



IFS Capital Limited

IFS Capital Limited

Nine Months 2015 Unaudited Results

Presentation

11 November 2015





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"\$" means Singapore dollars unless otherwise indicated.

IFS Capital Limited (Reg. No. 198700827C)



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Highlights

- Higher net earned premium revenue of \$3.2m (9M 2014: \$2.8m).
- Lower non-interest income of \$6.1m (9M 2014: \$9.4m).
- Operating expenses comparable at \$16.2m (9M 2014: \$16.2m).
- Lower net claims incurred of \$0.5m (9M 2014: \$0.9M).
- Higher allowances for loan losses of \$8.1m (9M 2014: \$6.6m).
- Group net loss of \$1.8m (9M 2014: profit of \$1.8m).
- After non-controlling interests ("NCI"), loss attributable to shareholders was \$2.7m (9M 2014: profit of \$0.8m).



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Highlights (cont'd)

- Regional operations posted lower net profit after NCI of \$0.8m (9M 2014: \$1.1m).
- EPS (cents) : Loss 1.78 (9M 2014: Earnings 0.52)
NAV per Share (cents) : 75.9 (FY 2014: 80.2)
- Stable net interest margin at around 5.9%.



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Group Statement of Profit or Loss

(\$'000)	9 months 2015	9 months 2014	+ / (-) %
Net Interest Income	13,907	13,801	0.8
Net Earned Premium Revenue ^	3,158	2,826	11.7
Non-Interest Income	6,061	9,397	(35.5)
Total Income	23,126	26,024	(11.1)
Operating Expenses	(16,167)	(16,185)	(0.1)
Operating Profit before Net Claims & Allowances	6,959	9,839	(29.3)
Net Claims Incurred	(455)	(940)	(51.6)
Allowances & Impairments	(8,143)	(6,567)	24.0
(Loss)/Profit before Tax	(1,639)	2,332	NM
Tax Expense	(117)	(562)	(79.2)
(Loss)/Profit after Tax	(1,756)	1,770	NM
Attributable (Loss)/Profit after NCI	(2,683)	785	NM

^ After intra-group transactions elimination

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



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Group Statement of Comprehensive Income

(\$'000)	9 months 2015	9 months 2014	+ / (-) %
(Loss)/Profit for the period	(1,756)	1,770	NM
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	715	3,164	(77.4)
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	(1,785)	883	NM
Tax on other comprehensive income	5	(356)	NM
Other comprehensive income for the period	(1,812)	2,624	NM
Total comprehensive income for the period	(3,568)	4,394	NM



Group Operating Expenses

(\$'000)	9 months 2015	%	9 months 2014	%	+ / (-) %
Commission	621	3.8	448	2.8	38.6
Business Development	525	3.2	574	3.5	(8.5)
Staff Costs	9,452	58.5	10,118	62.5	(6.6)
Depreciation & Amortisation	1,116	6.9	974	6.0	14.6
General Administration	4,453	27.6	4,071	25.2	9.4
Total	16,167	100.0	16,185	100.0	0.1
Cost-to-Income Ratio	68.5%		60.9%		12.5

Total operating expenses for 9M 2015 of \$16.2m were comparable to 9M 2014



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Key Financial Ratios	9 months 2015	9 months 2014	%
Return on Ave Equity - After Tax (%)	(2.3)	0.6	NM
Earnings per Ordinary Share (cts)	(1.78)	0.52	NM
Net Asset Value per Share (cts)	75.9	84.9	(10.6)
Leverage (times)	2.51	2.07	21.3
Gross Gearing (times)	2.10	1.78	18.0



Group Performance Review - 9M 2015 vs 9M 2014

- Group's operating income of \$23.1m was \$2.9m or 11% lower compared to 9M 2014 of \$26.0m mainly due to:
 - Lower fee and commission income of \$5.2m (9M 2014: \$6.7m) largely on lower reinsurance commission received and lower financing fee income.
 - Lower investment income of \$0.6m (9M 2014: \$2.3m) with fair value loss on quoted equity investments and loss on disposal of equity securities from a weak market sentiment.
 - Lower other income of \$0.2m (9M 2014: \$0.4m) largely on lower bad debts recoveries, partly offset by:
 - Higher net earned premium of \$3.2m (9M 2014: \$2.8m) largely on lower premium ceded to reinsurers.



