ANNUAL REPORT 2021

Singapura
富雅金融 FINANCE

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Singapura
富雅金融 FINANCE

THE SINGAPURA FINANCE BRAND

OUR LOGO

Our vibrant colours of **PURPLE** and **ORANGE** reflect the infusion of new life and vitality into the existing business. The Phoenix symbolises the link to our history and our desire to retain many of the qualities that have served us well over the years. The Phoenix, being the emperor of all birds, signifies our ambition to become the leading financial institution of choice for Singaporeans. A bird that soars towards ever greater heights of success, it is a symbol of Singapura Finance's determination and eagerness to seek and tap unexplored avenues of growth.

OUR CHINESE NAME

Our Chinese name, **富雅**, stands for prosperity and elegance. It links our roots to our future, reflecting the endeavors we have.

Our brand is built on the characteristics of **'optimism, inspiration and confidence'**. As an expression of these aspirations, our products and services cater to the everyday man. We equip our customers with product literature and our relationship managers will assist them in making an informed decision. We understand their needs and package practical deals to suit their lifestyle and fulfil their dreams. **We will continue to engage our customers' needs in bringing their every vision into reality.**

OUR CORE VALUES

At Singapura Finance, we believe that our values are our "guiding beacon" for organizational development and growth. At Singapura Finance, our core values are: Shareholder Value, People Development, Integrity, Customer Focus and Efficiency (S.P.I.C.E)

SHAREHOLDER VALUE

We enhance our shareholder value by consistently delivering sustainable earnings in line with our prudent risk management framework.

PEOPLE DEVELOPMENT

We value and develop our people and trust each other in delivering their best, fostering cooperativeness, teamwork and providing a supportive environment.

INTEGRITY

We are open and fair in our dealings while maintaining highest integrity at all times. We strive for excellence and professionalism in what we do.

CUSTOMER FOCUS

We build trust and long-term relationships by being responsive and relevant to our customers' needs.

EFFICIENCY

We leverage on technology and process improvements for continual innovation, capabilities building and enhancement and operational efficiency.

CHAIRMAN'S STATEMENT

TEO CHIANG LONG
Executive Chairman

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 December 2021 ("FY2021").

PERFORMANCE REVIEW

The operating environment for FY2021 continued to be challenging due to COVID-19. Nonetheless, the Group recorded a profit after tax of $9.6 million for FY2021, a significant improvement of 101.8% compared to the same period last year. The stronger performance was primarily attributed to higher net interest income and hiring charges and lower impairment allowances on loans.

Net interest income and hiring charges rose by 34.6% to $24.6 million compared to $18.3 million in the previous corresponding period. This was mainly attributable to the decline in interest expenses by $8.1 million driven by lower deposit rates. Non-interest income declined by $1.0 million mainly due to lower Government Covid-19 grants. Total operating expenses increased by 3.9% compared to same period last year mainly due to higher other operating expenses and staff costs as the Group continued to invest in digital transformation.

There was a net charge for loan impairment losses amounting to $1.2 million for the year ended 31 December 2021 compared to $2.3 million during the same period last year. This was mainly attributed to additional allowances for not credit-impaired loans with the uncertainty in the current COVID-19 pandemic environment. With the higher allowances for not credit-impaired loans, $1.3 million was released from Regulatory Loss Allowance Reserve to accumulated profits. The transfers are reflected in the Statement of Changes in Equity. The Group continues to set aside adequate allowances in respect of its loan portfolio.

The Group's shareholders' funds remains robust at $256 million as at 31 December 2021, and is more than adequate to buffer further volatility in the current economic slowdown. Our capital adequacy ratio continues to be well above the regulatory minimum requirement.

Fair value reserve for the year ended 31 December 2021 declined by $5.5 million. This is mainly due to decrease in the fair value of the Singapore Government Securities (SGS). The Group purchases SGS for the purposes of maintaining minimum liquid assets as required under the Finance Companies Act.

The Group's total loan, net of allowances, increased by 6.9% to $896 million as at 31 December 2021 compared to $838 million as at 31 December 2020. Total deposits remained largely unchanged at about $908 million as at 31 December 2021 and 31 December 2020.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen which is likely to affect substantially the results of the operations of the Group and the Company in the interval between the end of the financial period and the date of this report.

DIVIDENDS

Subject to approval of shareholders at the forthcoming Annual General Meeting, the Board is recommending a first and final one-tier tax exempt dividend of 2.0 cents per share and a special one-tier tax exempt dividend of 2.0 cents per share for FY2021. The total distribution of 4.0 cents per share for the year will amount to approximately $6.35 million.

OPERATIONS REVIEW

The financial industry's operating environment is undergoing drastic changes due to the protracted pandemic situation and the rapid digital transformation. The Group has been vigilant in keeping our staff, customers and business associates safe by instituting all the applicable restrictions and safe management measures recommended by the various authorities. The Company had

CHAIRMAN'S STATEMENT

Looking ahead, the recovery of various sectors in 2022 is expected to remain uneven. Authorities expect more economic activity to resume globally in 2022 barring the materialisation of downside risks arising from the evolution of the virus or other global developments such as China's economic slowdown and protracted global supply chain disruptions.

also launched various digital tools to allow staff to work from home.

The Group continues to forge ahead with our digital transformation initiatives. A Board Committee i.e. the Digitalization Committee has been tasked to provide the governance over the direction and ongoing progress of the digital strategy of the Company and ensuring that they are consistent with the Company's vision and values. We plan to roll out our internet banking app in 2022 to offer faster and more efficient payment channels and other value-added services which will benefit our customers as well as to remain relevant and connect to the younger and tech-savvy customers.

The Group is committed to drive the digitalization of customer touch-points without compromising the security of transactions. Our journey to implement digital touch points adopts a security by design and zero-trust strategies. We continue to be vigilant and bolster our monitoring of cyber related security risks.

Environmental risk issues, in particular climate change have become a major global challenge and urgently require a co-ordinated global response. The Group is aligning its corporate philosophy, strategy and goals to the Government's vision of green finance.

OUTLOOK

The Singapore economy grew by 6.1% a year-on-year basis in the fourth quarter of 2021, moderating from the 7.5% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.3% in the fourth quarter, faster than the 1.5% growth in the preceding quarter. For the whole of 2021, the economy grew by 7.6%, rebounding from the 4.1% contraction in 2020.

Domestically, our high vaccination rate and steady rollout of booster shots will continue to facilitate the progressive easing of domestic and border restrictions, which will support the recovery of consumer-facing sectors and alleviate labour shortages in the construction and marine & offshore engineering sectors, and support their recovery sectors that are reliant on migrant workers. Air travel and visitor arrivals are also expected to improve with the loosening of travel restrictions and expansion of Vaccinated Travel Lanes ("VTL").

The global economy has performed broadly in line with expectations. Advanced economies which have achieved high vaccination rates and also started booster shots, such as the US and key Eurozone economies, have largely removed restriction measures even amidst the spread of the highly-infectious Delta and Omicron variants. This has helped to sustain their economic recoveries. By contrast, COVID-19 outbreaks and the re-imposition of restrictions had disrupted the recoveries of key Southeast Asian economies, although some of these restrictions are being gradually lifted as their respective domestic health situations stabilise.

Looking ahead, the recovery of various sectors in 2022 is expected to remain uneven. Authorities expect more economic activity to resume globally in 2022 barring the materialisation of downside risks arising from the evolution of the virus or other global developments such as China's economic slowdown and protracted global supply chain disruptions. However, the Government has also warned of supply chain disruption and rising energy commodity prices, leading to inflation. This could in turn result in an earlier or larger increase in interest rates than anticipated, and may trigger a tightening of global financial conditions.

Amid an uneven recovery at home and lingering uncertainty over global growth, Singapore's economic growth is expected to slow to between 3% and 5% in 2022. We are cautiously optimistic of our domestic operating environment for 2022 with our high vaccination rates. The Group will continue to forge ahead, paying close attention to commercial risks and positioning for growth when the economic rebound and consumers and business regain confidence for post-COVID-19 recovery.

ACKNOWLEDGEMENTS

The Board would like to express its sincere gratitude to independent non-executive director of the Company Mr Phua Bah Lee, who passed away on 26 December 2021, for his dedications and contributions to the Company for the past 33 years. We have expressed our deepest sorrow regarding his departure and conveyed our condolences to his family. It has been an honor working with Mr Phua and he will be sorely missed.

On behalf of the Board of Directors, I would like to convey our sincere gratitude to all our valued customers, shareholders and business partners for their continued support, trust and confidence in us. I would also like to express my appreciation and thanks to my fellow Directors for their invaluable advice and guidance during the year and to the management and staff for their commitment and efforts in 2021.

TEO CHIANG LONG
Executive Chairman
Singapore
25 February 2022

BOARD OF DIRECTORS

TEO CHIANG LONG
Executive Chairman

Mr. Teo Chiang Long joined the Board on 10 March 1981 as a Director and was appointed as Managing Director and Chief Executive Officer of the Company on 1 March 1989. He was appointed as Executive Chairman of the Board on 8 November 2002. Mr. Teo was last re-appointed as a Director pursuant to Article 97 of the Constitution of the Company at the Annual General Meeting of the Company on 11 June 2020.

Mr. Teo is a Senior Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry.

Mr. Teo holds a Bachelor of Economics degree from the University of Adelaide, Australia. He is a Fellow Member of the CPA Australia as well as a CA (Singapore), Institute of Singapore Chartered Accountants. He is a member of the Singapore Institute of Directors.

JAMIE TEO MIANG YEOW
Chief Executive Officer and Executive Director

Mr. Jamie Teo Miang Yeow joined the Company as corporate planner on 30 March 2000 and was appointed to the Board as an Executive Director on 8 November 2002. Mr. Teo was appointed Deputy Chief Executive Officer of the Company on 17 March 2005 and has held the position of Chief Executive Officer since 11 September 2007. He was last re-elected as a Director pursuant to Article 97 of the Constitution of the Company at the Annual General Meeting of the Company held on 23 April 2021 and is the Chairman of the Digitalization Committee and a member of the Risk Management and Executive Committees.

Prior to joining the Company, he had worked with Ernst & Young Consultants as a senior consultant. He is the Vice-President of The Ngee Ann Kongsi's Committee of Management (2021 – 2023), and represents The Ngee Ann Kongsi on the Ngee Ann Polytechnic Council.

Mr. Teo holds a Bachelor of Arts in Psychology & Asian Studies and a Masters in Business Administration from the University of Adelaide, Australia. He is a member of the Singapore Institute of Directors.

YU-FOO YEE SHOON
Lead Independent Non-Executive Director
Deputy Board Chairman

Mrs. Yu-Foo Yee Shoon joined the Board on 1 November 2011 as an Independent Non-Executive Director. Mrs. Yu-Foo is the Chairperson of the Nominating Committee and a member of the Audit and Remuneration Committees. She was also appointed as the Lead Independent Director on 12 February 2019 and as the Deputy Board Chairman on 11 March 2020. She was last re-elected as a Director pursuant to Article 97 of the Constitution of the Company at the Annual General Meeting ("AGM") of the Company held on 23 April 2021. At the last AGM held on 23 April 2021, Mrs. Yu-Foo who has served the Board for more than nine years as a director has been approved for continued appointment as an independent Director via the Two-Tier Voting[(1)].

Mrs. Yu-Foo started her career with the National Trades Union Congress (NTUC). She was Deputy Secretary-General of NTUC, the first woman Mayor in Singapore before she became Minister of State for Ministry of Community Development, Youth and Sports. She retired from politics in 2011 after 27 years of service.

Her present directorships include ARA Trust Management (Suntec) Limited and KOP Limited beside Singapura Finance Ltd. She is Senior Advisor to Elomart Pte Ltd and Advisor to Nuri Holdings (S) Pte. Ltd and Dimensions International College Pte. Ltd.

Mrs. Yu-Foo chairs the Publicity and Outreach Committee for the Lee Kuan Yew Fund for Bilingualism. She is a Justice of the Peace, Chairman of Traditional Chinese Medicine Practitioners Board, Founding Patron of Breast Cancer Foundation and Advisor to Hardware Network, Executive Council Member of Hainan University and Honorary Advisor to Singapore China Friendship Association - Women's Alliance.

Mrs. Yu-Foo graduated from Nanyang University with a Bachelor of Commerce and from Nanyang Technological University with a Master's Degree in Business and was awarded the Honorary Doctorate of Education by Wheelock College of Boston, the United States of America in 2008.

BOARD OF DIRECTORS

TEOH ENG HONG
Independent
Non-Executive Director

Mr. Teoh Eng Hong joined the Board of the Company as an Independent Non-Executive Director on 18 June 1992. He was last re-appointed as a Director pursuant to Article 97 of the Constitution of the Company at the Annual General Meeting ("AGM") of the Company held on 26 April 2019. Mr. Teoh is the Chairman of the Remuneration and Executive Committees and is a member of the Audit, Nominating and Risk Management Committees. At the last AGM held on 23 April 2021, Mr. Teoh who has served the Board for more than nine years as a director has been approved for continued appointment as an independent Director via the Two-Tier Voting[(1)].

Mr. Teoh has extensive experience in many aspects of the oil and chemical related businesses as he was with Shell Group of Companies for over 30 years and had held various senior management positions and directorships in various oil and chemicals companies associated with Shell. He still consults for energy companies. His other interest is in the education industry and he serves as a director of Ngee Ann Academy.

Mr. Teoh holds a Bachelor of Economics (1st class Honours) from the University of Adelaide, Australia.

TAN HUI KENG, MARTHA
Independent
Non-Executive Director

Mdm. Tan Hui Keng, Martha joined the Board on 1 November 2011 as an Independent Non-Executive Director. Mdm. Tan is the Chairperson of the Audit Committee and is a member of the Nominating, Remuneration, and Risk Management Committees. She was last re-elected as a Director pursuant to Article 97 of the Constitution of the Company at the Annual General Meeting ("AGM") of the Company held on 26 April 2019. At the last AGM held on 23 April 2021, Mdm. Tan who has served the Board for more than nine years as a director has been approved for continued appointment as an independent Director via the Two-Tier Voting[(1)].

Mdm. Tan was an audit partner of KPMG (now known as KPMG LLP) from 1989 to 2005. She has more than 25 years of experience in the public accounting field, which includes auditing, taxation, public listings, due diligence, mergers and acquisitions, internal control reviews and general business advisory services.

Mdm. Tan holds a Degree (Honours) in Accountancy from the University of Singapore and is also a Fellow Member of the Institute of Singapore Chartered Accountants.

ADAM TAN CHIN HAN
Independent
Non-Executive Director

Mr. Adam Tan Chin Han joined the Board on 3 January 2017 as an Independent Non-Executive Director. Mr. Tan is the Chairman of the Risk Management Committee and is a member of the Audit, Nominating, Remuneration, Executive and Digitalization Committees. He was last re-elected as a Director pursuant to Article 97 of the Constitution of the Company at the Annual General Meeting of the Company held on 11 June 2020.

Mr. Tan is the Chief Executive Officer of Agrimax Pte Ltd and an Executive Director of Plasticscommerce Pte Ltd. Ltd. Mr. Tan started his career in Merrill Lynch before leaving to manage Plasticscommerce Pte. Ltd in 2000. Since 2000, Plasticscommerce Pte Ltd has invested in and operated manufacturing companies in Europe and Russia, equipment distribution companies in Europe, an industrial automation company and a technical training school in Asia.

Mr. Tan holds a Bachelor of Accountancy (Hons) from Nanyang Technological University, Singapore, and is a Chartered Accountant of Singapore (CA Singapore).

BOARD OF DIRECTORS

WILLIAM HO AH SENG
Independent
Non-Executive Director

Mr. William Ho Ah Seng joined the Company as General Manager on 2 April 1983. He was appointed to the Board as an Executive Director on 1 March 1989. After his retirement as Executive Director on 31 January 2008, Mr. Ho continued to serve on the Board as a Non-Independent Director and was subsequently re-designated as an Independent Director with effect from 26 August 2011.

Mr. Ho was last re-appointed as a Director pursuant to Article 97 of the Constitution of the Company at the Annual General Meeting ("AGM") of the Company held on 11 June 2020 and is a member of the Audit, Remuneration, Nominating and Risk Management Committees. At the last AGM held on 23 April 2021, Mr. Ho who has served the Board for more than nine years as a director has been approved for continued appointment as an independent Director via the Two-Tier Voting(1).

Mr. Ho holds a Bachelor of Science in Sociology from the University of London. He is a member of the Singapore Institute of Directors.

TERENCE KHOO CHI SIANG
Independent
Non-Executive Director

Mr. Terence Khoo joined the Board on 2 July 2018 as an Independent Non-Executive Director. Mr. Khoo is a member of the Audit, Nominating, Remuneration, Risk Management and Digitalization Committees. He was last re-elected as a director pursuant to Article 97 of the Constitution of the Company at the Annual General Meeting of the Company held on 23 April 2021.

