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**For Immediate Release**

**IFS Capital Limited reports 26.3% growth  
in net interest income to S\$25.3 million for FY2019**

***Gross lending assets continued to increase on the back of  
rising financing needs of SMEs***

- Interest income increased 19.5% for FY2019 to S\$33.0 million as asset-based loan book increased 12.0% to S\$253 million
- Net interest margin improved from 6.6% in FY2018 to 6.9% in FY2019 due to lower borrowings
- Excluding the one-off gain from the sale of Suntec office in FY2018, pre-tax profit of S\$16.3 million for FY2019 showed 114% growth compared to that of FY2018
- Enhanced credit management system powered by technology is expected to continue to safeguard the growth of loan book
- Group proposed a final dividend of 0.78 Singapore cents for FY2019, representing a payout of 31.2%

**Singapore, 28 February 2020** – IFS Capital Limited (the “**Company**”, and together with its subsidiaries, the “**Group**” or “**IFS Capital**”), a leading financing solutions provider for small and medium enterprises (SMEs), is pleased to announce its financial results for the three months and twelve months ended 31 December 2019 (“4QFY2019” and “FY2019” respectively).

**Financial overview**

The Group’s interest income increased by 19.5% year-on-year (“yoy”) to S\$33.0 million in FY2019. The increase was mainly due to the strong performance of the Group’s asset-based lending portfolio, with asset-based loan books increasing to S\$253 million in FY2019 from S\$226 million in FY2018.



Net interest income increased by 26.3% yoy to S\$25.3 million in FY2019. This was mainly attributable to the saving on interest expense from reduced bank borrowings. In line with the net interest income growth, net interest margin improved from 6.6% for FY2018 to 6.9% for FY2019.

S\$' million	4Q FY2019	4Q FY2018	Change (%)	FY2019	FY2018	Change (%)
Interest income	8.4	8.0	4.5	33.0	27.6	19.5
Interest expense	(1.7)	(2.2)	(22.0)	(7.7)	(7.6)	1.7
Net interest income	6.6	5.8	14.6	25.3	20.0	26.3
Net interest margin (%)	7.2%	6.8%	0.4ppt	6.9%	6.6%	0.3ppt
Non-interest income	4.4	19.5	(77.5)	21.3	33.9	(37.2)
Operating expenses	(7.0)	(6.2)	12.0	(24.2)	(23.0)	5.5
Profit before tax	2.5	17.1	(85.2)	16.3	22.6	(27.7)
Profit for the period	1.7	16.6	(89.7)	12.1	19.9	(39.1)

Non-interest income, comprising mainly net earned insurance premium, fees and commission and investment income, dipped from S\$33.9 million in FY2018 to S\$21.3 million in FY2019. This was mainly due to the gain recognised upon the disposal of the Group's office property in November 2018. The decrease was partially offset by the fair value gain of unquoted equity securities of \$2.9 million recognised in FY2019.

For FY2019, the Group achieved pre-tax profit of S\$16.3 million. Excluding the one-off gain from the disposal of the office property that was recognised in FY2018 and the fair value gain in FY2019, the pre-tax profit showed a yoy increase of 114%. The Group recorded net profit of S\$12.1 million for FY2019 compared to S\$19.9 million for FY2018. Earnings per share was 2.50 Singapore cents for FY2019, as compared to 4.78 Singapore cents for FY2018.

Group's total borrowings decreased from S\$279.3 million as at 31 December 2018 to S\$262.3 million as at 31 December 2019. Total shareholders' equity increased from S\$169.2 million as at 31 December 2018 to S\$179.0 million as at 31 December 2019. NAV per share stood at 47.7 Singapore cents as at 31 December 2019.

Group proposed a final dividend of 0.78 Singapore cents for FY2019, representing a payout of 31.2%.

### **Business review**

IFS Capital's strong financial performance in FY2019 was attributable to a combination of asset rationalization, risk management and productivity enhancement strategies. In an effort to rationalize its asset base, the Group disposed its office at Suntec in 4QFY2018. The disposal generated a net gain of approximately S\$16.3 million and gave the Group additional financial resources to grow its core business and reduce bank borrowings and finance cost.