Group Performance Review - 9M 2015 vs 9M 2014 (cont'd)

- Group's operating expenses comparable at \$16.2m (9M 2014: \$16.2m).
- With lower net claims incurred of \$0.5m (9M 2014: \$0.9m) mainly due to lower bond calls, Group's operating profit before allowances was \$6.5m, 27% lower compared to \$8.9m in 9M 2014.
- Due to higher allowances for loan losses of \$8.1m (9M 2014: \$6.6m), the Group reported a net loss of \$1.8m compared to a net profit of \$1.8m in 9M 2014.
- Net loss attributable to shareholders after NCI was \$2.7m (9M 2014: profit of \$0.8m).
- Group's gross loan assets including factoring receivables outstanding were \$338.4m as at Sep 30 2015 (Sep 30 2014: \$334.9m), a decrease of 2% against the base of \$345.5m as at Dec 31 2014 due to higher loan repayments and lower factoring receivables.



Regional Operations - Thailand, Indonesia & Malaysia

(\$'000)	9 months 2015	9 months 2014	+ / (-) %
Net Interest Income	8,400	8,105	3.6
Non-Interest Income	4,113	4,466	(7.9)
Operating Expenses	(5,809)	(5,741)	1.2
Operating Profit before Allowances	6,704	6,830	(1.8)
Allowances	(4,599)	(4,158)	10.6
Profit before Tax	2,105	2,672	(21.2)
Tax Expense	(349)	(558)	(37.5)
Profit after Tax (PAT)	1,756	2,114	(16.9)
Group's share of PAT based on % of shareholdings	829	1,129	(26.6)



Regional Operations (cont'd)

- Thailand, Indonesia & Malaysia

- Thailand subsidiary's net profit after NCI was 6% lower at \$2.5m (9M 2014: \$2.7m) mainly affected by higher allowances for loan losses.
- Indonesia subsidiary posted a net loss of \$0.9m (9M 2014: profit of \$0.2m) mainly impacted by higher allowances for loan losses.
- Malaysia subsidiary reported a lower net loss of \$0.3m (9M 2014: \$1.2m) mainly on lower allowances for loan losses.



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ECICS Limited

<i>(\$'000)</i>	9 months 2015	9 months 2014	+ / (-) %
Gross Written Premiums	6,015	5,980	0.6
Net Earned Premium Revenue	3,180	2,864	11.0
Fee and Investment Income	345	2,831	(87.8)
Claims Incurred	(455)	(940)	(51.6)
Operating Expenses	(4,325)	(3,792)	14.1
Operating (Loss)/Profit before Allowances	(1,255)	963	NM
Reversal of Impairment on Insurance Receivables	155	113	37.2
(Loss)/Profit before Tax	(1,100)	1,076	NM
Tax Expense	(35)	(10)	NM
(Loss)/Profit after Tax	(1,135)	1,066	NM

N.B. (Before intragroup transactions elimination)



ECICS Limited (cont'd)

- Net loss after tax of \$1.1m (9M 2014: net profit of \$1.1m) due to lower fee income, loss on 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 \$3.2m (9M 2014: \$2.9m) mainly due to lower premium ceded to reinsurers.
- Lower underwriting commission fee income of \$0.4m (9M 2014: \$1.4m) mainly due to lower reinsurance commission received.
- Loss on investment income of \$63,000 (9M 2014: gain of \$1.4m) mainly due to fair value loss and loss on disposal of quoted equity securities, mitigated by higher interest income.
- Lower net claims incurred of \$0.5m (9M 2014: \$0.9m) mainly due to lower bond calls.
- Remains substantially well capitalized above the minimum statutory requirement.



Prospects

- The Group's near term prospect are clouded by downside risks. First, the global economic outlook is poor due to the slowdown in China's economy, the rising chance of US Federal Reserve interest rate hikes and regional currency depreciation.
- Second, the Singapore economy is particularly weak, weighing on the Group's Singapore business which is expected to slow down in the last quarter of 2015.
- Our Thailand subsidiary should continue to remain profitable despite the slow growth in the Thailand economy.
- In Malaysia, business volumes are expected to increase marginally while losses are expected to narrow for full year 2015.
- Indonesia will continue to focus on recoveries from its non-performing portfolios.



Prospects (cont'd)

- ECICS will continue to focus on full range of general insurance products through engagement of more agents or brokers as well as promotion campaigns. It has also launched its B2B and B2C online portals for motor insurance.
- In view of the current challenging business environment and in line with the profit guidance issued on 30 October 2015, the Group expects a loss for full year 2015.



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THANK YOU