Mr. Khoo started his career in the Singapore Rugby Union and went on to hold various appointments within the private and public sector of the sports industry until 2005 when he started his diversified marketing company Enterprise Sports Group Pte. Ltd (ESG) where he is still the Managing Director.

Mr Khoo is currently the President of the Singapore Rugby Union, the governing body for the sport in Singapore, a position he has held since 2017. In 2019, Mr Khoo was elected to the Board of Asia Rugby and became the first Singaporean to be appointed to the Council of World Rugby.

Mr. Khoo holds a L.L.B Law from The University of Sheffield

(1) Based on Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which came into effect on 1 January 2022, a director who has been a director for an aggregate period of more than 9 years (whether commencing before or after listing) is not independent if his/her continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers ("Two-Tier Voting") such resolutions to remain in force until the earlier of retirement or resignation of the above Directors; or the conclusion of the third annual general meeting of the Company following the passing of the resolution.

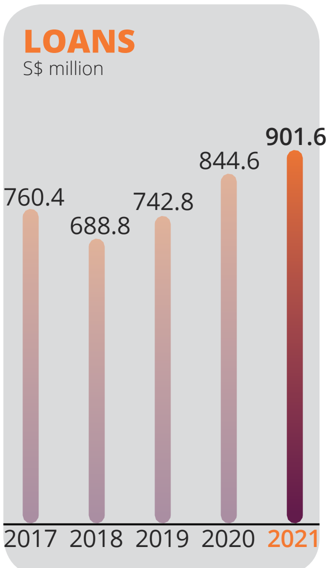
FINANCIAL HIGHLIGHTS

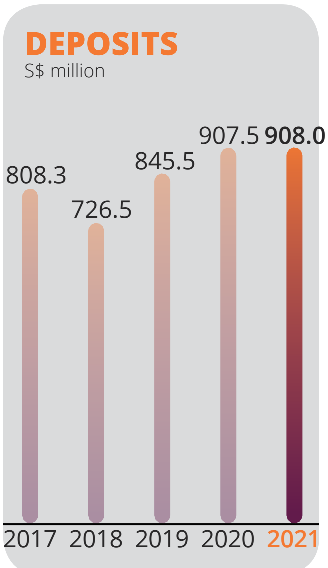
	FY2021 S$'000	FY2020 S$'000	FY2019 S$'000	FY2018 S$'000	FY2017 S$'000
CAPITAL EMPLOYED					
Total assets	**1,177,600**	1,175,068	1,120,876	996,933	1,076,100
Net assets	**256,376**	254,623	259,164	257,483	253,996
Net assets per share (dollars)	**1.62**	1.60	1.63	1.62	1.60
SHARE CAPITAL					
Issued and fully paid	**168,896**	168,896	168,896	168,896	168,896
Number of shares issued (thousands)	**158,686**	158,686	158,686	158,686	158,686
LOANS AND DEPOSITS					
Loans before allowances	**901,643**	844,633	742,797	688,765	760,444
Deposits	**907,987**	907,474	845,516	726,519	808,278
PROFIT AND DIVIDEND PAYOUT					
Profit before tax	**11,533**	5,620	9,007	8,987	5,905
Profit after tax	**9,618**	4,766	7,481	7,717	4,907
Dividend	**6,347**	2,380	5,554	6,347	4,761
DIVIDEND AND EARNINGS PER SHARE					
Dividend per share (cents) - tax exempt one-tier	**4.0**	1.5	3.5	4.0	3.0
Earnings per share (cents)[(1)]	**6.1**	3.0	4.7	4.9	3.1

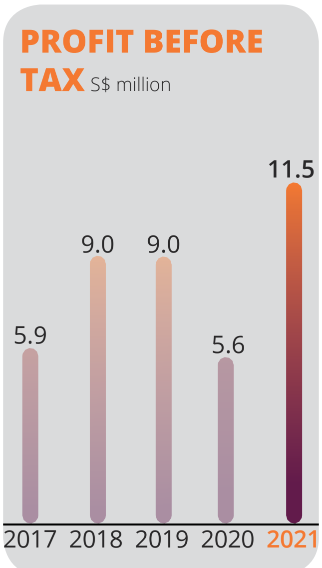
(1) Earnings per share are calculated based on profit after tax on weighted average of 158,685,890 shares in issue.

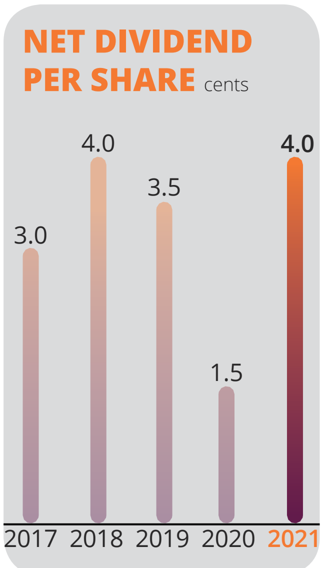
DIVIDEND POLICY

The Group aims to maintain a strong capital position to ensure market confidence, to support its on-going business and to meet the expectations of depositors, customers and investors alike. The Company is also required to comply with regulatory standards of capital requirements through the maintenance of a minimum capital adequacy ratio at all times, and to transfer a requisite proportion of its annual net profit to the statutory reserve which is not available for distribution to shareholders. Our dividend policy aims to provide shareholders with sustainable dividend return over the long term by balancing growth with prudent capital management and subject to the profitability of the Group.









FINANCIAL REVIEW

FINANCIAL SUMMARY

	2021 $'000	2020 $'000	Variance %
SELECTED INCOME STATEMENT ITEMS			
Net interest income	**24,596**	18,277	34.6
Non-interest income	**1,311**	2,353	(44.3)
Total income	**25,907**	20,630	25.6
Operating expenses	**(13,190)**	(12,693)	3.9
Profit from operations before allowances	**12,717**	7,937	60.2
(Allowances) / Write-back on loan losses	**(1,184)**	(2,317)	(48.9)
Profit before tax	**11,533**	5,620	105.2
Profit after tax attributable to shareholders	**9,618**	4,766	101.8
SELECTED BALANCE SHEET ITEMS			
Total equity	**256,376**	254,623	0.7
Total assets	**1,177,600**	1,175,068	0.2
Loans and advances (net of allowances)	**895,966**	837,886	6.9
Deposits and savings accounts of customers	**907,987**	907,474	0.1
KEY FINANCIAL RATIOS (%)			
Net interest margin	**2.16**	1.57	
Non-interest income ratio	**5.1**	11.4	
Cost-to-income ratio	**50.9**	61.5	
Loans-to-deposits ratio	**98.7**	92.3	
Non-performing loans ratio			
- Secured by collateral	**5.7**	3.5	
- Unsecured and fully provided for	**0.2**	0.5	
Return on equity(1)	**3.8**	1.9	
Return on total assets(2)	**0.8**	0.4	
Capital adequacy ratio	**25.1**	25.7	
PER ORDINARY SHARE DATA			
Basic earnings per share (cents)(3)	**6.1**	3.0	
Net asset value per share ($)	**1.6**	1.6	

(1) Return on equity is computed based on ordinary shareholders' equity at balance sheet date.
(2) Return on total assets is computed based on total assets as at balance sheet date.
(3) The Group's basic earnings per share for year ended 31 Dec 2021 and 31 Dec 2020 are calculated based on profit after tax on weighted average of 158,685,890 shares in issue.

ANALYSIS OF PERFORMANCE

For the year ended 31 December 2021, the Group recorded a profit after tax of $9.6 million, a significant improvement of 101.8% as compared to the same period last year. The stronger performance was primarily attributed to higher net interest income and hiring charges and lower impairment allowances on loans.

Net interest income and hiring charges rose by 34.6% to $24.6 million compared to $18.3 million in the previous corresponding period. This was mainly attributable to the decline in interest expenses by $8.1 million driven by lower deposit rates. Non-interest income declined by $1.0 million mainly due to lower Government Covid-19 grants. Total operating expenses increased by 3.9% compared to same period last year mainly due to higher other operating expenses and staff costs as the Group continued to invest in digital transformation.

There was a net charge for loan impairment losses amounting to $1.2 million for the year ended 31 December 2021 compared to $2.3 million during the same period last year. This was mainly attributed to additional allowances for not credit-impaired loans with the uncertainty in the current COVID-19 pandemic environment. With the higher allowances for not credit-impaired loans, $1.3 million was released from Regulatory Loss Allowance Reserve to accumulated profit. The transfers are reflected in the Statement of Changes in Equity. The Group continues to set aside adequate allowances in respect of its loan portfolio.

The Group's shareholders' funds remains robust at $256 million as at 31 December 2021, and is more than adequate to buffer further volatility in the current economic slowdown. Our capital adequacy ratio continues to be well above the regulatory minimum requirement.

Fair value reserve for the year ended 31 December 2021 declined by $5.5 million. This is mainly due to decrease in the fair value of the Singapore Government Securities (SGS). The Group purchases SGS for the purposes of maintaining minimum liquid assets as required under the Finance Companies Act.

The Group's total loan, net of allowances, increased by 6.9% to $896 million as at 31 December 2021 compared to $838 million as at 31 December 2020. Total deposits remained largely unchanged at about $908 million as at 31 December 2021 and 31 December 2020.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen which is likely to affect substantially the results of the operations of the Group and the Company in the interval between the end of the financial period and the date of this report.

DIVIDEND PER SHARE

Subject to approval of shareholders at the forthcoming Annual General Meeting, the Board is recommending a first and final one-tier tax exempt dividend of 2.0 cents per share and a special one-tier tax exempt dividend of 2.0 cents per share for FY2021, payable in cash. The total distribution of 4.0 cents per share for the year will amount to approximately $6.35 million.

	2021 Tax Exempt cents	2020 Tax Exempt cents	Variance cents
Dividend Per Share			
- Final	2.0	1.5	0.5
- Special	2.0	-	2.0
Total	4.0	1.5	2.5

NET INTEREST INCOME

Average Balance Sheet and Net Interest Margin (*Interest-earing Assets & Interest-bearing Liabilities*)

	2021			2020			Variance	
	Average Balance $'000	Interest $'000	Average Rate %	Average Balance $'000	Interest $'000	Average Rate %	Interest $'000	Average Rate %
INTEREST-EARNING ASSETS								
Loans and advances	882,990	27,279	3.09	815,808	27,801	3.41	(522)	(0.32)
Singapore Government Securities	132,269	1,828	1.98	131,942	1,813	1.37	15	(0.01)
Other interest-earning assets	124,410	516	0.41	219,016	1,824	0.83	(1,308)	(0.42)
Total	1,139,669	29,623	2.60	1,166,766	31,438	2.69	(1,815)	(0.10)
INTEREST BEARING-LIABILITIES								
Deposits and savings accounts	907,214	5,027	0.55	928,995	13,161	1.42	(8,134)	(0.87)
Total	907,214	5,027	0.55	928,995	13,161	1.42	(8,134)	(0.87)
Net interest income/ margin as a percentage of interest-earning assets		24,596	2.16		18,277	1.57	(6,319)	(0.59)

Net interest income rose by $6.3m or 34.6% for the financial year ended 31 December 2021 compared to the same period last year mainly due to drop in cost of funds.

Total interest income decreased by $1.8m or 5.8% mainly attributed to the drop in interest income from bank deposits and loans and advances amidst the low interest rate environment.

Correspondingly, total interest expense dropped sharply by $8.1m or 61.8% as the cost of funds decreased sharply from 1.42% to 0.55% during the year.

As the rate of drop in assets yield is lower than that of cost of funds, the Group's net interest margin as a percentage of the interest-earning assets increased from 1.57% to 2.16%.

FINANCIAL REVIEW

The table below shows the change in the net interest income in 2021 over 2020 due to the impact of volume and changes in rates. The key driver for the net favourable variance was the lower deposit rate paid to our depositors.

VOLUME AND RATE ANALYSIS INCREASE/(DECREASE) FOR FY2021 OVER FY2020	Volume $'000	Rate $'000	Total $'000
INTEREST INCOME			
Loans and advances	2,289	(2,811)	(522)
Singapore Government Securities	4	11	15
Other assets	(788)	(520)	(1,308)
Total	**1,505**	**(3,320)**	**(1,815)**
INTEREST EXPENSE			
Deposits and savings accounts	(309)	(7,825)	(8,134)
Total	**(309)**	**(7,825)**	**(8,134)**
Net interest income	**1,814**	**4,505**	**6,319**

NON-INTEREST INCOME	2021 $'000	2020 $'000	Variance %
Fees and commissions	372	502	(25.9)
Other operating income	385	368	4.7
Govermment Grants	554	1,483	(62.6)
Total non-interest income	**1,311**	**2,353**	**(44.3)**

Non-interest income for FY2021 decreased by 44.3% to $1.3 million primarily attributed to lower receipt from Government COVID-19 grant and lower loan processing and acceptance fees.

OPERATING EXPENSES	2021 $'000	2020 $'000	Variance %
Staff costs	8,015	7,883	1.7
Depreciation	1,201	1,156	3.9
Other operating expenses	3,974	3,654	8.8
Total operating expenses	**13,190**	**12,693**	**3.9**

Operating expenses increased by 3.9% compared to same period last year mainly due to higher other operating expenses and staff costs as the Group continued to invest in digital transformation.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES	2021 $'000	2020 $'000	Variance %
(Allowances)/Write-back of credit impaired loans	(33)	(321)	(89.7)
(Allowances)/Write-back of non-credit impaired loans	(1,151)	(1,996)	(42.3)
Total Write-back of/(Allowances for) Impairment Losses (Net)	**(1,184)**	**(2,317)**	**(48.9)**

There was a net charge for loan impairment losses amounting to $1.2 million for FY2021 compared to $2.3 million during the same period last year. The additional allowances is made pre-dominantly for not credit-impaired loans in view of the uncertain macroeconomic outlook due to the COVID-19 pandemic.

TOTAL EQUITY	2021 $'000	2020 $'000	Variance %
Share Capital	168,896	168,896	-
Reserves	87,480	85,727	(2.0)
Total Equity	**256,376**	**254,623**	**0.7**

Total equity rose mainly due to higher earnings for FY2021 offset by decline in the fair value of the Singapore Registered Stocks and equity investments that are designated as Fair Value through Other Comprehensive Income which the Group intends to hold for long-term strategy purpose.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

EXECUTIVE
Teo Chiang Long
(Executive Chairman)

Jamie Teo Miang Yeow
(Chief Executive Officer)

INDEPENDENT NON-EXECUTIVE
Yu-Foo Yee Shoon
(Deputy Board Chairman & Lead Independent Director)

Teoh Eng Hong

William Ho Ah Seng

Tan Hui Keng, Martha

Adam Tan Chin Han

Terence Khoo Chi Siang

AUDIT COMMITTEE
Tan Hui Keng, Martha (Chairperson)
Teoh Eng Hong
Yu-Foo Yee Shoon
Adam Tan Chin Han
Terence Khoo Chi Siang
William Ho Ah Seng

NOMINATING COMMITTEE
Yu-Foo Yee Shoon (Chairperson)
Teoh Eng Hong
Tan Hui Keng, Martha
Adam Tan Chin Han
Terence Khoo Chi Siang
William Ho Ah Seng

REMUNERATION COMMITTEE
Teoh Eng Hong (Chairman)
Yu-Foo Yee Shoon
Tan Hui Keng, Martha
Adam Tan Chin Han
Terence Khoo Chi Siang
William Ho Ah Seng

RISK MANAGEMENT COMMITTEE
Adam Tan Chin Han (Chairman)
Teoh Eng Hong
Jamie Teo Miang Yeow
William Ho Ah Seng
Tan Hui Keng, Martha
Terence Khoo Chi Siang

EXECUTIVE COMMITTEE
Teoh Eng Hong (Chairman)
Teo Chiang Long
Jamie Teo Miang Yeow
Adam Tan Chin Han

DIGITALIZATION COMMITTEE
Jamie Teo Miang Yeow (Chairman)
Adam Tan Chin Han
Terence Khoo Chi Siang
Melvin Yeo

COMPANY SECRETARY
Tan Wee Sin
Blandina Chia Swee Hoon
(Assistant Company Secretary)

SHARE REGISTRAR & SHARE TRANSFER OFFICE
M & C Services Private Limited
112 Robinson Road #05-01
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Tel: 62276660
Fax: 62251452

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Certified Public Accountants,
Singapore
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Hong Leong Building
Singapore 048581
Audit Partner:
Tan Chun Wei (Chen Junwei)
[wef Financial Year 2020]

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CORPORATE SUSTAINABILITY REPORTING

BOARD STATEMENT

The Board of Directors ("the Board") is pleased to present our fifth Sustainability Report (the "Report").

