



IFS Capital Limited

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First Quarter 2014 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

- Group's operating income for 1Q 2014 of \$8.6m was \$159,000 or 2% lower compared to 1Q 2013.
- Higher net earned premium revenue of \$0.9m (1Q 2013: \$0.6m).
- Higher investment income of \$1.1m (1Q 2013: \$0.5m).
- Higher operating expenses of \$5.3m (1Q 2013: \$5.0m).
- Higher allowances of \$1.6m (1Q 2013: \$1.4m).
- Net profit of \$1.2m (1Q 2013: \$1.8m).
- After non-controlling interests ("NCI"), profit attributable to shareholders was \$0.9m (1Q 2013: \$1.4m).



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Highlights (cont'd)

- EPS (cents) : 0.58 (1Q 2013: 0.93)
NAV per Share (cents) : 85.6 (FY 2013: 84.8)
- Stable net interest margin at around 6.1%.



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Group Statement of Profit or Loss

(\$'000)	1Q 2014	1Q 2013	+ / (-) %
Net Interest Income	4,417	5,154	(14.3)
Net Earned Premium Revenue ^	881	590	49.3
Non-Interest Income	3,252	2,965	9.7
Total Income	8,550	8,709	(1.8)
Operating Expenses	(5,311)	(4,976)	6.7
Operating Profit before Net Claims & Allowances	3,239	3,733	(13.2)
Net Claims Incurred	(141)	(65)	116.9
Allowances & Impairments	(1,591)	(1,425)	11.6
Profit before Tax	1,507	2,243	(32.8)
Tax Expense	(334)	(463)	(27.9)
Profit after Tax	1,173	1,780	(34.1)
Attributable Profit after NCI	870	1,404	(38.0)

^ After intra-group transactions elimination



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Group Statement of Comprehensive Income

<i>(\$'000)</i>	1Q 2014	1Q 2013	+ / (-) %
Profit for the period	1,173	1,780	(34.1)
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	176	509	(65.4)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(1,067)	(150)	NM
Foreign currency translation differences of foreign operations	1,128	2,478	(54.5)
Tax on other comprehensive income	152	(61)	NM
Other comprehensive income for the period, net of tax	389	2,776	(86.0)
Total comprehensive income for the period	1,562	4,556	(65.7)



Group Operating Expenses

(\$'000)	1Q 2014	%	1Q 2013	%	+ / (-) %
Commission	146	2.8	155	3.1	(5.8)
Business Development	198	3.7	171	3.4	15.8
Staff Costs	3,411	64.2	3,038	61.1	12.3
Depreciation & Amortisation	343	6.5	402	8.1	(14.7)
General Administration	1,213	22.8	1,210	24.3	0.2
Total	5,311	100.0	4,976	100.0	6.7
Cost-to-Income Ratio	60.6%		55.1%		10.0

7% increase in operating expenses mainly due to

- higher staff costs as a result of annual wage increment and increase in headcount.*



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Key Financial Ratios	1Q 2014	1Q 2013	+ / (-) %
Return on Ave Equity - After Tax (%)	0.7	1.0	(30.0)
Earnings per Share (cts)	0.58	0.93	(37.6)
Net Asset Value per Share (cts)	85.6	95.0	(9.9)
Leverage (times)	2.02	2.05	(1.5)
Gross Gearing (times)	1.71	1.76	(2.8)



Group Performance Review - 1Q 2014 vs 1Q 2013

- Group's operating income of \$8.6m was \$159,000 or 2% lower compared to 1Q 2013 due to:
 - lower net interest income on lower factoring volume and lower loan assets outstanding,
 - lower fee and commission due mainly to lower underwriting commission on lower bonds and guarantee business, mitigated by
 - higher gross earned premium revenue on lower change in gross provision for unexpired risks due to higher release of unearned premium to earned premium. After accounting for premiums ceded to reinsurers, net earned premium revenue up 49% to \$0.9m.
 - higher investment income due mainly to realised gain of \$1.1m resulting from a cash receipt of \$3.0m on partial repayment of a convertible loan. This amount was reclassified from other comprehensive income.