While growing its gross lending assets, IFS Capital has put increased focus on risk control since 2016. The Group's credit management has been greatly enhanced with the application of more stringent assessment criteria. As a result, while the factoring volume and asset-based lending loan books have been increasing year on year, provision and impairment have declined notably.

The Group has also carried out a set of comprehensive measures to improve its productivity. Cost to income ratio improved from 61% in FY2018 to 55% in FY2019.

### **A recognised moneylender championing new business model**

In late 2018, the Ministry of Law (MinLaw) announced that six firms have been selected to pilot new business models for moneylending. The new business model is expected to take advantage of comprehensive data and digitalized process to improve creditworthiness evaluation, lower cost and improve customers' borrowing experience.

With its vision in employing technology and big data in credit management and years of experience in growing its capabilities in this field, IFS Capital was selected to pilot the new business model. This was an endorsement on the Group's "soundness and completeness of the business model, participation in debt assistance schemes, professional debt recovery



practices, customer and communication strategies, and effective cost of credit and credit policies”<sup>1</sup>.

### **Outlook and strategy**

Study shows that global factoring market will grow at a CAGR of 14.6% to reach \$9,275.15 billion by 2025, on the back of increasing trade activities and rise of SMEs<sup>2</sup>, among other factors. In Asia, receivable financing is expected to continue its growth momentum for the next few years as legal framework and financial infrastructure continue to improve<sup>3</sup>. In Singapore, technological disruption has led to profound changes in employment structure, giving rise to an increasing population of self-employed people. Combining technology and deep human expertise, IFS Capital is in a strong position to serve the unique financing needs of SMEs and self-employed individuals.

**Commenting on the Group’s performance and outlook, Mr Eugene Tan, IFS Capital’s Group CEO, said,** “Despite the weak economic growth in 2019, our loan book continued to grow on the back of strong demand for alternative financing from SMEs and self-employed workers. In 2020, while we continue to grow our factoring and asset-based lending businesses, we will also leverage our proprietary data-driven credit assessment process to prudently grow our consumer lending business and play our part in improving Singaporean consumers’ access to responsible financing. As the landscape of the financial services sector evolves with digital transformation, we are also seeking relevant regulatory approval to venture into new business areas in financing and investment, as part of our long-term growth strategy to elevate IFS Capital’s business to the next level.”

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### **About IFS Capital Limited**

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<sup>1</sup> <https://www.mlaw.gov.sg/news/press-releases/six-firms-to-pilot-new-business-models-for-moneylending>

<sup>2</sup> <https://www.globenewswire.com/news-release/2019/04/22/1807305/0/en/Factoring-Market-will-grow-at-a-CAGR-of-14-6-to-reach-9-275-15-Billion-by-2025-Global-Analysis-by-Trends-Size-Share-Opportunities-and-Challenges-Adroit-Market-Research.html>

<sup>3</sup> According to Annual Review 2018 produced by Factors Chain International (FCI), a global network of leading commercial finance companies



**IFS Capital Limited**  
**Reg No 198700827C**  
10 Eunos Road 8  
#09-04 Singapore Post Centre  
Singapore 408600

IFS Capital is a leading financial institution specializing in providing customized financing solutions in Southeast Asia. The Group was incorporated in Singapore in 1987 and has been listed on the Singapore Exchange since July 1993. The Group is part of the PhillipCapital network of companies, with a global presence that serves established factoring, leasing and lending services covering individuals, family offices, and corporate and institutional clients across Singapore, Thailand, Malaysia and Indonesia markets. ECICS Limited, a wholly-owned subsidiary of IFS Capital, also provides bonds and guarantees, credit insurance and general insurance services in its core markets.

For more information, please visit: <https://www.ifscapital.com.sg>

***Issued for and on behalf of IFS Capital Limited by Financial PR***

For more information please contact:

Romil Singh - Email: [romil@financialpr.com.sg](mailto:romil@financialpr.com.sg)

Reyna Mei - Email: [reyna@financialpr.com.sg](mailto:reyna@financialpr.com.sg)

Telephone: +65 6438 2990