At Singapura Finance Ltd ("SFL" and the "Company"), we consider environmental, social and governance ("ESG") issues in our business strategies and operations whilst driving business growth. The Company takes a strategic approach that is guided by our core values of Shareholder Value, People Development, Integrity, Customer Focus and Efficiency ("S.P.I.C.E").

Together with Management, the Board continues to identify opportunities relevant to the long-term success of the Company. The Board considers ESG factors as one of the top priorities in SFL's business strategy and drives the materiality assessment. The board also sets the direction for SFL's sustainability strategies.

This year, we re-validated the material ESG factors that were identified previously as of high importance to our business and stakeholders. The Sustainability Steering Committee ("SSC") continues to support the Board in overseeing the management and monitoring of these factors. The considerations and priorities taken into account in choosing the relevant material ESG factors focus on the development of our business, the well-being of our employees, the experience of our customers, and the impacts to our environment.

In this Report, we are proud to share our sustainability approach as well as our sustainability progress for the financial year ended 31 December 2021. This year, we have enhanced our Report by deepening our performance disclosures as well as demonstrating our commitment of safeguarding our stakeholders especially during the COVID-19 pandemic.

The Board would like to thank all who have been with us throughout our sustainability journey. We will continue our sustainability efforts in order to enhance the long-term value and trust to our stakeholders.

CORPORATE SUSTAINABILITY REPORTING

ABOUT THIS REPORT

This Report covers our sustainability approach and performance for the financial year ended 31 December 2021 ("FY2021").

The scope of this Report focuses on SFL's key business activities in Singapore – deposit services and financing for business and individuals. This Report is developed in accordance with the Global Reporting Initiative ("GRI") Standards, as it is the most established and widely used international sustainability reporting standard. This Report is prepared per the GRI standards "Core" option. The sustainability framework is reviewed every 12 months. This Report is also aligned with the Singapore Exchange SGX-ST Listing Rules Practice Note 7.6: "Sustainability Reporting Guide".

A formal materiality assessment was first conducted in 2017 to identify ESG risks and opportunities that are most important to our business and stakeholders. The material factors are reviewed every 12 months. The materiality assessment was guided by the GRI Principles of Materiality and Stakeholder Engagement as well as our core values of S.P.I.C.E[1] , and the material issues were prioritised based on the following factors:

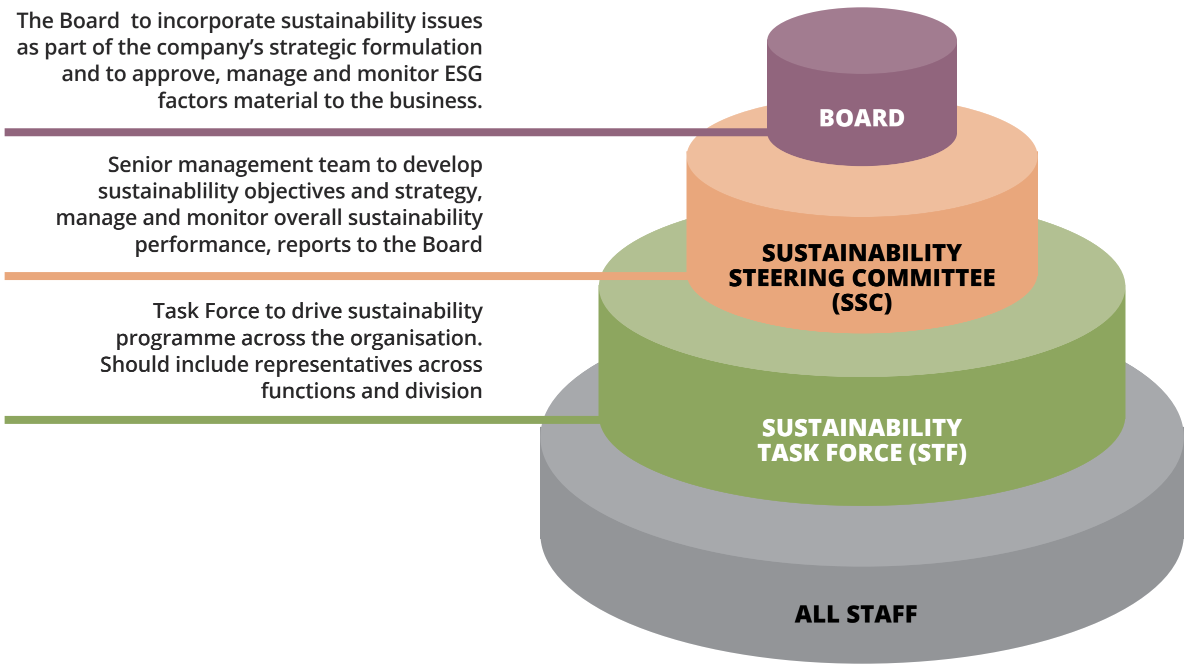
- SFL's existing risk analysis and disclosures and its long-term strategy vision;
- Global and local emerging trends;
- Main topics and future challenges for the financial services sector, as identified by peers; and
- Insights gained from interactions with both internal and external stakeholders.

SUSTAINABILITY AT SFL

Sustainability Governance

The Board of Directors ("the Board") incorporates sustainability issues as part of the company's strategic formulation and to approve, manage and monitor ESG factors material to the business. The Board has appointed SFL's Sustainability Steering Committee ("SSC") to support the development of sustainability objectives and strategies.

SFL's SSC consists of senior management team members. The SSC manages and monitors the overall sustainability performance of SFL and is supported by the Sustainability Task Force ("STF") to drive sustainability programme across the organisation. SFL's STF includes representatives across functions and divisions.



1. S.P.I.C.E: Shareholder Value, People Development, Integrity, Customer Focus and Efficiency.

CORPORATE SUSTAINABILITY REPORTING

Stakeholder Engagement

SFL's sustainable success depends on our strong connections with the diverse range of stakeholders in our business. We are committed to achieve a transparent and effective communication with all stakeholders on their views and expectations. Through interactions with internal and external stakeholders, we become more effective in refining our sustainability strategy to stay agile and address emerging challenges.

We have reviewed and reconfirmed the 5 key stakeholder groups identified in the previous year as our key stakeholders. We engage our key stakeholders to better understand their thoughts and concerns through various engagement channels, of which are presented in the table below.

Stakeholder Group	Key Topics and Concerns	Engagement Methods	Frequency
Customers	• Customer privacy • Comprehensive range of services available • Quality of service • Pricing of services	• Digital customer surveys at SFL branches • Contact form on Company website • Feedback channel via email, Facebook Messenger and phone	When applicable
Employees	• Training • Fair compensation and benefits • Personal development • Work environment	• Meetings with employees • Training and development programmes • Employee events Due to COVID-19: • Online meetings or email with employees • Online training and development programmes • Employee events suspended	Throughout the year
Government and Regulators	• Financial performance stability • Compliance • Cyber/ security threats • Prevention of financial fraud	• Meetings and consultations Due to COVID-19: • Online meetings and consultations via Webex	Throughout the year
Shareholders	• SFL's financial performance • Operational strategy • Shareholders' returns	• Annual General Meeting • Announcements on Company website • Annual Reports • Direct email Due to COVID-19: • Online Annual General Meeting	Periodically
Membership of Associations[2]	• Sustainable business • Responsible employers	• Dialogue sessions Due to COVID-19: • Online dialogue sessions via Zoom • Direct email	Throughout the year

This Report and additional corporate information are available on our Company's website[3]. SFL greatly welcomes our stakeholders' feedback and comments which can be directed to enquiry@singapurafinance.com.sg.

2. SFL is a member of the (1) Finance Houses Association of Singapore, (2) The Hire Purchase, Finance and Leasing Association of Singapore, (3) Singapore National Employers Federation and (4) The Institute of Banking & Finance

3. https://www.singapurafinance.com.sg

Materiality Assessment

This year, we reviewed and re-validated the list of material factors identified to ensure their relevance to our business and stakeholders. The Company's material and additional ESG factors and references for the detailed information are summarised below.

Sustainability Categories	Material Factors	Detailed Information
Economic	• Economic Performance	• Financial Review and Financial Statements, pages 8, 56 to 112 • Sustainability Report, page 16
	• Indirect Economic Impact	• Financial Review and Financial Statements, pages 8, 56 to 112 • Sustainability Report, page 16
	• Responsible Lending[4]	• Sustainability Report, page 16
Environment	• Energy and Emissions	• Sustainability Report, page 17
	• Water Consumption[5]	• Sustainability Report, page 18
Social	• Employment	• Sustainability Report, page 18
	• Training and Education	• Sustainability Report, page 20
	• Customer Privacy	• Sustainability Report, page 21
	• Marketing and Labelling	• Sustainability Report, page 21
	• Assessment for Agents and Customers[6]	• Sustainability Report, page 22
	• Customer Experience[7]	• Sustainability Report, page 22
	• Local Communities[8]	• Sustainability Report, page 23
	• Occupational Health and Safety[9]	• Sustainability Report, page 23
Governance	• Socioeconomic Compliance	• Sustainability Report, page 23 • Corporate Governance Report, pages 29 to 48
	• Anti-corruption	• Sustainability Report, page 24 • Corporate Governance Report, pages 29 to 48

4. Non-GRI material factor
5. This is an additional disclosure, not a material factor
6. Non-GRI material factor
7. Non-GRI material factor
8. This is an additional disclosure, not a material factor
9. This is an additional disclosure, not a material factor

CORPORATE SUSTAINABILITY REPORTING

ECONOMIC

Economic Performance

[GRI 102-9, GRI 103-1, GRI 103-2, GRI 103-3, GRI 201-1, GRI 203-2, GRI 204-1]

Economic growth is one of the primary factors that contributes to the business continuity of SFL; and it is crucial that we continue to be prepared and resilient against potential disruptions in our business strategies or operations. Since 2019, the Monetary Authority of Singapore ("MAS") statistics indicated that industry loan growth is maintained amidst volatile macroeconomic conditions. The industry outlook has fuelled SFL's core business and with our dedicated efforts in managing our credit exposure and operating expense, SFL has achieved strong economic performance this year[10].

Our economic value distributed include our employees' compensations, taxes as well as dividends to shareholders. SFL strives to provide shareholders with a predictable and sustainable dividend return over the long term. The Company is proposing a first and final one-tier tax exempt dividend of 2.0 cents per share and a special one-tier tax exempt dividend of 2.0 cents per share in cash for FY2021 subject to approval of shareholders at the forthcoming Annual General Meeting on 22 Apr 22.

SFL is committed to being sustainable in our economic growth to enhance our shareholder's returns and deliver rewards to our employees. For more information regarding our economic performance in 2021, please refer to pages 56 to 112 of the Annual Report.

Indirect Economic Impact

[GRI 102-9, GRI 103-1, GRI 103-2, GRI 103-3, GRI 201-1, GRI 203-2, GRI 204-1]

SFL plays our role in supporting the Sustainable Development Goal ("SDG") of Decent Work and Economic Growth by providing financing and other financial services to SMEs, local companies and individuals. In 2021, we have grown our lending business by S$57 million (6.7%) in our continuing support for the local economy.

We indirectly drive and contribute to the local economy and labour force by providing employment opportunities as well as sourcing from local suppliers. The following depicts SFL's supply chain expenditure from 2017 to 2021.

Table 1. Supply chain expenditure, percentage of local vendors and percentage of local spending

	Total Supply Chain Spending (SGD)	Percentage of Local Vendors (%)	Percentage of Local Spending (%)
2017	$4.3m	99%	97%
2018	$4.8m	99%	97%
2019	$4.8m	99%	98%
2020	$4.4m	99%	98%
2021	$4.9m	99%	98%

This year, we have maintained our percentage of local spending to 98%, thereby continuing our goal of providing support for the local economy by sourcing from local suppliers. Going forward, SFL aims to continue to enhance our positive influences on the local economy by growing our lending business and sourcing from local suppliers.

Responsible Lending

[GRI 103-1, GRI 103-2, GRI 103-3]

SFL's management is committed to ensuring that our sustainability strategy is embedded into our responsible financing practices. In recent years, increasing responsible lending practices have been developed and adopted in the industry. It is currently an industry trend and best practice. Our management continues their efforts in supporting the Association of Banks Singapore ("ABS") Guidelines on Responsible Financing.

We have a Credit Risk Management Policy which provide guidelines on establishing and reviewing risk tolerance parameters within our credit strategy. The policy ensures the creditworthiness of the clients before entering into a regulated credit agreement or significantly increasing their credit limit. This ensures that we do not take on excessive credit risks. Furthermore, we have a Marketing Manual that formalises our lending guidelines as well as processes for due diligence.

The management is looking to expand existing practices towards a more robust lending practice in line with responsible lending trends in the banking industry.

10. DBS, "Singapore Banks: Strong loan growth continues" https://www.dbs.com.sg/treasures/aics/templatedata/article/generic/data/en/GR/062019/190628_insights_singapore_banks.xml

ENVIRONMENTAL

Energy and Emissions

[GRI 103-1, GRI 103-2, GRI 103-3, GRI 302-1, GRI 302-3, GRI 305-2, GRI 305-4]

In line with Singapore's Climate Action Plan to build a "Climate-Resilient Singapore, for a Sustainable Future"[11], SFL strives to continue contributing to this movement by reducing our own environmental and carbon footprint.

To do so, we have implemented policies and procedures to manage our energy use such as educating our employees and engaging them in matters concerning energy consumption. As part of our "Go Green" initiative, we have communicated green information periodically using both formal and informal communication tools to encourage our employees to be more energy efficient. For example, we remind our employees to switch to sleep mode on their electronic devices and switch off lightings and air-conditioners when they are not in use. Furthermore, we monitor our electricity bills diligently to identify and address any abnormal usage as well as rectify any equipment malfunctioning. Since 2019, recycling bins have been installed in our office and we continue to encourage our employees to adopt better recycling habits.

Electricity usage is our main source of energy consumption. In FY2021, we achieved the target set in FY2020 which was to convert current lighting to LED lighting. We have completed the transformation of current lighting to LED lighting for Ang Mo Kio Customer Centre, Woodlands Customer Centre and HO Banking Hall. Going forward, we will continue our goal to convert current lighting to LED lighting and improve our energy efficiency. The following charts present SFL's annual energy consumption (kWh) and energy intensity by number of employees (kWh/employees).

Chart 1a: Annual energy consumption and year-on-year percentage reduction of energy consumption

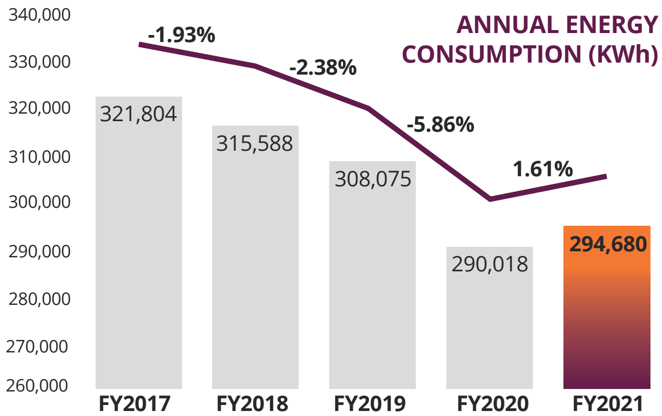
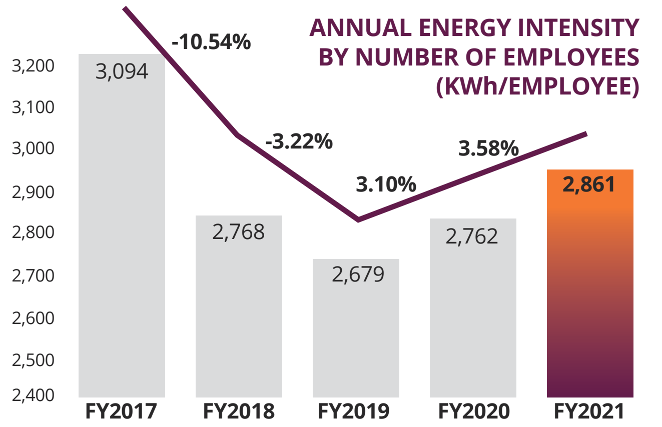


Chart 1b: Annual energy intensity and year-on-year percentage reduction of energy intensity



The following table depicts our annual GHG emission and GHG emission intensity by number of employees. All GHG emissions are Scope 2 emissions which are generated as a result of acquired electricity.

