)	(30.0)
Foreign currency translation differences of foreign operations	(787)	143	NM
Tax on other comprehensive income	12	152	(92.1)
Other comprehensive income for the period	(847)	(601)	40.9
Total comprehensive income for the period	(387)	1,275	NM



Group Operating Expenses

(\$'000)	1H 2015	%	1H 2014	%	+ / (-) %
Commission	360	3.3	287	2.6	25.4
Business Development	370	3.4	371	3.4	(0.3)
Staff Costs	6,486	59.4	6,828	63.1	(5.0)
Depreciation & Amortisation	718	6.6	646	6.0	11.1
General Administration	2,979	27.3	2,692	24.9	10.7
Total	10,913	100.0	10,824	100.0	0.8
Cost-to-Income Ratio	62.7%		58.9%		6.5

Total operating expenses for 1H 2015 of 10.9m were comparable to 1H 2014



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Key Financial Ratios	1H 2015	1H 2014	%
Return on Ave Equity - After Tax (%)	(0.1)	1.0	NM
Earnings per Ordinary Share (cts)	(0.11)	0.83	NM
Net Asset Value per Share (cts)	78.1	83.3	(6.2)
Leverage (times)	2.52	2.12	18.9
Gross Gearing (times)	2.15	1.78	20.8



Group Performance Review - 1H 2015 vs 1H 2014

- Group's operating income of \$17.1m was \$0.9m or 5% lower compared to 1H 2014 of \$18.0m mainly due to:
 - Lower fee and commission income largely on lower reinsurance commission received and lower loans fee earned.
 - Lower other income largely on lower bad debts recoveries, partly offset by:
 - Higher net earned premium of \$2.0m (1H 2014: \$1.8m) on lower premium ceded to reinsurers.



Group Performance Review - 1H 2015 vs 1H 2014 (cont'd)

- Group's operating expenses almost flat at \$10.9m (1H 2014: \$10.8m).
- With lower net claims incurred of \$0.5m (1H 2014: \$1.0m) mainly due to lower net claims paid on bond calls, Group's operating profit before allowances was \$5.6m, 9% lower compared to \$6.2m in 1H 2014.
- Due to higher allowances for loan losses of \$4.9m (1H 2014: \$3.8m), net profit after tax was lower at \$460,000 compared to \$1.9m in 1H 2014.
- Net loss attributable to shareholders after NCI was \$159,000 (1H 2014: profit of \$1.2m).
- Group's gross loan assets including factoring receivables outstanding were \$355.2m, increased 3% and 6% against the bases of \$345.5m as at 31 December 2014 and \$336.2m as at June 30 2014 respectively due to higher factoring receivables and new loans drawdown.



Regional Operations - Thailand, Indonesia & Malaysia

(\$'000)	1H 2015	1H 2014	+ / (-) %
Net Interest Income	5,600	5,354	4.6
Non-Interest Income	2,883	3,018	(4.5)
Operating Expenses	(3,875)	(3,889)	(0.4)
Operating Profit before Allowances	4,608	4,483	2.8
Allowances	(2,558)	(1,974)	29.6
Profit before Tax	2,050	2,509	(18.3)
Tax Expense	(413)	(548)	(24.6)
Profit after Tax (PAT)	1,637	1,961	(16.5)
Group's share of PAT based on % of shareholdings	1,018	1,327	(23.3)



Regional Operations (cont'd)

- Thailand, Indonesia & Malaysia

- Thailand subsidiary's net profit after NCI was almost flat at \$1.7m.
- Indonesia subsidiary posted a net loss of \$168,000 (1H 2014: profit of \$127,000) mainly impacted by higher allowances for loan losses.
- Malaysia subsidiary reported a lower net loss of \$145,000 compared to \$168,000 in 1H 2014 mainly on lower operating expenses.



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ECICS Limited

<i>(\$'000)</i>	1H 2015	1H 2014	+ / (-) %
Gross Written Premiums	3,699	4,378	(15.5)
Net Earned Premium Revenue	2,055	1,865	10.2
Fee and Investment Income	1,420	2,154	(34.1)
Claims Incurred	(508)	(957)	(46.9)
Operating Expenses	(2,875)	(2,375)	21.1
Operating Profit before Allowances	92	687	(86.6)
Reversal of Impairment on Insurance Receivables	158	122	29.5
Profit before Tax	250	809	(69.1)
Tax Expense	(45)	(25)	80.0
Profit after Tax	205	784	(73.9)

N.B. (Before intragroup transactions elimination)



ECICS Limited (cont'd)

- Net profit after tax lower at \$205,000 (1H 2014: \$784,000) due to lower fee and investment income and higher operating expenses, partly offset by higher net earned premium revenue and lower net claims incurred.
- Higher net earned premium revenue of \$2.1m (1H 2014: \$1.9m) mainly due to lower premium ceded to reinsurers.
- Lower underwriting commission fee income of \$0.4m (1H 2014: \$1.1m) mainly due to lower reinsurance commission received.
- Lower net claims incurred of \$508,000 (1H 2014: \$957,000) mainly due to lower net claims paid on bond calls.
- Remains substantially well capitalized above the minimum statutory requirement.



Prospects

- Regional business environment remains challenging, with economic growth slowing and sharp currency depreciation.
- Business volumes in Singapore continued to improve in 2Q 2015 as compared to same quarter last year with factoring and loan volumes growing by 7% and 18% respectively. Pipeline deals indicate that growth will continue.
- In Thailand, economic activity is likely to slow in the 2nd half of the year. However, our subsidiary should remain profitable.
- In Malaysia, business volumes have picked up and are expected to increase further, while losses are expected to narrow in the 2nd half of the year.
- For Indonesia, we continue to manage our existing portfolios and our focus is on credit risk management.
- While ECICS' bonds and guarantee businesses have scaled down, general insurance volumes continue to improve. ECICS will focus on full range of general insurance products through engagement of more agents or brokers as well as promotion campaigns.



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THE END

THANK YOU