IFS Capital Limited

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First Quarter 2015 Unaudited Results

Presentation

11 May 2015

IFS Capital Limited

Contents

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"$"means Singapore dollars unless otherwise indicated.

IFS Capital Limited (Reg. No. 198700827C)

Highlights

- Group's operating income for 1Q 2015 of $8.9m was 5% higher compared to 1Q 2014.
- Higher net earned premium revenue of $1.1m (1Q 2014: $0.9m).
- Lower non-interest income of $3.1m (1Q 2014: $3.3m).
- Higher operating expenses of $5.5m (1Q 2014: $5.3m).
- Net claims reversal of $108,000 (1Q 2014: incurred of $141,000).
- Higher allowances of $2.7m (1Q 2014: $1.6m).
- Net profit of $629,000 (1Q 2014: $1.2m).
- After non-controlling interests ("NCI"), profit attributable to shareholders was $315,000 (1Q 2014: $870,000).

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Highlights (cont'd)

- Regional operations posted higher net profit after NCI of $763,000 (1Q 2014: $592,000).
- Improvement in other comprehensive income to $2.0m (1Q 2014: $389,000) due to higher translation gain from the strengthening of Thai Baht for translation against S$.
- EPS (cents) : 0.21 (1Q 2014: 0.58)

  NAV per Share (cents) : 81.3 (FY 2014: 80.2)
- Net interest margin at around 5.95%.

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Group Statement of Profit or Loss

($'000)	1Q 2015	1Q 2014	+/(-) %
Net Interest Income	**4,735**	4,417	7.2
Net Earned Premium Revenue ^	**1,109**	881	25.9
Non-Interest Income	**3,089**	3,252	(5.0)
Total Income	**8,933**	8,550	4.5
Operating Expenses	**(5,453)**	(5,311)	2.7
Operating Profit before Net Claims & Allowances	**3,480**	3,239	7.4
Net Claims Reversal/(Incurred)	**108**	(141)	NM
Allowances & Impairments	**(2,694)**	(1,591)	69.3
Profit before Tax	**894**	1,507	(40.7)
Tax Expense	**(265)**	(334)	(20.7)
Profit after Tax	**629**	1,173	(46.4)
Attributable Profit after NCI	**315**	870	(63.8)

^ After intra-group transactions elimination

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Group Statement of Comprehensive Income

($'000)	**1Q 2015**	**1Q 2014**	**+/(-) %**
Profit for the period	**629**	1,173	(46.4)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets	**165**	176	(6.3)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	**(241)**	(1,067)	(77.4)
Foreign currency translation differences of foreign operations	**2,079**	1,128	84.3
Tax on other comprehensive income	**13**	152	(91.4)
Other comprehensive income for the period, net of tax	**2,016**	389	NM
Total comprehensive income for the period	**2,645**	1,562	69.3

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Group Operating Expenses

($'000)	1Q 2015	%	1Q 2014	%	+/(-) %
Commission	**189**	**3.5**	146	2.8	29.5
Business Development	**146**	**2.7**	198	3.7	(26.3)
Staff Costs	**3,505**	**64.3**	3,411	64.2	2.8
Depreciation & Amortisation	**356**	**6.5**	343	6.5	3.8
General Administration	**1,257**	**23.0**	1,213	22.8	3.6
Total	**5,453**	**100.0**	5,311	100.0	2.7
Cost-to-Income Ratio	**60.1%**		60.6%		(0.8)

3% increase in operating expenses mainly due to
- *higher commission expenses related to broker-referred insurance business; and*
- *higher staff costs linked to increased headcount.*

Key Financial Ratios	1Q 2015	1Q 2014	+/(-) %
Return on Ave Equity – After Tax (%)	**0.3**	0.7	(57.1)
Earnings per Share (cts)	**0.21**	0.58	(63.8)
Net Asset Value per Share (cts)	**81.3**	85.6	(5.0)
Leverage (times)	**2.36**	2.02	16.8
Gross Gearing (times)	**1.97**	1.71	15.2

Group Performance Review – 1Q 2015 vs 1Q 2014

- Group's operating income increased 5% to $8.9m due to:
  - higher net interest income mainly driven by growth in financing activities;
  - higher fee and commission mainly due to higher reinsurance commission received and higher factoring service fee on growth in factoring volume; and
  - higher gross earned premium revenue on write back on change in gross provision for unexpired risks. After accounting for higher premiums ceded to reinsurers, net earned premium revenue surged 26% to $1.1m, partly offset by
  - lower investment income mainly due to lower gain on partial redemption of convertible loan, mitigated by fair value gain on investments and gain on disposal of equity securities. The gain on partial redemption of convertible loan was reclassified from other comprehensive income.