Table 2a. Total annual GHG emission and GHG emission intensity by number of employees

	2016	2017	2018	2019	2020	2021	Percentage change[12] (%)
Total annual GHG emission[13] (tonnes of CO_2e)	143	136	132	129	119	120	1.48
GHG emission intensity by number of employees (tonnes of CO_2e/ employees)	1.34	1.31	1.16	1.12	1.13	1.17	3.45[14]

From July 2020, 80% of SFL's marketing documentation process, including the submission of credit proposal, supporting documents and correspondences has gone paperless. The adoption of e-submission has enabled SFL to reduce usage of paper and ink, contributing to our "Go Green" efforts. Consequently, less waste is generated and this also results in cost savings for SFL.

In the upcoming year, SFL aims to continue our energy saving efforts to maintain our energy consumption and GHG emissions as of FY2019 numbers.

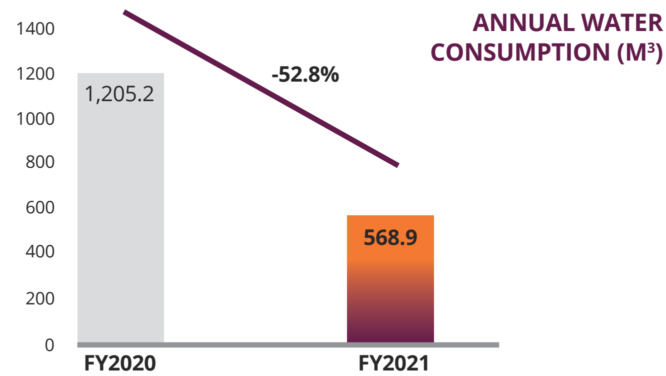
11. Ministry of Foreign Affairs, "Climate Change" https://www.mfa.gov.sg/SINGAPORES-FOREIGN-POLICY/International-Issues/Climate-Change
12. Percentage change from base year 2020
13. Conversion factors used are derived from the latest Grid Emission Factors adapted from Singapore Energy Statistics 2016, Singapore Energy Statistics 2017, Singapore Energy Statistics 2018, Singapore Energy Statistics 2019 and Singapore Energy Statistics 2020
14. The GHG emission intensity has increased by a higher percentage compared to the increase in overall GHG emission due to a 1.6% increase in energy consumption and a reduction in the total number of employees in 2021.

Water Consumption
[GRI 303-5]

This year, we have added Water Consumption as an additional disclosure (non-material GRI factor). Population growth, increasing meat consumption and economic activity are putting a heavy strain on the world's water resources. Although Water Consumption was not considered as a material factor to SFL in the previous years, SFL has been raising the awareness of water scarcity among employees.

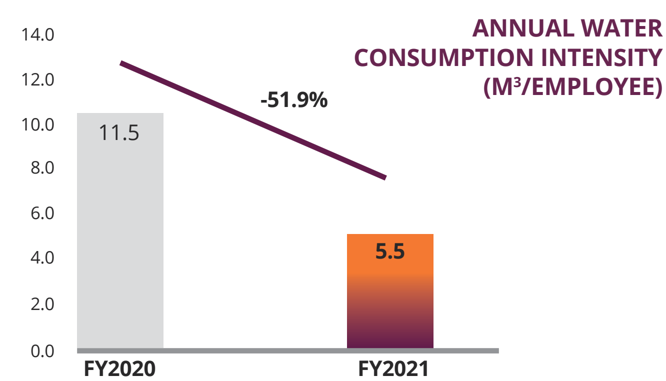
The following charts present SFL's annual water consumption (m^3) and water consumption intensity by number of employees (m^3/employees).

Chart 2a: Annual water consumption and year-on-year percentage reduction of water consumption (m^3)



During the current COVID-19 situation, we continue to support the reduction of water consumption by distributing hand sanitisers to our employee. Going forward, SFL aims to install water-saving devices to reduce water consumption such as press taps.

Chart 2b: Annual water intensity and year-on-year percentage reduction of water intensity



SOCIAL

Employment
[GRI 102-8, GRI 401-1]

(i) Recruitment

Despite the COVID-19 impacts on the workforce, we continue to embrace the Tripartite Guidelines on Fair Employment Practices in recruiting talents regardless of their gender, race, religion, cultural and family background. For example, SFL values the experience of the older generation and supports them to re-join the workforce. Where eligible, SFL extends re-employment opportunities to eligible staff upon their retirement.

SFL recruits potential employees through a vast range of channels such as collaborating with professional recruitment consultants, leveraging on internet recruitment platforms and encouraging staff referrals. Due to the COVID-19 situation, we are conducting recruitment interviews online. The below charts represent the percentage of new employee hires by gender and age group.

Chart 3a: Percentage of new employee hires by gender

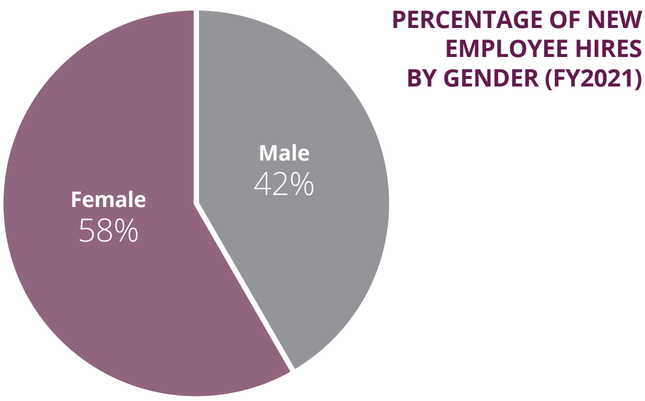
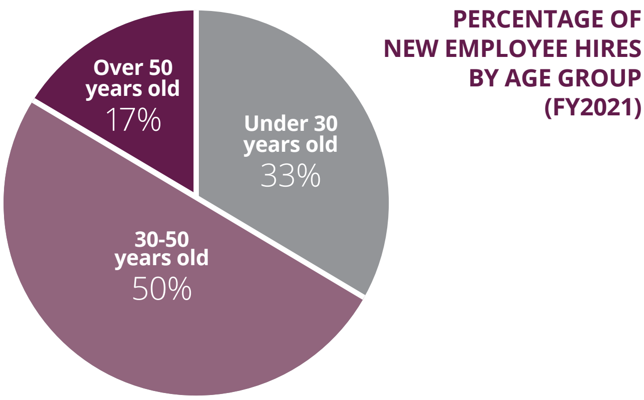


Chart 3b: Percentage of new employee hires by age group



(ii) Employment Practices

We have set in place various schemes such as cross training and inter-departmental transfers to enhance diversity of employee's job scope where possible. This practice provides employees with new learning opportunities and cultivate expertise. This platform also encourages meetings between colleagues from different departments which helps bridge inter-departmental understanding and synergies. This will help to improve the camaraderie and collaborative culture within the firm. Furthermore, conversing with colleagues from other departments can inspire more creative solutions as they are able to offer fresh perspectives.

We also adopt an open appraisal system for our employees to set goals and receive feedback. Formal appraisal exercise is conducted annually to align and assess each individual's growth and development. During the session, targets and performance are discussed and documented properly to recognise each individual's progress.

SFL dedicates its time and efforts on an open-door policy by establishing a platform for employees to clarify on policies, raise concerns to the management and initiate discussions on areas for improvements as well as career aspirations with their Heads of Departments ("HOD") or HR. HODs will conduct informal feedback sessions to address our employees concerns when necessary.

Furthermore, it is our priority to ensure the safety of our staff during the COVID-19 pandemic. As such, meetings and discussions for cases involving staff from different work sites were held online. Inter-branch transfers are also approved on a case-by-case basis depending on the needs of the respective branches. This is to minimise interaction between staff from different work sites.

(iii) Remuneration Policies and Staff Benefits

Adopting a competitive remuneration policy effectively helps SFL to retain top talents. Remuneration and benefits are benchmarked against compensation reports and surveys. Salary revision and any variable benefits are reviewed and approved by the management annually to ensure fairness in rewarding our employees.

Other than a competitive remuneration policy, SFL hopes to enrich our employees work life by providing a wide variety of staff benefits, such as medical, dental, insurance and wellness for the staff. Since 2019, we have integrated dental and health screening benefits into wellness benefits to enhance the flexibility of employee benefit claims. Specifically, employees can decide the proportion of dental or health screening benefits to use depending on their needs instead of quantum for each welfare item. Our benefits policies are reviewed periodically to ensure relevance.

(iv) Employee Well-being

We believe that a good workplace is where employees can achieve work-life balance and establish a strong sense of belonging. Therefore, we offer different initiatives and benefits to promote health and well-being, to build a healthy work environment.

Since 2018, we have implemented flexible working arrangement where employees could opt for flexible working hours to balance their personal and work commitments. Employees are able to apply for staggered working arrangements, with different reporting times to accommodate family responsibilities. We managed to achieve our target of having more employees on board this program, with 15 employees enrolled in the program this year. We have received positive feedback from our employees on this arrangement. SFL aims to continue to support our employees in achieving work-life balance.

SFL encourages our employees to exercise and stay healthy. Every year, SFL participates in the National Steps Corporate Challenge, organised by the Health Promotion Board to encourage the adoption of an active lifestyle. The event was cancelled due to restrictions from the COVID-19 pandemic. If the situation permits, SFL will continue to participate in the National Steps Corporate Challenge in 2021. For 2022, we have close to 45% of staff who sign up for the National Steps Corporate Challenge.

We also aspire to build better teamwork within the Company to strengthen our cohesiveness and efficiency. Every year, we aim to promote a positive and engaging work environment for all staff by conducting at least three company events each year. Due to the current COVID-19 situation, we were able to conduct one event this year – our Long Service Awards.

For 2021, we held back most celebrations as social gatherings within office are not allowed. Moving forward, we aim to encourage flexible working arrangements to more employees when needed, as a means of supporting work-life balance.

(v) Exit

SFL conducts exit interviews with employees to understand their reasons for leaving and schedule follow-ups as part of our efforts to improve on our retention policies and practices.

We collect ad-hoc feedback from our employees and conduct benchmarking analysis against industry practice and government initiatives to make improvements to our staff policies and initiatives. Our retention policies are recognised by our employees and reflected from the large number of long serving employees. The below charts show the percentage of employee turnover by age group and by gender.

Chart 3c: Percentage of employee turnover by age group

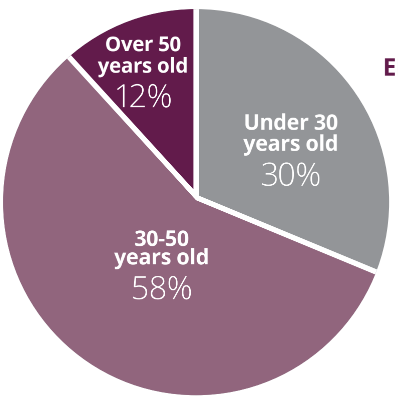
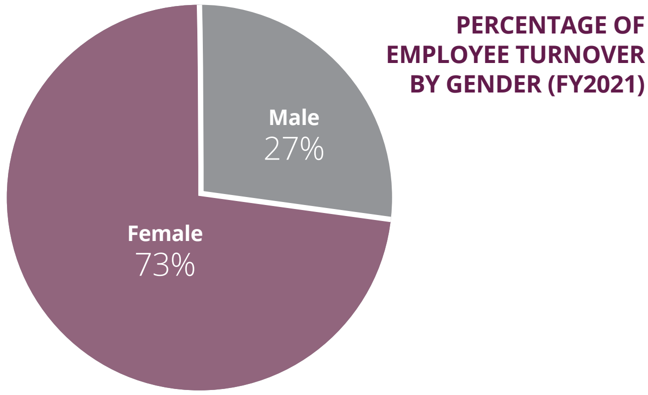


Chart 3d: Percentage of employee turnover by gender



For talent retention, the HODs engage our employees actively, and conduct annual performance appraisals. Performance Improvement Plan is in place for staff who may require corrective actions. HODs are also responsible for assigning projects to high-potential staff to assess their capability and competencies. Rewards in the form of performance bonus and merit increment/ promotions are given to high performing staff to retain talents. To motivate our employees, SFL's recreation club distributes goodies with a message from CEO to encourage our employees and to promote their well-being.

Going forward, we will continue to support our staff in their well-being in FY2022.

Training and Education

[GRI 103-1, GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2]

We aim to nurture our employees through extensive training and development programs. In the fast-paced and ever-changing financial industry, SFL enables employees to have the opportunity to upskill themselves, allowing them to improve their existing skillsets and stay relevant.

Examples of other trainings and education initiatives conducted during the year include:

Compliance, AML/CFT Trainings	Technology Security and Risk Management	Professional Certification
Provide new joiners with AML/ CFT training in the first 6 months to equip them with necessary knowledge and skillsets	Provide trainings in relation to compliance such as • Security awareness for customer privacy • Operational risk	Sponsorship programmes are in place. Sponsor staff to participate in training courses relating to professional certification or academic qualifications for career advancement.

Due to COVID-19 restrictions, employees attended these training sessions online in 2021.

Moving forward, we will continue to identify and offer relevant trainings to employees to enhance their career and professional development and ensure they continue to meet 100% attendance and all mandatory training requirements for their roles. Furthermore, we aim to develop more online trainings to ease employees' access to trainings. For FY2022, our Digital Banking team will provide trainings to all staff from the Customer Centres to enhance their knowledge for better customer service. There will also be a sharing session on the ongoing digitalisation project to prepare them for implementation during the year. We also aim to increase the average training hours per employee in FY2022. The total and average training hours received per employee by gender are demonstrated in the below table:

Table 4. Total and average training hours received per employee by gender

	Total number of hours	Average number of hours per employee
Male	238	7.2
Female	599	8.6
Total	**837**	**8.1**

Customer Privacy

[GRI 418-1]

Keeping our customers' data safe is a top priority as our customers entrust us with sensitive and confidential information. Prevention of any breaches of customer privacy secures our customers' confidence in our products and services, leading to customer loyalty. Our Information Security Office and Information Services Department are responsible for safeguarding our customers' data through the stringent practices of data privacy on sensitive and confidential information.

With cyberattacks on the rise, customers have a strong need for organizations they can trust to protect their personal privacy with robust policies. SFL has multiple policies and processes in place to ensure a 'Zero breach' on data privacy. SFL complies with the Personal Data Protection Act 2012 ("PDPA") and follows an Information Security Policy that has been approved by our Operational and Technology Risk Committee ("OPTECH") and the Risk Management Committee ("RMC"). The OPTECH is updated bi-monthly, and RMC is updated quarterly to ensure their relevance and coverage. Our compliance department also signs up for the MAS mailing list for regular updates and the accounts department will check MASNET daily for any announcements or circulars which will be forwarded to the compliance department. The compliance department then ensures that any changes in regulations are communicated to the relevant departments within 3 working days for further action. We have implemented and revised our policies to secure sensitive data, such as SFL's Information Security Policy, Portable Storage Devices Policy and Mobile Device Acceptable Use and Security Policy.

To safeguard confidential information and prevent data leakage, we have implemented the Data Loss Prevention ("DLP") in the system. All employees are required to attend and complete an assessment on security awareness conducted by the Technology Security Team to enhance their understanding on privacy issues. Reminders are sent from time to time on privacy policies. We also engage an external vendor to carry out penetration tests on internet facing systems periodically to assess the vulnerability of our IT systems and networks.

In 2021, we achieved our target on continuing to maintain zero complaints concerning breaches of customer privacy and losses of customer data. For more information on the Privacy Policy, please visit SFL's company website[15].

Marketing and Labelling

[GRI 103-1, GRI 103-2, GRI 103-3, GRI 417-2, GRI 417-3]

SFL recognises the importance of fair representation through labelling and communication to ensure customer confidence in our services and to protect our corporate image. For instance, we adhere strictly to our marketing and advertising guidelines and practice good corporate governance within the Company. This is to ensure that key information presented is clear and accurate.

SFL provides trainings for our Relationship Managers ("RM") for products, policies, market updates etc. We ensure that our RMs are trained to deal with customers clearly and fairly, and that they receive coaching on AML and our Company's internal policies.

Our marketing material contents are reviewed and assessed by the Marketing Department and the Communications Department for appropriateness and accuracy to reach to the targeted audience and achieve desired communication outcomes.

We have achieved our target of having no reported incidents for non-compliance with voluntary codes nor non-compliance with regulations resulting in a significant fine, penalty or warning in respect of product and service information and labelling and marketing communications in 2021. SFL aims to continue this performance in the following year.

15. For more information, please visit http://singapurafinance.com.sg/privacy_policy.html

Assessment for Agents and Customers

[GRI 103-1, GRI 103-2, GRI 103-3]

We practice screening and due diligence on referral agents prior to any engagement. Different assessments, including company search and World-Check search on the referral agency; litigation search and World-Check search on company's directors as well as assessment on their key personnel experiences are conducted to reduce risk in debt issues. Other screening methods include conducting research on the property agents who refer property loans to SFL online. The research ensures that they hold a valid license issued by Council for Estate Agencies ("CEA").