Group Performance Review - 1Q 2014 vs 1Q 2013 (cont'd)

- Group's operating expenses up \$335,000 or 7% to \$5.3m mainly on staff costs.
- After taking into account higher net claims incurred and higher allowances for loan losses and impairment of investments, net profit after tax fell 34% to \$1.2m.
- Group total gross factoring receivables and loan assets of \$334.8m, decrease 0.2% and 11% against the bases of \$335.6m as at 31 December 2013 and \$375.8m as at 31 March 2013 respectively due to higher loans repayments and lower factoring receivables.



Group Performance Review - 1Q 2014 vs 1Q 2013 (cont'd)

- Singapore operations (including ECICS) reported a 35% increase in net profit to \$278,000 from \$206,000 in 1Q 2013 mainly attributable to:
 - higher net earned premium revenue;
 - higher investment income; and
 - lower allowances for loan losses; partly offset by
 - lower net interest income.



Regional Operations - Indonesia, Malaysia & Thailand

(\$'000)	1Q 2014	1Q 2013	+ / (-) %
Net Interest Income	2,618	2,842	(7.9)
Non-Interest Income	1,454	1,430	1.7
Operating Expenses	(1,955)	(1,938)	0.9
Operating Profit before Allowances	2,117	2,334	(9.3)
Allowances	(962)	(335)	187.2
Profit before Tax	1,155	1,999	(42.2)
Tax Expense	(260)	(426)	(39.0)
Profit after Tax (PAT)	895	1,573	(43.1)
Group's share of PAT based on % of shareholdings	592	1,198	(50.6)



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

- Thailand subsidiary reported a net profit after NCI of \$0.8m, down 19% (1Q 2013: \$1.0m) on lower revenue and higher allowances for loan losses.
- Indonesia subsidiary posted a higher net profit of \$58,000 (1Q 2013: \$30,000) due to higher fee and commission income; and lower operating expenses and allowances for loan losses, partly offset by drop in net interest income on lower business volume.
- Malaysia subsidiary reported net loss of \$101,000 compared to net profit of \$320,000 in 1Q 2013 due mainly to lower business volume and higher operating expenses.



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ECICS Limited

<i>(\$'000)</i>	1Q 2014	1Q 2013	+ / (-) %
Gross Written Premiums	2,727	3,172	(14.0)
Net Earned Premium Revenue	894	600	49.0
Fee and Investment Income	492	864	(43.1)
Claims Incurred	(141)	(65)	116.9
Operating Expenses	(1,164)	(1,041)	11.8
Operating Profit before Allowances	81	358	(77.4)
Reversals of/(Allowances for) Insurance Receivables	58	(65)	NM
Profit before Tax	139	293	(52.6)
Tax Expense	(9)	(16)	(43.8)
Profit after Tax	130	277	(53.1)

N.B. (Before intragroup transactions elimination)



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ECICS Limited

- Gross written premiums declined 14% to \$2.7m largely due to lower bonds and guarantee business.
- After accounting for premiums ceded to reinsurers, net earned premium revenue increased 49% to \$0.9m on lower change in gross provision for unexpired risks due to higher release of unearned premium to earned premium.
- Lower underwriting commission income due to lower bonds and guarantee business.
- With increased operating costs and higher net claims incurred, net profit after tax was lower at \$130,000 (1Q 2013: \$277,000).
- Continued low loss ratio compared to industry.
- Remains substantially well capitalized above the minimum statutory requirement.



Prospects

- The Group will continue to grow its factoring and loan businesses in Singapore and the region.
- While the Singapore market is stable, the Group is mindful of the uncertainty and challenges in Thailand, a significant source of revenue.
- The Group has refocused its operations in Indonesia and Malaysia, and expects to see an improvement in performance of those markets over time.
- ECICS will continue its plan to diversify and to write full range of general insurance lines.
- The Group continues to adhere to prudent credit management and looks actively to expand its presence and business activities.



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THE END

THANK YOU