Group Performance Review – 1Q 2015 vs 1Q 2014 (cont'd)

- Group's operating expenses up 3% or $142,000 to $5.5m mainly on commission expenses related to broker-referred insurance business and staff costs linked to increased headcount.
- After taking into account net claims reversal of $108,000 related mainly to write back of provision for credit insurance and bond and guarantee clients; and higher operating expenses, the Group achieved a 16% increase in operating profit before allowances of $3.6m. Excluding the gain on partial redemption of convertible loan recognised for 1Q 2015 and 1Q 2014, the Group would have achieved a 65% increase in operating profit before allowances.
- Due to higher allowances for loan losses of $2.7m, net profit after tax was lower at $629,000 as compared to $1.2m in 1Q 2014.
- Net profit attributable to shareholders after NCI was $315,000 as compared to $870,000 in 1Q 2014.

Group Performance Review – 1Q 2015 vs 1Q 2014 (cont'd)

- Group's loan assets including factoring receivables outstanding of $358.7m increased 4% and 7% against the bases of $345.5m as at 31 December 2014 and $334.8m as at 31 March 2014 respectively due to higher factoring receivables and new loans drawdown.

Regional Operations – Indonesia, Malaysia & Thailand

($'000)	1Q 2015	1Q 2014	+/(-) %
Net Interest Income	**2,845**	2,618	8.7
Non-Interest Income	**1,515**	1,454	4.2
Operating Expenses	**(1,855)**	(1,955)	(5.1)
Operating Profit before Allowances	**2,505**	2,117	18.3
Allowances	**(1,160)**	(962)	20.6
Profit before Tax	**1,345**	1,155	16.5
Tax Expense	**(268)**	(260)	3.1
Profit after Tax (PAT)	**1,077**	895	20.3
Group's share of PAT based on % of shareholdings	**763**	592	28.9

Regional Operations (cont'd) - Indonesia, Malaysia & Thailand

- Thailand subsidiary reported a 4% drop in net profit after NCI, in its home currency, mainly due to higher allowances for loan losses. With the strengthening of Thai Baht for translation against the S$, net profit after NCI increased 3% to $853,000 (1Q 2014: $825,000).

- Indonesia subsidiary posted a 38% increase in net profit to $80,000 (1Q 2014: $58,000) mainly due to higher revenue on growth in factoring business, partly offset by higher allowances for loan losses.

- Malaysia subsidiary reported a lower net loss of $59,000 compared to $101,000 in 1Q 2014 mainly on lower operating expenses.

ECICS Limited

($'000)	1Q 2015	1Q 2014	+/(-) %
Gross Written Premiums	**2,306**	2,727	(15.4)
Net Earned Premium Revenue	**1,116**	894	24.8
Fee and Investment Income	**1,079**	492	119.3
Claims Reversal/(Incurred)	**108**	(141)	NM
Operating Expenses	**(1,566)**	(1,164)	34.5
Operating Profit before Allowances	**737**	81	NM
Reversal of Impairment on Insurance Receivables	**172**	58	197
Profit before Tax	**909**	139	NM
Tax Expense	**(178)**	(9)	NM
Profit after Tax	**731**	130	NM

N.B. (Before intragroup transactions elimination)

ECICS Limited

- Net profit after tax higher at $731,000 as compared to $130,000 for 1Q 2014 due to higher net earned premium revenue, higher fee and investment income and net claims reversal.
- Gross written premiums declined 15% to $2.3m largely due to lower bonds and guarantee business.
- With a write back on change in gross provision for unexpired risks as compared to a charge for 1Q 2014, and after accounting for higher premiums ceded to reinsurers, net earned premium revenue surged 25% to $1.1m.
- Higher underwriting commission income due to higher reinsurance commission received.
- Higher investment income mainly from fair value gain and higher interest on investments.
- Remains substantially well capitalized above the minimum statutory requirement.

Prospects

- Trends in the operating businesses in Singapore and Thailand are encouraging. Loan volumes for Singapore have increased by 8% in 1Q 2015 and the pipeline of deals suggests that this growth can continue.
- In Thailand, our subsidiary is expected to maintain its profitability in 2015 despite weaker growth in the Thai economy.
- ECICS continues to build up its general insurance business in 1Q 2015.
- In Indonesia and Malaysia, business conditions are proving difficult and our efforts are focused on recovery.
- We continue to closely monitor our loan book, parts of which are vulnerable to weakening economic conditions.

THE END

THANK YOU