SFL also issues guidelines and implement procedures on customer due diligence. These include approved lending guidelines, independent review by the RMC as well as type and frequency of valuation for collateral.

We categorise our customers and initiate Know Your Customer ("KYC") procedures to meet our business needs. Customers such as individual applicants and personal guarantors are screened via Credit Bureau Singapore ("CBS"), litigation and blacklist search as well as World-Check search. On the other hand, corporate clients and corporate guarantors are screened via CBS FICO[16] , litigation search and blacklist search as well as World-Check search.

The rigor of our assessment is also based on the collateral value and levels of risks. Effective and progressive procedures are in place to better manage risks and ensure sustainable economic success. As a continuous practice at SFL, different functions share responsibilities to ensure the effectiveness of our assessment.

- The Risk Management Department ("RMD") performs independent assessments for loans more than $5 million on an obligor basis.
- The Credit Control Committee reviews and approves for monthly monitoring of non-performing loans ("NPL").
- Relationship Managers initiate regular visits for higher valued loans and customers in more high-risk industries such as oil and gas, construction and hospitality.
- Credit Control Department and Credit Control Committee proactively monitor payment patterns on a daily and monthly basis respectively.

Additionally, active performing loans ("APL") need to undergo bi-annual indicative valuation while NPL undergo quarterly indicative valuation. Any shortfall in collateral value is reported to the Credit Control Committee.

In 2021, all new referral agents were screened for their responsible practices before we engaged them. All new customers were also screened for their profiles and repayment ability. We have achieved our targets and will continue the good practice, to maintain 100% screening for new customers and agents in the following year.

Customer Experience

[GRI 103-1, GRI 103-2, GRI 103-3]

We strive to explore more innovations to bring a better customer experience to our diverse customers. In line with SFL's core values of customer focus and efficiency, we believe that a pleasant and positive experience is essential in building our brand.

In order to better understand the expectations from our customers, we have opened a variety of communication channels, such as our official website, email, and feedback forms. To allow for more immediate feedback, we also implemented a new feedback system via Facebook Messenger. Customers have responded well to this new feedback channel with most enquiries centred on SFL's Vivid Savings accounts[17].

In 2021, SFL met the target set in 2020 which was to ensure all customers' feedback or complaints (if any) received via

16. A FICO score is a credit score created by the Fair Isaac Corporation (FICO).
17. For more information, please visit https://vividcard.sg/

any delivery channel have been acknowledged and resolved promptly as per SFL's Feedback and Complaint Handling Process. We also achieved our target of ensuring that all call back requests received via the tablets at our customer centres are addressed in a timely manner. SFL aims to continue to maintain this performance in the following year. By addressing the issues in a timely manner, we aim to maintain our Company's brand reputation and to improve on existing processes to meet our clients' needs more efficiently. To ensure that action is taken after receiving feedback, our Feedback and Complaint Handling Process has been set in place to enhance customers' experience with SFL. The policy contains procedures to acknowledge feedback, to investigate feedback and to make an official reply to customers. All records regarding feedback and complaints will be filed with the RMD for further analysis and reference. The RMD, Communications Department and Management are updated on this policy annually.

To enhance and improve on the quality of our customer service, our Customer Service Officers receive on-the-job training by Branch Managers and case studies on customer service are shared timely among the Customer Centres.

Local Communities

[GRI 413-1]

SFL provides opportunities to engage our people in corporate social responsibility projects. Leveraging on their time and efforts, employees contribute meaningfully to the communities we live and work in. We believe that engaging with communities will help SFL to build a caring and giving culture, which will bring our people together and strengthen the community we live in.

Since 2019, SFL kicked off the new practice to better facilitate employee volunteerism. Our people could apply for time off to volunteer on a regular basis with Willing Hearts for their food kitchen projects. In view of the restrictions imposed by the COVID-19 pandemic, this has been suspended for the year 2021. Going forward to 2022, where possible, we aim to engage employees and collaborate with more organisations to make a difference to our society. In the long run, we hope to make this giving culture an intrinsic part of our Company and to help provide more positive impact as a Company.

Occupational Health and Safety

[GRI 403-9, GRI 403-10]

This year, we have added Occupational Health and Safety as an additional disclosure (non-material GRI factor). We have taken multiple initiatives during COVID-19 to protect the well-being and livelihood of our employees. For instance, we actively encourage our staff to go for their vaccinations and provide a one-day off for staff who wish to do so. We also provide paid unrecorded leave to staff who needs to stay at home due to Covid-related concerns. As at 31 Dec 2021, 100% of our staff are fully vaccinated. Our HR Department also dishes out health tips at times to the staff. Working from home has been enabled for staff who can do so. The below charts show that we have zero case of work-related injuries and ill health in FY2021. Going forward, we aim to continue maintaining a zero case in FY2022.

Table 5a. Total number of work-related injuries

	FY2021
Number of fatalities as a result of work-related injury	0
Number of high-consequence work-related injuries (injury that results in a fatality from which the worker cannot recover fully to pre-injury health status within 6 months), excluding fatalities	0
Number of recordable work-related injuries	0

Table 5b. Total number of work-related ill health

	FY2021
Number of fatalities as a result of work-related ill health	**0**
Number of cases of recordable work-related ill health	**0**

GOVERNANCE

Socioeconomic Compliance

[GRI 103-1, GRI 103-2, GRI 103-3, GRI 419-1]

In order to maintain the trust of our stakeholders, we understand that it is important to be compliant with the relevant laws and regulations. Hence, we are committed to ensure that we conduct our business with utmost integrity and high standards of business ethics. This is in line with our core values.

To do so, our compliance department will take steps to assess the implications of any updates of regulations and report to Operational & Technology Risk Committee ("OPTECH") every 2 months and HODs quarterly. They are also responsible for communicating new regulations or changes to existing regulations to the relevant HODs within 3 working days. The HODs and Chief Executive Officer ("CEO") are required to sign off a semi-annual Regulatory Requirements and Self-Assessment ("RRSA") checklist. To stay relevant, SFL ensures that our compliance department receives email alerts from MAS and other regulatory bodies for latest updates and disseminate the information to relevant departments within 3 working days.

CORPORATE SUSTAINABILITY REPORTING

Next, we have in place a Compliance Risk Management Framework. It consists of the objective for the management of compliance risk, governance and oversight structure, roles and responsibilities as well as the compliance risk management process. The purpose of this framework is to serve as a guide to the Board of Directors, Management, Compliance Department and all employees on the key areas to note when dealing with compliance risks.

We then perform a quarterly review of scripless shareholders to monitor any non-disclosure of shareholding or transactions by our employees. An internal guideline is in place, which prohibits staff from dealing in the Company's securities during the period commencing one month before the date of announcement of half yearly and full year financial results. In 2021, all staff has complied with the guideline. In addition, an Enterprise-Wide Risk Assessment ("EWRA") for AML is conducted annually.

We have successfully achieved our targeted performance for 2021 of zero cases of significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations in the social and economic area. We are also pleased to announce that 100% of our employees were proactive in attending trainings related to compliance, AML and CFT. We aim to maintain this good performance and to ensure that all employees attend compliance trainings in the following year.

Anti-corruption

[GRI 103-1, GRI 103-2, GRI 103-3, GRI 205-2, GRI 205-3]

Corruption is a considerable obstacle to economic and social development of the Company and at SFL, we do not tolerate any forms of corruption. As a form of deterrence, we have taken the initiative to put in place several anti-corruption policies available on the Company's general online drive for all staff to access. These include HR Policy, Whistle Blowing Policy, Fraud Policy, Interested Party Transactions ("IPT") Policy, Related Party Transactions ("RPT") Policy as well as Policy and Guidelines on AML and CFT. These policies are reviewed regularly to ensure they are always up to date.

It is compulsory for new joiners to attend an Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT") training within 6 months of joining the Company. New joiners are also required to read and familiarise themselves with the Fraud, Whistleblowing, Related Party and Interested party policies of the Company. In 2021, a total number of 102 employees (100% of eligible employees[18]) attended our AML/CFT training.

SFL also engages an external consultant every 2 years to train all staff about new and recent developments in AML/CFT to keep staff aware of the AML/CFT developments. SFL provides an alternative channel for whistle blowers to lodge a report of improper conduct in the Company on a confidential basis as well as guidance for establishing, implementing and managing whistle blower protection programme.

In 2021, we have achieved our goal of zero incidents of corruption, fraud, whistle blowing, improper interested party transactions or related party transactions, anti-money laundering and countering the financing of terrorism that resulted in legal action, and we aim to continue achieving this goal in 2022. There were also no incidents in which employees were dismissed or disciplined for corruption and zero incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. In addition, we were not faced with any public legal cases regarding corruption brought against the Company or our employees during the reporting period. SFL maintained zero tolerance for knowingly breaching regulations on anti-money laundering and countering the financing of terrorism and had zero incidents of knowingly on-boarding high risk customers without first performing the necessary enhanced due diligence measures.

We plan to maintain the 100% attendance rate in anti-corruption related trainings for eligible employees as well as creating awareness on the repercussions of corruption through our regular review and enhancement of anti-corruption policies

18. At the time of training, one staff was on leave which crossed to 2022. All other employees received training in 2021.

GRI CONTENT INDEX

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Singapura Finance Ltd;
102-2	Activities, brands, products, and services	The Singapura Finance Board, Pages 4 to 6; Our Services, Page 28
102-3	Location of headquarters	Corporate Directory, Page 11
102-4	Location of operations	Our Customer Centres, Page 28
102-5	Ownership and legal form	Analysis of Shareholdings, Page 113
102-6	Markets served	Chairman's Statement, Page 2
102-7	Scale of the organisation	Consolidated Income Statement, Page 57 Employment, Page 18
102-8	Information on employees and other workers	Employment, Page 18 SFL does not have a significant portion of its activities being carried out by workers who are not employees.
102-9	Supply chain	Indirect Economic Impact, Page 16
102-10	Significant changes to organisation and its supply chain	No significant changes to SFL and its supply chain
102-11	Precautionary principle or approach	SFL does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Chairman's Statement, Page 2
102-13	Membership of associations	Stakeholder Engagement, Page 14
Strategy		
102-14	Statement from senior decision-maker	Chairman's Statement, Page 2 Board Statement, Page 12
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Our Core Values, Page 1
Governance		
102-18	Governance structure	Board Statement, Page 12 Corporate Governance, Pages 29 to 48
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, Page 14
102-41	Collective bargaining agreements	Not applicable, no collective bargaining agreements are in place.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, Page 14
102-43	Approach to stakeholder engagement	Stakeholder Engagement, Page 14
102-44	Key topics and concerns raised	Stakeholder Engagement, Page 14
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Highlights, Page 7
102-46	Defining report content and topic Boundaries	About this Report, Page 13
102-47	List of material topics	About this Report, Page 13
102-48	Restatements of information	There has been no restatement of figures or information disclosed in our previous report.
102-49	Changes in reporting	About this Report, Page 13
102-50	Reporting period	About This Report, Page 13
102-51	Date of most recent report	The Annual Report/ Sustainability Report 2020 was published on 1 April 2021.
102-52	Reporting cycle	Annual
102-54	Claims of reporting in accordance with GRI Standards	Board Statement, Page 12
102-55	GRI content index	GRI Content Index, Page 25
102-56	External assurance	SFL has not sought external assurance on this Report.

CORPORATE SUSTAINABILITY REPORTING

Material Topics		
Economic Performance		
103-1	Explanation of the material boundary and topic	Chairman's Statement, Page 2; Economic Performance and Indirect Economic Impact, Page 16
103-2	The management approach and its components	Financial Highlights, Page 7; Economic Performance and Indirect Economic Impact, Page 16
103-3	Evaluation of the management approach	Financial Review, Page 8; Economic Performance and Indirect Economic Impact, Page 16
201-1	Direct economic value generated and distributed	Financial Statements, Pages 56 to 112
Indirect Economic Impact		
103-1	Explanation of the material boundary and topic	Economic Performance and Indirect Economic Impact, Page 16
103-2	The management approach and its components	Economic Performance and Indirect Economic Impact, Page 16
103-3	Evaluation of the management approach	Economic Performance and Indirect Economic Impact, Page 16
203-2	Significant indirect economic impact	Economic Performance and Indirect Economic Impact, Page 16
204-1	Proportion of spending on local suppliers	Economic Performance and Indirect Economic Impact, Page 16
Responsible Lending (NON-GRI MATERIAL FACTOR)		
103-1	Explanation of the material boundary and topic	Responsible Lending, Page 16
103-2	The management approach and its components	Responsible Lending, Page 16
103-3	Evaluation of the management approach	Responsible Lending, Page 16
Energy and Emissions		
103-1	Explanation of the material boundary and topic	Energy and Emissions, Page 17
103-2	The management approach and its components	Energy and Emissions, Page 17
103-3	Evaluation of the management approach	Energy and Emissions, Page 17
302-1	Energy consumption within the organisation	Energy and Emissions, Page 17
302-3	Energy intensity	Energy and Emissions, Page 17
305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emissions, Page 17
305-4	GHG emissions intensity	Energy and Emissions, Page 17
Employment		
401-1	New employee hires and employee turnover	Employment, Pages 18
Training and Education		
103-1	Explanation of the material boundary and topic	Training and Education, Page 20
103-2	The management approach and its components	Training and Education, Page 20
103-3	Evaluation of the management approach	Training and Education, Page 20
404-2	Programmes for upgrading employee skills and transition assistance programmes	Training and Education, Page 20
Customer Privacy		
103-1	Explanation of the material boundary and topic	Customer Privacy, Page 21
103-2	The management approach and its components	Customer Privacy, Page 21
103-3	Evaluation of the management approach	Customer Privacy, Page 21
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy, Page 21
Marketing and Labelling		
103-1	Explanation of the material boundary and topic	Marketing and Labelling, Page 21
103-2	The management approach and its components	Marketing and Labelling, Page 21
103-3	Evaluation of the management approach	Marketing and Labelling, Page 21
417-2	Incidents of non-compliance concerning product and service information and labelling	Marketing and Labelling, Page 21
417-3	Incidents of non-compliance concerning marketing communications	Marketing and Labelling, Page 21

Assessment for Agents and Customers (NON-GRI MATERIAL FACTOR)		
103-1	Explanation of the material boundary and topic	Assessment for Agents and Customers, Page 22
103-2	The management approach and its components	Assessment for Agents and Customers, Page 22
103-3	Evaluation of the management approach	Assessment for Agents and Customers, Page 22
Customer Experience (NON-GRI MATERIAL FACTOR)		
103-1	Explanation of the material boundary and topic	Customer Experience, Page 22
103-2	The management approach and its components	Customer Experience, Page 22
103-3	Evaluation of the management approach	Customer Experience, Page 22
Socioeconomic Compliance		
103-1	Explanation of the material boundary and topic	Socioeconomic Compliance, Page 23
103-2	The management approach and its components	Socioeconomic Compliance, Page 23
103-3	Evaluation of the management approach	Socioeconomic Compliance, Page 22
419-1	Non-compliance with laws and regulations in the social and economic area	Socioeconomic Compliance, Page 23
Anti-corruption		
103-1	Explanation of the material boundary and topic	Anti-corruption, Page 24
103-2	The management approach and its components	Anti-corruption, Page 24
103-3	Evaluation of the management approach	Anti-corruption, Page 24
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, Page 24
Additional Disclosures		
Water Consumption		
303-5	Water Consumption	Water Consumption, Page 18
Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Local Communities, Page 23
Occupational Health and Safety		
403-9	Work-related injuries	Occupational Health and Safety, Page 23
403-10	Work-related ill health	Occupational Health and Safety, Page 23

OUR SERVICES

PERSONAL SAVINGS*

- Vivid Savings Account
- Singapura Blue Sky Junior Savers Savings Account
- Singapura Blue Sky Adult Savers Savings Account
- Singapura Blue Sky Gold Savers Savings Account
- Singapura Blue Sky Fixed Deposit

CORPORATE DEPOSIT*

- Fixed Deposit
- Business Account (Current Account)

CONSUMER LOAN

- Purchase of HDB apartments
- Purchase of Private Residential property
- Purchase of Commercial and Industrial property
- Purchase of Share and for Share Trading
- Purchase of Motor Car and Motor Cycle
- Purchase of Commercial Vehicle
- Purchase of Pleasure Craft

CORPORATE LOAN

- Purchase of Equipment and Machinery
- Purchase of Motor Vehicle
- Purchase of Construction Equipment
- Purchase of Commercial and Industrial Property
- Land and Construction Loan
- Vessel Loan
- Block Discounting for Motor Car, Commercial Vehicles and Motor Cycle.
- Enterprise Financing Scheme
  - SME Working Capital Loan
  - SME Fixed Assets Loan
  - Temporary Bridging Loan
- Business Loan/Business Overdraft

OTHERS

- Safe Deposit Box (City HQ & Bedok Customer Centre)

* Deposit Insurance Scheme: Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S$75,000 in aggregate per depositor per Scheme member by law.

OUR CUSTOMER CENTRES

City HQ
150 Cecil Street, #01-00
Singapore 069543
Tel: 6880 0633

Serangoon
Blk 101 Towner Road
#01-230
Singapore 322101
Tel: 6299 8855

Jurong Gateway
Blk 130 Jurong Gateway Road
#01-227
Singapore 600130
Tel: 6467 1918

Bedok
Blk 202 Bedok North Street 1
#01-471
Singapore 460202
Tel: 6445 8011

Ang Mo Kio
Blk 711 Ang Mo Kio Ave 8
#01-3501D
Singapore 560711
Tel: 6458 4222

East Coast
212 East Coast Road
Singapore 428911
Tel: 6348 8262

Woodlands
302 Woodlands Street 31
#01-271
Singapore 730302
Tel: 6368 0113

Singapura Finance Ltd (the "Company") is committed to achieving and maintaining high standards of corporate governance so as to ensure greater transparency, accountability, and maximisation of long-term shareholder value.

In compliance with Listing Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual"), this report outlines the Company's corporate governance practices which are in line with the principles and provisions set out in the Code of Corporate Governance 2018 (the "Code") during the financial year ended 31 December 2021 ("FY2021"). Where there is any material deviation from the Code, the Company's position in respect of such differences is explained in this report.

BOARD MATTERS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Role of the Board

The Board is collectively responsible for providing overall strategy and direction to Management in order to achieve sustainable and successful performance for the Company and its subsidiaries (collectively, the "Group").

The principal functions of the Board are to:

- Provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Company to meet its objectives.
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets.
- Consider and approve key changes to the organisational structure of the Company.
- Approve the nominations and re-election of Directors to the Board.
- Review Management's performance.
- Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation.
- Set the Company's values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met.
- Consider sustainability issues as part of its strategic formulation.
- Monitor and review the Group's financial performance.
- Assume responsibility for corporate governance.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. Each Director is expected to act in good faith and in the best interests of the Company in the discharge of his or her duties and exercise of his or her powers as a Director. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Board Committees

To ensure that specific issues are subject to in-depth and timely review, certain functions have been delegated to various Board Committees, which would submit its recommendations or decisions to the Board. The six Board Committees are the Executive Committee ("EXCO"), Digitalization Committee ("DC"), Nominating Committee ("NC"), Remuneration Committee ("RC"), Risk Management Committee ("RMC") and Audit Committee ("AC") which are formed with clear written terms of reference approved by the Board, setting out their compositions, authorities and duties, including reporting back to the Board.

The EXCO comprises four members, namely, Mr Teo Chiang Long (Executive Chairman), Mr Teoh Eng Hong (Independent Non-Executive Director), Mr Adam Tan Chin Han (Independent Non-Executive Director) and Mr Jamie Teo Miang Yeow (Executive Director & Chief Executive Officer ("CEO"). Mr Teoh Eng Hong is the Chairman of the EXCO. The EXCO acts on behalf of the Board in supervising the management of the Company's business and affairs, in particular, the granting of loans, guarantees or credit facilities within the authority limits delegated by the Board, and approving new product proposals. The EXCO Chairman shall have a casting vote In the event of an equality of votes. If any EXCO member abstains from voting, the resolution shall be escalated to the Board of Directors for approval.

The DC comprises four members namely Mr Jamie Teo Miang Yeow (Executive Director & CEO), two Independent Non-Executive Directors i.e. Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang and Mr Melvin Yeo (Head, Information Services). Mr Jamie Teo Miang Yeow chairs the DC. Mr Teo Chiang Long (Executive Chairman) is the advisor to the DC. The DC provides the governance over the direction and ongoing progress of the digital strategy of the Company and ensuring that they are consistent with the Company's vision and values.

CORPORATE GOVERNANCE

The compositions and key functions of the other four committees are described in the other relevant sections of this report.

- NC (Principle 4)
- RC (Principle 6)
- RMC (Principle 9)
- AC (Principle 10)

Board Meetings and Attendance

Regular Board and Board Committee meetings are held. The Board meets at least four times a year. Additional meetings are held as and when circumstances warrant. The Company's Constitution provides that Board meetings may be held via teleconferencing. Due to COVID-19, most of the Board and Board Committee meetings in FY2021 were held via teleconferencing.

The Board has written terms of reference which clearly set out its authority and duties. The Board reviews and approves the strategic plans, annual budget, key operational issues, quarterly and yearly financial announcements and statutory financial statements and reviews the financial performance of the Group. Following amendments to Rule 705(2) of the SGX-ST Listing Manual which took effect from 7 February 2020, the Company had ceased to release its financial statements on a quarterly basis and is now releasing its financial statements on a semi-annual basis. Nevertheless, the Board and AC continue to meet on a quarterly basis.

Other material matters which are subject to the Board's approval include:

- Major loan proposals;
- Major transactions, acquisitions, disposals, investments and funding decisions;
- Corporate or financial restructuring;
- Share issuances and dividend payment to shareholders;
- Interested person transactions; and
- Risk management strategies.

The Directors may at any time request further explanations, briefings or informal discussions on any aspect of the Company's operations.

The attendances of the Directors at Board and Board Committee meetings during FY2021 are as follows:

	Board	**Audit**	**Nominating**	**Remuneration**	**Risk Management**	**Digitalization**
No. of Meetings Held	5	4	1	2	4	4
Name	**No. of Meetings Attended**					
Teo Chiang Long	5	–	–	–	–	–
Phua Bah Lee*	2	2	1	1	–	–
Teoh Eng Hong	5	4	1	2	4	–
Jamie Teo Miang Yeow	5	–	–	–	4	4
William Ho Ah Seng	5	–	–	–	4	–
Yu-Foo Yee Shoon	5	4	1	2	–	–
Tan Hui Keng, Martha	5	4	1	2	4	–
Adam Tan Chin Han	5	4	1	2	4	4
Terence Khoo Chi Siang	4	4	1	2	4	4

* passed away on 26 December 2021

Training of Directors
A formal letter is sent to newly appointed Directors upon their appointment explaining their duties and obligations as Directors. New Directors receive appropriate training and briefing in areas such as accounting, legal, the roles and responsibilities of his or her duties as a Director of a listed company and how to discharge those duties when they are first appointed to the Board. There is also an orientation programme to ensure that incoming Directors are familiar with the Company's business and governance practices.

Under the SGX-ST Listing Manual, a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a company listed on the SGX-ST as prescribed by the SGX-ST within one year from the date of his appointment. The Company did not appoint any new Director in FY2021.

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, the Management and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management and financial reporting standards.

The Directors are encouraged to attend seminars, workshops and receive training in areas such as directors' duties and responsibilities, changes in regulations and regulatory framework (including financial reporting standards and the SGX-ST Listing Manual) which are relevant to the Company's business and operations, so as to enable them to perform effectively as Directors. The Company arranges and funds the training of Directors.

As part of the Board's continuous development programme for the year, the Board attended a cybersecurity seminar conducted by Ernst & Young LLP Singapore to keep abreast with the landscape, regulations and risk management of cybersecurity and data protection. The Board and AC members were also briefed by the Company's external auditors on accounting standards updates during the year.

The NC has assessed and is satisfied that the training, courses and seminars attended by the Directors in FY2021 have adequately fulfilled their purpose.

In addition to the training and briefing updates, Directors would also approach Management should they require any further information or clarification concerning the Company's operations.

Complete, Adequate and Timely Information
All Directors have separate and independent access to Management at all times, and unrestricted access to the Company's records and information. They received detailed financial and operational reports from Management during the year to enable them to carry out their duties. During FY2021, the Board also received regular updates from the Management on the impact of COVID-19 on the Company.

Prior to each Board and Board Committee meeting, the members are provided with the meeting agenda and the relevant papers submitted by Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the meetings. Such information includes background or explanatory information relating to matters to be brought before the Board or Board Committee, and copies of disclosure documents, budgets or latest forecasts. In respect of budgets, any material variance between the projections and actual results are disclosed and explained. Management staff and the Company's auditors, who can provide additional insight to the matters for discussion, are also invited from time to time to attend such meetings.

Company Secretary
The Directors have separate and independent access to the advice and services of the Company Secretary at all times. The Company Secretary attends all Board meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary acts as channel of communication and information within the Board and its Board Committees and between Management and non-executive Directors. The Company Secretary's responsibilities also include facilitating orientation and assisting with professional development as required. Appointment and removal of the Company Secretary require the approval of the Board.

Independent Professional Advice
Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as Director.

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Independence
With the demise of Mr Phua Bah Lee on 26 December 2021, the Board comprised eight Directors, all of whom, except for the Executive Chairman and the CEO, are non-executive and independent Directors. The six independent Directors were Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mrs Yu-Foo Yee Shoon, Mdm Tan Hui Keng, Martha, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang. The Company has no alternate directors on its Board.

Independent Directors make up the majority of the Board. Every year, the NC determines the independence of each Director by taking into account the definition of an independent Director and the relevant provisions and listing rules under the Code and the SGX-ST Listing Manual respectively.

Under the Code, an independent director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

Under the SGX-ST Listing Manual, a director will not be independent if he is employed by the company or any of its related corporations for the current or any of the past three financial years, or, if he has any immediate family member who is employed or has been employed by the company or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the company.

The above provisions in the Code and the listing rules in the SGX-ST Listing Manual do not apply to any of the independent Non-Executive Directors.

The NC takes into account the annual confirmation of independence completed by each independent Director. Independent Directors are required under the annual confirmation to critically assess their independence.

As non-executive members of the Board, the independent Directors do not exercise management functions in the Company. However, all the Directors have equal responsibility and make contributions towards the performance of the Group.

Based on Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which came into effect on 1 January 2022, a director who has been a director for an aggregate period of more than 9 years (whether commencing before or after listing) is not independent if his/her continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers ("Two-Tier Voting") such resolutions to remain in force until the earlier of retirement or resignation of the above Directors; or the conclusion of the third annual general meeting of the Company following the passing of the resolution.

At the last AGM held on 23 April 2021, five of the independent Directors, namely, Mr Phua Bah Lee, Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mrs Yu-Foo Yee Shoon and Mdm Tan Hui Keng, Martha who have served the Board for more than nine years from the date of their respective first appointments as a director have been re-appointed as independent Directors via the Two-Tier Voting in separate resolutions.

With the passing of the Two-Tier Voting resolutions, the continued appointment of each of Mr Phua Bah Lee, Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mrs Yu-Foo Yee Shoon and Mdm Tan Hui Keng Martha as an Independent Director of the Company continue in force until the earlier of: (i) the retirement or resignation of the Independent Director as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of these Ordinary Resolutions. Mr Phua Bah Lee ceased to be an Independent Director on 26 December 2021 with his demise.

In their annual assessment on the independence of Directors who have served the Board for more than 9 years from the date of their respective appointments as a director, the NC (with Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mrs Yu-Foo Yee Shoon and Mdm Tan Hui Keng, Martha each abstaining from deliberation on their continued appointment) and the Board have assessed the independence of each of these four Directors using a holistic approach and taking into account their respective contributions in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in their engagement with all relevant parties, rather than solely and arbitrarily on basis of length of service alone. Having performed a rigorous review of their independence, the NC (with Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mrs Yu-Foo Yee Shoon and Mdm Tan Hui Keng, Martha each abstaining from deliberation on their continued appointment) and the Board are of the view that these four Directors continue to be independent notwithstanding their length of service, because each of them has consistently demonstrated strong independence of judgment and integrity of character in discharging his or her respective responsibilities. All the Independent Directors are sitting in the respective Board Committees which require special skillset and experience and their contribution are still required at the Committees level. Their vast experience enable them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making especially with the challenges brought about by the ongoing COVID-19 pandemic. Their length of service does not in any way interfere with their exercise of independent judgement nor hinder their ability to act in the best interests of the Company. Additionally, they have fulfilled the definition of Independent Directors of the SGX-ST Listing Rules and the Code. The Board trust that they are able to continue to discharge their duties independently with integrity and competency.

The Board considers its independent non-executive Directors to be of significant influence and their views to be of sufficient weight such that no individual or small group of individuals can dominate the Board's decision-making processes.

Board Composition
Members of the Board are prominent business leaders and professionals with financial, banking and business management backgrounds. Their diverse corporate experiences as a group provide core competencies relevant to the Group's business, and an appropriate balance of skills, experience, gender and knowledge of the Company. The Board, through the NC, has reviewed its composition, and is satisfied that the size of the Board is appropriate and adequate for effective decision-making having regard to its present scale of operations. Details of the Directors' professional qualifications, working experience, and other directorships and principal commitments/appointments can be found on pages 4 to 6.

The Board's non-executive Directors constructively challenge, help develop proposals on strategy, and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Directors, led by the Lead Independent Director, Mrs Yu-Foo Yee Shoon meet on a need basis without the presence of Management, in order to facilitate a more effective check on Management. In the event that such meetings are convened, the Lead Independent Director would provide feedback to the Executive Chairman after the meetings. No meeting of the Independent Directors was convened in FY2021.

Board Diversity
While the Board has not adopted a formal board diversity policy, it recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

The Board has two female members, and Directors with ages ranging from mid-40s to more than 70 years old, who have served on the Board for different tenures. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in the Annual Report 2021.

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The offices of the Executive Chairman and the CEO are held by separate individuals. Mr Teo Chiang Long is the Executive Chairman of the Company, while his son, Mr Jamie Teo Miang Yeow is the CEO.

As the Executive Chairman and the CEO are immediate family members and are both part of the executive management team, the NC has appointed Mrs Yu-Foo Yee Shoon, the Chairman of the NC and a member of both the AC and RC, as the Lead Independent Director mainly to serve as the principal liaison on Board issues between the non-executive Directors and the Executive Chairman and to address any queries and shareholders' concerns which contact through the normal channels of the Executive Directors has failed to resolve or for which such contact is inappropriate. Mrs Yu-Foo Yee Shoon is also the Deputy Board Chairman.

There is a clear division of responsibilities between the Executive Chairman and the CEO, which are set out in writing and agreed by the Board. The Executive Chairman leads the Board to monitor and review the general progress and long-term development of the Company. He ensures the members of the Board receive accurate, timely and clear information in particular about the Company's performance, to enable the Board to make sound decisions, monitor effectively and provide advice to promote the success of the Company. He also encourages constructive relations between the Board and Management, and between the executive and non-executive Directors. The CEO manages the daily operations of the Group and implements the Board's policies and decisions.

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee
The NC comprises six members, all of whom are independent non-executive Directors. The Chairperson of the NC is Mrs Yu-Foo Yee Shoon and the other members of the NC are Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mdm Tan Hui Keng, Martha, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang. Mr Phua Bah Lee ceased to be a member of the NC on 26 December 2021 with his demise. Mr William Ho Ah Seng was appointed as a member of the NC on 5 January 2022.

Based on its written terms of reference, the principal functions of the NC include:
- Reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any adjustments that are deemed necessary;
- Identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- Determining annually, and if circumstances require, the independence of a Director;
- Reviewing the ability of a Director to adequately carry out his duties as Director when he has multiple board representations;
- Recommending to the Board the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's Constitution;
- Assessing the effectiveness of the Board as a whole and its Board Committees; and
- Reviewing the training and professional development programs for the Board.

None of the Directors has an alternate Director. As a Director is expected to be able to commit time to the affairs of the Company, the NC will generally not support the appointment of an alternate Director.

Criteria and Process for Nomination and Selection of New Directors
The NC identifies and interviews short-listed candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees.

The NC in reviewing and recommending to the Board any new Director appointment takes into consideration the current Board size and its mix, the competing time commitments faced by Directors with multiple Board representations, the additional skills and experience that will bolster the core competencies of the Board, the search process for the identification of suitable candidates and once identified, the appropriate knowledge, experience and skills of the candidates who in its opinion, are fit and proper and qualified for office. As the Company is a finance company as defined under the Finance Companies Act 1967 of Singapore, all new appointments to the Board are subject to the approval of the Monetary Authority of Singapore.

Re-appointment of Directors
Under the SGX-ST Listing Manual, all Directors are required to submit themselves for re-nomination and re-election. Article 97 of the Constitution requires one-third of the Directors, or the number nearest to but not less than one-third, to retire by rotation at every Annual General Meeting ("AGM"). These Directors may offer themselves for re-election, if eligible.

The NC reviews annually the nomination of the relevant Directors for re-election or re-appointments as well the independence of Directors. When considering the nomination of Directors for re-appointment, the NC takes into account their contribution to the effectiveness of the Board as well as their time commitment especially for Directors who have multiple board representations, and also reviews their independence.

Succession Planning for the Board, the Board Chairman and Senior Management
The Board believes in carrying out succession planning for itself, the Board Chairman and the Senior Management team to ensure continuity of leadership. Board renewal is a continuing process and in this regard, the NC reviews annually the composition of the Board and Committees, which includes size and mix, and recommends to the Board the selection and appointment of new Directors, whether in addition to the existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Board's skills set taking into account the Group's business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Board.

Directors' Time Commitment
Where a Director has multiple Board representations, the NC also considers if such a Director is able to adequately carry out his/her responsibilities as a Director of the Company. In this regard, the Board has set a general guideline that the maximum number of listed company board representations which a Director may hold (including representation on the Company's Board) should not be more than seven. These guidelines were established following the careful assessment by the NC and the Board after taking into consideration the scope and complexity of the Company's business. Where there is a potential conflict of interest in accepting a new appointment on the board of other listed companies, assessment through the NC and the approval of the Board are required prior to accepting that appointment.

All Directors have met the requirements under the guidelines. The Board is satisfied that each Director has committed sufficient time to the Company and has contributed meaningfully to the Company. Details of the Directors' professional qualifications, working experience, and other directorships and principal commitments/appointments can be found on pages 4 to 6.

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Board Evaluation Process
The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution by each Director to the effectiveness of the Board. The NC assesses the Board's performance as a whole annually using objective and appropriate quantitative and qualitative criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the NC including its recommendations for improvements, if any, are presented to the Board.

The NC assesses the performance of all the Board Committees with the assistance of self-assessment checklists completed by each of the Board Committees.

The annual evaluation process for each individual Director's performance comprises three parts: (a) background information concerning the Director including his attendance records at Board and Board Committee meetings; (b) questionnaire for completion by each individual Board member; and (c) the NC's evaluation based on certain assessment parameters. The questionnaires and the assessment parameters were recommended by the NC and approved by the Board. The completed questionnaires are then reviewed by the NC before the NC completes its evaluation of the individual Directors.

The results of the individual evaluation of each of the Directors are also used by the NC, in its consultation with the Board Chairman, to review, where appropriate, the composition of the Board and Board Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

Board Evaluation Criteria
The qualitative criteria are set out in a questionnaire covering three main areas relating to Board composition, roles and responsibilities, conduct of meetings and access to information.

The quantitative criteria used to evaluate the overall Board performance comprises performance indicators which include a comparison of the Company's performance for the financial period under review against the performance of the Company and industry peers for the corresponding period over the past five years and the longer-term indicators such as the Company's total shareholder return over a five-year period.

Board Committee Evaluation Criteria
The qualitative criteria are set out in a questionnaire covering areas relating to composition of the Board Committee, its roles and responsibilities, conduct of meetings and access to information.

Individual Director Evaluation Criteria
Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Board Committee meetings including his contribution to Board processes and the business strategies and performance of the Company.

REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

RC Composition and Role
The RC comprises six members, all of whom are independent non-executive Directors. The Chairman of the RC is Mr Teoh Eng Hong and the other members of the RC are Mr William Ho Ah Seng, Mrs Yu-Foo Yee Shoon, Mdm Tan Hui Keng, Martha, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang. Mr Phua Bah Lee ceased to be the Chairman of the RC on 26 December 2021 with his demise. Mr Teoh Eng Hong was appointed as the Chairman of the RC and Mr William Ho Ah Seng was appointed as a member of the NC on 5 January 2022.

Based on the written terms of reference approved by the Board, the principal functions of the RC are to:
- Review and submit to the Board a framework of remuneration policies for Directors and key management personnel ("KMP") as defined in the Code;
- Review and submit to the Board the specific remuneration packages and terms of employment of each Director and KMP, covering all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and
- Review and submit to the Board the setting up of share option schemes or long-term incentive schemes.

The remuneration packages of executive Directors and KMP are approved by the Board upon recommendations by the RC. The Executive Chairman and the CEO do not participate in meetings to discuss their compensation packages. The two executive Directors and all KMP are on service contracts with fixed appointment periods. The RC reviews the service contracts of Executive Directors and KMP to ensure that they do not contain onerous removal clauses.

There are no contractual provisions to allow the Company to reclaim incentive components of remuneration from the executive Directors and KMP in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company. The RC is of the view that such claw back provisions are not necessary because the variable components of their remuneration packages are moderate.

The RC may seek expert advice from external consultants whenever required. No external consultant was engaged in FY2021 to provide remuneration advice.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Remuneration Policy of Directors and Key Management Personnel ("KMP")
The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and managers.

The compensation packages for executive Directors and KMP comprise a fixed component (in the form of a base salary and fixed allowances), a variable component (comprising short-term incentives in the form of year-end and variable bonuses and benefits-in-kind, where applicable). The variable components take into account, amongst other factors, the executive Directors' and KMP's performance, and the Company's performance and industry practices.

In determining the variable incentives for an executive Director and a KMP, his/her individual performance and contribution is taken into consideration together with the competitive market practices and information gathered from market surveys conducted by the Company's Human Resources department. This is then reviewed along with the Company's performance, taking into consideration specific indicators tracked over time which align with shareholders' interest, risk policies of the Company which promote the long-term success of the Company. Besides profitability, the quality of the Company's core business is also taken into account with the monitoring of the size and robustness of its loan assets and the level of non-performing loans. Based on its assessment, the RC believes that the performance conditions used in determining the variable components of executive Director and KMP have been met.

Both executive and non-executive Directors receive Directors' fees which are subject to approval by shareholders. When reviewing the structure and level of Directors' fees, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and Board Committees, effort and time spent, and changes in the business, corporate governance practices and regulatory rules. The RC also compares the Company's fee structure against industry practices and ensures that the non-executive Directors are not over-compensated to the extent that their independence may be compromised. Other factors taken into consideration in the fee review includes frequency of Board and Board Committee meetings, corporate performance for the financial year under review as well as the corporate and economic outlook in the new financial year, and the interval since the last fee review. No Director is involved in deciding his own remuneration.

There are no schemes to encourage non-executive Directors to hold shares in the company so as to better align the interests of such non-executive Directors with the interests of shareholders. However, the Company does not discourage the Directors from holding shares in the Company.

Staff retirement gratuity is the only long-term incentive scheme. Staff (including executive Director and KMP) who are employed before 28 December 2002 are entitled to the staff retirement gratuity if they have worked for at least 12 continuous years prior to retirement. The Company does not offer shares or grant options with vesting period or employees share scheme to its Directors and staff.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Details of Directors' remuneration in FY2021 are set out below:

Directors of the Company	Base Salary & Employer's CPF %	Bonus/ Allowances %	Other Benefits [(a)] %	Board/Board Committee Fees [(b)] %	Total %
Executive Directors					
1. ***Executive Chairman*** ***$750,000 to below $1,000,000*** Teo Chiang Long	51.09	39.02	2.52	7.37	100
2. ***Executive Director & CEO*** ***$500,000 to below $750,000*** Jamie Teo Miang Yeow	60.13	26.63	2.90	10.34	100
Independent & Non-Executive Directors ***Below $250,000***					
3. Phua Bah Lee*	–	–	–	100	100
4. Teoh Eng Hong	–	–	–	100	100
5. William Ho Ah Seng	–	–	–	100	100
6. Yu-Foo Yee Shoon	–	–	–	100	100
7. Tan Hui Keng, Martha	–	–	–	100	100
8. Adam Tan Chin Han	–	–	–	100	100
9. Terence Khoo Chi Siang	–	–	–	100	100

* passed away on 26 December 2021

Notes:

(a) These relate to provision for long-term incentive scheme, staff retirement gratuity. No staff retirement gratuity and termination benefits were paid to any Directors during FY2021.

(b) These fees comprise Directors' fees for FY2021 which are subject to approval by shareholders as a lump sum at the forthcoming AGM.

The Code recommends that the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis. The Board is of the view that such disclosure would not be in the best interests of the Company or its shareholders, and that the details disclosed in the table above as well as note 19 of the Notes to the Financial Statements provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. In arriving at its decision, the Board also took into consideration the competitive business environment in which the Group operates, and the negative impact such disclosure may have on the Group.

Remuneration of Key Management Personnel (not being a Director or CEO)

The Code recommends that the Company should name and disclose the remuneration of at least the top five KMP (who are not Directors or the CEO) in bands of $250,000/-. The remuneration of every KMP in the Company is below $250,000/-. In addition, the Company should also disclose in aggregate the total remuneration paid to these KMP. As the number of KMP of the Company is small, the Board is of the view that disclosure of the total remuneration of the KMP would be disadvantageous to the Group's business interests, given the prevailing highly competitive industry conditions. Note 20 of the Notes to the Financial Statements provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration.

Remuneration of Immediate Family Member of a Director, the CEO or a substantial shareholder

The Code also recommends disclosure of the name and remuneration of employees who are immediate family members of a Director, the CEO or a substantial shareholder of the Company, whose remuneration exceeds $100,000/- during the year, in bands $100,000/-. Excluding the two Executive Directors, there were no employees of the Group who are immediate family members of a Director and whose remuneration exceeded $100,000/- during the financial year.

ACCOUNTABILITY AND AUDIT

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.

Accountability of Board and Management

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group.

The Board provides shareholders with semi-annual and annual financial results. In presenting these statements, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and position with a commentary at the date of announcement of the competitive conditions within the industry in which it operates.

Management provides all Directors periodically with accounts and reports on the Group's financial performance and commentaries on the competitive conditions within the industry in which the Group operates, which are reviewed by the Board at each Board meeting prior to release of the announcements on the semi-annual and full-year results of the Group in accordance with the regulatory requirements. Periodic reports covering the Group's financial performance are also provided to all Directors. Apart from the periodic updates provided by Management, the Directors may at any time seek further information from, and discuss with, Management on the Group's operations and performance.

Risk Management

The Board is fully committed to the implementation of sound risk management policies and practices, which are aligned to the Group's overall business strategy and objectives. The Board determines the type and level of business risks that the Group undertakes and, at least annually, reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The Risk Management Committee ("RMC") assists the Board in overseeing risk governance in the Group's business and operations and ensuring that Management maintains a robust risk management framework with strong internal controls to safeguard shareholders' interests and the Group's assets.

The RMC comprises six members. They are independent non-executive Directors Mr Adam Tan Chin Han (Chairman), Mr Teoh Eng Hong, Mdm Tan Hui Keng, Martha, Mr William Ho Ah Seng and Mr Terence Khoo Chi Siang, and executive Director and CEO, Mr Jamie Teo Miang Yeow. Mr Adam Tan Chin Han was appointed as the Chairman of the RMC on 5 January 2022. To enhance communications between the AC and the RMC, Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mdm Tan Hui Keng, Martha, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang are members of both committees.

Based on its written terms of reference, the principal functions of the RMC include:

- Reviewing and submitting for Board approval the Group's overall risk management framework, policies, procedures and limits and any changes thereof.
- Reviewing and guiding Management in the formulation of the Group's risk policies and in the execution of risk assessment processes and mitigation strategies.
- Monitoring and managing the risk exposures of the Group.
- Reviewing the effectiveness of the Group's risk management system.
- Reviewing and ensuring that the proposed annual budget is aligned with the Company's objectives and strategy and is consistent with the Company's risk tolerance and risk profile prior to recommending to the Board for further deliberation and approval.

The RMC has, in turn, appointed the Credit Control Committee, Credit Portfolio Committee, Asset-Liability Committee and Operational & Technology Risk Committee to assist in fulfilling its roles.

The key risks of the Group include credit risk, market risk, liquidity risk, operational and technology risk and compliance risk.

Risk management is an ongoing process. Continuous efforts are being made to ensure that the Group's risk management system and processes are in line with industry best practices.

Credit Risk

Counter-party risk or Credit risk is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations. The Group's credit risk primarily stems from lending activities.

The two management committees assisting in the management of credit risk are the Credit Control Committee and Credit Portfolio Committee.

The Credit Control Committee ("CCC") reviews delinquent accounts and makes decisions on recovery actions.

The Credit Portfolio Committee ("CPC") manages risk on a portfolio-wide basis and recommends alternative portfolio strategies, analyses the results of portfolio management actions, and develops portfolio limits for each portfolio segment for approval by the RMC. The CPC recommends the Enterprise Risk Management Framework, credit risk policies and manuals for approval by the RMC.

Risk parameters for accepting credit risk are clearly defined and are supported by written policies and processes in the Lending Guidelines to ensure that the Group maintains a well-diversified and high-quality loan portfolio.

The credit control functions ensure that credit risks are closely monitored and managed in compliance with the Group's credit policies and guidelines.

Credit reviews are carried out regularly to proactively identify and address potential weakness in the credit process and to pre-empt any unexpected deterioration in credit quality.

Credit stress tests framework is in place to analyse the impact of plausible adverse scenarios on the Group's loan portfolio.

The Group addresses credit concentration risk by setting and monitoring credit portfolio and industry mix limits on a regular basis.

Continuous efforts are being made to further enhance the Group's credit risk management processes.

CORPORATE GOVERNANCE

The SFRS(I) 9 Committee ("SC") supports the Board and the AC in achieving compliance with Singapore Financial Reporting Standards (International) 9 Financial Instruments ("SFRS(I)9") which came into effect from 1 January 2018. SFRS(I) 9 requires, amongst others, an expected credit loss ("ECL") model for calculating impairment of financial assets.

The SC works closely with CPC and CCC to ensure that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's policies and procedures relating to impairment allowances and applicable accounting framework under SFRS(I)9. The SC also reviews and recommends updates to the Governance & Control Framework of ECL Model as well as the Impairment Allowance Policy at least on an annual basis. Any material changes to the ECL framework, methodology and policies are reviewed by SC before recommendation to the AC for concurrence and approval.

COVID-19
The effects of the COVID-19 pandemic on the Company's loan book had been manageable with no significant impact on the Company's credit risk profile during the year. Borrowers who were on the loan relief scheme were monitored closely to ensure viability & ability to continue servicing the loan.

In 2021, up to 7 borrowers applied for the COVID-19 Extension Support Scheme with the Company (less than 1% of the total number of borrowers in our book).

These borrowers on the Scheme were mainly in mortgage loans (less than 0.5% of the mortgage loan portfolio) and hire purchase loans (less than 1% of the hire purchase portfolio).

As at 31 December 2021, there was no borrower on the COVID-19 loan relief scheme.

Environmental Risk Management
Environmental risk issues, in particular climate change have become a major global challenge and urgently require a co-ordinated global response. In Singapore, there is a growing momentum to build a financial landscape which is conducive to achieve environmentally sustainable growth while contributing to the global efforts to transition to a low-carbon, climate resilience economy.

In December 2020, the MAS issued a set of environmental risk management guidelines for the financial sector with the aim to enhance the sector's resilience to and management of environmental risk through the setting of sound risk management practices, including governance & strategy and disclosure of environment risk information.

Financial institutions are encouraged to integrate environmental risks into their business and investment decisions and disclose meaningful information that would enable its stakeholders to evaluate their performance in addressing environmental issues as a risk and an opportunity.

While the scale, scope and business models of financial institutions can differ vastly, MAS expects approaches to managing and disclosing environmental risk to mature as the methodologies for assessing, monitoring and reporting such risk evolve.

In its support to align its corporate philosophy, strategy and goals to the government's vision of green finance, the Company is in the process of developing a framework for its environmental risk management journey. The underlying structure of the framework will recognise that environmental risk poses potential financial and reputational impact to the Company in the form of:

- Credit risk - adverse climate change can impair the value of assets held by our customers, or impact supply chains affecting our customers' operations and profitability, and potentially, their viability.
- Market risk - the Company may be exposed to a decline in valuation and increased volatility in its investments, particularly to sectors which contribute to significant environmental degradation as a result of shifts in investor preferences.
- Liquidity risk – a surge in funds withdrawal and demand for emergency loans due to frequent natural disasters which can cause widespread damage to physical property and incur significant costs like constructions and repair costs. Environmentally-conscious depositors may also cut back on sources of funding if they perceive that the Company finance activities with a negative impact on the environment.
- Operational risk – extreme weather events can disrupt business continuity by negatively impacting the Company's infrastructure, systems, processes and staff.
- Reputational risk - negative perception of the Company can arise in financing customers that carry on business activities which have a negative impact on the environment, affecting the Company's ability to maintain or establish business relationships.

Market Risk
Market risk encompasses price and interest rate risk, which are inherent in the ordinary course of the Group's business. Market risk refers to the risk to the Group resulting from movements in market prices, in particular, changes in interest rates, credit spreads, and equity prices.

The Asset-Liability Committee ("ALCO") manages the balance sheet to achieve an optimal balance between risk and reward with regards to structural interest rate risk, and liquidity and funding risk. ALCO also oversees the investment portfolio of the Company, reviews and recommends the limits of the Company's investments for approval by RMC as well as approves policies and strategies regarding these investments.

The Group has a comprehensive set of policies and monitoring system in place for the management of market risk. This includes limits for funding, maturity, and re-pricing gaps between assets and liabilities. An additional measure used by the Group for the interest rate sensitive investments is Present Value of a Basis Point ("PV01"), which measures the change in value of the interest rate sensitive exposures resulting from a parallel increase of one basis point increase in interest rates across the yield curve.

The Company's investment portfolio mainly consists of Singapore Government Securities and MAS Bills for the maintenance of regulatory minimum liquid assets purposes.

The Group uses an Asset Liability Management System to enhance its capabilities for balance sheet and liquidity simulation; and scenario analysis. Interest rate risk sensitivity analysis can now be performed under various interest rate scenarios using simulation modelling.

Liquidity Risk
Liquidity risk refers to the risk of the Group being unable to meet its financial obligations as they fall due without incurring unacceptable costs or losses through fund raising and assets liquidation. It could be a result of the inability of the Group to manage unplanned decreases or changes in funding sources and the failure to recognise or address changes in market conditions that affect the institution's ability to liquidate assets quickly and with minimal loss in value. The Group maintains sufficient liquidity to fund its day-to-day operations, including customers' demands for loan drawdowns, as well as any unanticipated cash withdrawals.

The Group has a comprehensive monitoring system in place for the management of liquidity risk. This includes limits for funding & liquidity gaps, deposit analysis and minimum liquid asset ratio.

Liquidity policies, procedures and limits are in place to ensure effective liquidity risk management and compliance with all regulatory requirements.

A robust liquidity stress test framework is in place to assess and plan for the impact of various scenarios which may put the Company's liquidity at risk.

The ALCO manages the liquidity and funding risk to determine the appropriate levels of liquidity and ensures that funding costs are managed effectively, and reviews stress tests & contingency funding plans for liquidity crises situations.

Operational and Technology Risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Technology risk is any risk related to information technology and information security.

The Operational and Technology Risk Committee ("OPTECH") supports the RMC in its handling of operational and technology risk. The OPTECH recommends the operational and technology risk management framework, policies and procedures, and strategies to mitigate risks and improve the efficiency and effectiveness of the operation risk processes and information flows.

To pro-actively manage operational risk, each department undertakes regular operational risk and control self-assessments which involve identifying and assessing inherent risks, as well as assessing the effectiveness of controls to mitigate the identified risks. Where necessary, action plans are formulated based on the severity of the assessed residual risk after considering the mitigating controls. In addition, the Internal Audit function provides the assurance by conducting audits to assess the effectiveness of internal controls and report it to Management and the AC.

The OPTECH oversees the overall outsourcing function for the Company and ensures the risk management of outsourcing arrangements is in compliance with MAS Guidelines on Outsourcing, especially for material outsourcing arrangements

All departments regularly review its own Business Impact Analysis and Disaster Recovery Plan and Management provides an attestation to the RMC on the state of readiness for the Company's business continuity management process, extent of alignment to MAS guidelines and declaration of residual risk.

Technology risk is managed in accordance with a Technology Risk Management Framework (which covers risk governance, identification, monitoring, assessment, mitigation and reporting), supported by a set of information technology policies and standards, control processes and risk mitigation programs in alignment to MAS guidelines.

Compliance risk
Compliance risk is the risk of impairment to the Group's ability to successfully conduct its business as a result of any failure to comply with applicable regulatory requirements. The Compliance Department is responsible for the Group's satisfactory compliance with the relevant regulatory requirements and internal policies, including applicable rules and policies on anti-money laundering and counter financing of terrorism.

The Compliance Department is an independent function within the organisation which provides support such as carrying out independent checks upon implementation of new or changes in policies and procedures, as well as providing advice on regulatory requirements to relevant departments.

Internal Controls
The Directors recognise that they have overall responsibility for the Group's system of internal controls.

The Company's external auditors carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls focusing primarily on financial controls, to the extent set out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit, and the external auditors' recommendation to address such non-compliance and weaknesses, are reported to the AC. Management, with the assistance of the internal auditors, follows up on external auditors' recommendations as part of its role in the review of the Company's internal control systems.

Besides that, all business units perform self-assessment of their processes to evaluate and manage the adequacy and effectiveness of their internal controls, as well as their level of compliance with applicable rules and regulations. The results of the evaluations are reviewed by Management.

The Board has received assurances from the CEO, Financial Controller ("FC"), KMP and Heads of Department regarding the adequacy and effectiveness of the Group's risk management and internal control systems. The Board has also received assurance from the CEO and the FC that as at 31 December 2021, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by Management and various Board Committees and the assurances received from the CEO, FC, KMP and Heads of Department, the Board, with the concurrence of the AC and the RMC, is of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 31 December 2021 to address the risks which the Group considers relevant and material to its operations. No material weaknesses in the Company's internal controls and risk management systems were identified by the Board, the AC and the RMC in FY2021.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

AC Composition and Role

The AC comprises six members, all of whom are independent Non-Executive Directors. Mdm Tan Hui Keng, Martha chairs the AC. The other members of the AC are Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mrs Yu-Foo Yee Shoon, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang. Mr Phua Bah Lee ceased to be a member of the AC on 26 December 2021 with his demise. Mr William Ho Ah Seng was appointed as a member of the AC on 5 January 2022.

The Board considers that all the AC members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience to discharge their duties as an AC member.

None of the AC members were previous partners or directors of the Company's existing external audit firm, KPMG LLP within the previous 2 years prior to their appointment to the AC, and none of the AC members have any financial interest in KPMG LLP either presently or within the previous 2 years prior to their appointment to the AC.

Based on its written terms of reference approved by the Board, the principal functions and activities of the AC during FY2021 include:

- Reviewing with Management and the external auditors (where applicable) the quarterly, half yearly and full year financial results and related SGX-ST announcements and recommend to the Board for approval;
- Reviewing with Management and the external auditors the audited financial statements issued by the Group to ensure their completeness, accuracy and fairness;
- Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the Group's financial statements and announcements relating to the Group's financial performance;
- Reviewing and reporting to the Board the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls;
- Reviewing the Internal Auditors' and External Auditors' respective audit plans;
- Reviewing the scope and results of the external audit and the independence and objectivity of the external auditors; and the nature and extent of the non-audit services provided by the external auditors;
- Reviewing with Management, the reports and findings of the review of the Group's internal controls by the internal and external auditors;
- Making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors;
- Reviewing the independence, effectiveness and adequacy of the resource of the internal auditors' function;
- Approving the appointment, resignation or dismissal of the internal auditors; and
- Reviewing related party and interested person transactions.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements during their engagement with the external and internal auditors. The AC meets with the external and internal auditors without the presence of Management at least twice during the year. The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management and the internal auditors and has full discretion to invite any Director or executive officer to attend its meetings. The auditors, both internal and external, have unrestricted access to the AC.

In the review of the financial statements, the AC discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The AC also considered the clarity of disclosures on significant matters in the financial statements. Among other matters, the following key audit matters (KAMs) as reported by the external auditors for FY2021 on pages 52 to 53 were reviewed and discussed by the AC with Management and the external auditors:

CORPORATE GOVERNANCE

KAMs	How the AC reviewed these matters and what decisions were made
Allowance for impairment on loans and advances	The SFRS(I)9 Committee ("SC") as disclosed under "Credit Risk" on pages 39 to 40, supports the AC and the Board of the Group in achieving compliance with SFRS(I) 9. The AC has reviewed the Group's ECL Model Governance and Framework and the Impairment Allowance Policy. The AC was satisfied with the governing procedures and controls that have been put in place. The AC has also discussed with the external auditors and was satisfied that the underlying assumptions and methodologies were reasonable and fulfilled the requirements of SFRS(I)9 based on the model validation performed by the external auditors. The AC has discussed with Management and the external auditors and was satisfied that the overall loan impairment allowances were reasonable and fair and has taken into consideration the impact of COVID-19 with the post-model adjustments (PMAs). PMAs are short-term adjustments to the ECL balance as part of the year-end reporting process to reflect possible model limitations. The PMAs are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated in the calculations.

External Auditors
The AC also noted and reviewed the nature and extent of the non-audit services provided to the Group by the external auditors. The AC is of the opinion that the provision of such non-audit services did not affect the independence and objectivity of the external auditors. For details of the fees paid to the external auditors in respect of audit and non-audit services during FY2021, please refer to note 16 of the Notes to the Financial Statements on page 88.

The AC is satisfied that the external auditors has the requisite expertise and resources to perform their duties. Accordingly, the AC has nominated KPMG LLP for re-appointment as the external auditors at the forthcoming AGM. The external auditors have confirmed that it is registered with the Accounting and Corporate Regulatory Authority. The Company is thus in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the Group's auditors.

Internal Audits
The Group has a well-established internal audit function with formal procedures for the internal auditors to report their audit findings directly to the AC.

The annual internal audit plan is prepared in consultation with, but independent of Management, and submitted to the AC for approval. The AC ensures that the internal audit function has appropriate standing within the Company. The internal auditors report directly to the AC on audit issues and the CEO on administrative matters. The findings and recommendations made by the internal auditors have been adequately followed through and implemented by Management in the financial year. The AC participates in and approves the hiring, removal, evaluation and compensation of the internal audit function. The internal auditors are given unfettered access to all company documents, records, properties and personnel, including access to the AC.

Staffed by suitably qualified executives with relevant qualifications and experience, the primary role of the internal audit function is to assist the Board to evaluate the reliability, adequacy and effectiveness of internal controls and risk management processes of the Company. The AC reviews the adequacy of the internal audit function through a review of the internal auditor's programmes on a quarterly basis and ensures that the internal audit function has adequate resources and appropriate authority to perform its functions properly. In doing so, the AC takes into consideration the service level, attentiveness, professionalism and calibre of the assigned personnel who carried out the internal audit activities during the financial year. The AC is also responsible for approving the appointment, remuneration, evaluation, resignation or dismissal of the Head of Internal Audit Department.

In carrying out its function, our internal auditors are guided by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has appointed Ernst & Young LLP (Singapore) to perform the internal audit functions for the Information Technology Services Department of the Group.

Based on its assessment, the Board, with the concurrence of the AC, is of the opinion that the internal audit function was independent, effective and adequately resourced during FY2021.

The Group has a separate compliance function to help ensure adherence with applicable legislation, rules and regulations in the conduct of its business.

Whistleblowing Policy
The Company has in place a whistleblowing policy which sets out procedures that employees of the Group may raise in confidence, any concerns on suspected breach or fraud, or possible improprieties in matters of financial reporting or behaviour that may not be in compliance with the law and Code of Conduct of the Company, without fear of reprisals. The whistleblowing policy is reviewed by the AC and approved by the Board annually to ensure that it remains current and relevant. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken.

The whistleblowing policy is accessible to all employees via the Company's shared drive. Employees may report via the dedicated whistleblowing communication channel to the AC Chairman. The Company has designated the AC to investigate whistleblowing reports made in good faith independently. The Company will treat all (written) complaints in a confidential and sensitive manner. A report of a complaint will only be disclosed to persons on a need to know basis in order to properly carry out an investigation and the identity of the whistleblower is kept confidential. The Company is committed to ensure protection of the whistleblower against detrimental or unfair treatment arising from whistleblowing. The AC is responsible for oversight and monitoring of whistleblowing. There were no whistleblowing incident during FY2021.

Interested Person Transactions
The Company has established policies and procedures on related party and interested persons transactions to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Company's usual business practices and policies, and are not prejudicial to the interest of the Company and its minority shareholders. The AC reviews all related party and interested persons transactions on a quarterly basis.

The interested person transactions and the aggregate value of interested person transactions disclosed as required under Rule 907 of the SGX-ST Listing Manual during FY2021 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
High Luck Pte Ltd	$1,060,454.65	NIL

The transaction above relates to a 2-year tenancy agreement entered into with High Luck Pte Ltd by the Company in FY2021 in respect of the premises at 150 Cecil Street, #01-00, Singapore 069543 which are used for the Company's operations.

The Executive Chairman Mr Teo Chiang Long and CEO Mr Jamie Teo Miang Yeow each has a substantial interest in High Luck Pte Ltd as defined under the Companies Act 1967, and is each deemed to have control over High Luck Pte Ltd as defined under the Act.

The transaction above was carried out on normal commercial terms which are not prejudicial to the interest of the Company and its minority shareholders.

Material Contracts
Save for the tenancy agreement entered into by the Company with High Luck Pte Ltd as disclosed in the preceding section entitled "Interested Person Transactions", there were no other material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Fair and equitable treatment of shareholders
The Company treats all shareholders fairly and equitably. Shareholders are informed of any changes in the Company which are likely to materially affect the price or value of the Company's shares via SGXNET announcements on a timely basis.

Conduct of Shareholder Meetings
The Board regards the AGM as a key opportunity to communicate directly with the shareholders, which include institutional and retail investors, and encourages attendance and participation in dialogue. The notice of AGM is dispatched to shareholders, together with explanatory notes on items of special business, at least 14 days before the meeting. The notice, first disseminated via SGXNET, is also published in newspapers.

The Company convened its shareholders meeting virtually in 2021 while adhering to the carious advisories and guidance issued by the authorities on holding meeting amid the COVID-19 outbreak.

As permitted under the COVID-19 (Temporary Measures) (Alternative Arrangements for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company will convene its 2022 AGM by electronic means for the health and safety of our shareholders and staff. Shareholders will not be able to attend the AGM physically.

Alternative arrangements relating to attendance at the 2022 AGM via electronic means include arrangements by which the meeting can be electronically accessed where shareholders will be able to watch the proceedings of the meeting through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone by pre-registering their attendance.

Prior to the AGM, shareholders may also submit questions related to the resolutions to be tabled for approval at the AGM. The Company will address substantial and relevant questions relating to the resolutions before the AGM via SGXNet and the Company's website. Shareholders will not be able to ask questions at the AGM "live" during the webcast and the audio feed. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to above.

Shareholders will not be able to vote online on the resolutions to be tabled for approval at the AGM. Instead, if shareholders (whether individual or corporate) wish to exercise their votes, they must submit a proxy form to appoint the Chairman of the AGM to vote on their behalf. Separate resolutions on each distinct issue are tabled at the AGM. Detailed information on each resolution is provided in the explanatory notes to the notice of AGM in the Annual Report 2021.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meeting and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Regular, effective and fair communication with shareholders
The Company has in place an Investor Relations Policy which provides guidance on when and how the Company engages and communicates with shareholders. Enquiries from shareholders, analysts and the press are handled by specifically designated personnel in lieu of a dedicated investor relations team.

The Company endeavours to communicate regularly and effectively with its shareholders. The Company announces its half-year and full-year results within the mandatory period.

The Company does not practise selective disclosure. Material and price-sensitive announcements are released to the public via SGXNET and such information is also posted on the Company's website at www.singapurafinance.com.sg.

Shareholders and investors may provide feedback or express their views via the enquiry or feedback platform at the Company's website.

The Company has a dividend policy, which is set out below.

The Group aims to maintain a strong capital position to ensure market confidence, to support its on-going business and to meet the expectations of depositors, customers and investors alike. The Company is also required to comply with regulatory standards of capital requirements through the maintenance of a minimum capital adequacy ratio at all times, and to transfer a requisite proportion of its annual net profit to the statutory reserve which is not available for distribution to shareholders. Our dividend policy aims to provide shareholders with sustainable dividend return over the long term by balancing growth with prudent capital management and subject to the profitability of the Group.

Subject to approval of shareholders at the forthcoming Annual General Meeting, in line with the Group's dividend policy, the Company is recommending proposing a first and final one-tier tax exempt dividend of 2.0 cents per share and 2.0 special dividend for FY2021 (FY2020: First and final one-tier tax exempt dividend of 1.5 cents per share and a special one-tier tax exempt dividend of nil cents per share). The total distribution of 4.0 cents per share for the year will amount to approximately $6.35 million. The dividends shall be paid in cash.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board sets the tone from the top for matters such as values and standards (including ethical business practices) and brand reputation. It also oversees the Group's strategic direction and long-term sustainability. Recognising that perceptions of key stakeholders can affect an organisation's reputation, the Executive Directors and Management actively identify and engage with key stakeholders of the Group, and updates and any relevant feedback received are communicated to the Board.

The Company recognises the importance in maintaining positive stakeholder relationships and adopts an inclusive approach in the management and engagement of its stakeholders – namely customers, employees, regulators, shareholders and communities. The Sustainability Report on page 14 of this Annual Report sets out the Company's approach to stakeholder engagement including key areas of focus and how it responds to stakeholder concern.

The Company maintains a corporate website at www.singapurafinance.com.sg to communicate and engage with its stakeholders.

ETHICAL STANDARDS

The Company manages its business according to the core values of integrity, performance excellence, teamwork, trust and respect to which staff subscribes to and are assessed on. The Company has an internal Code of Conduct which defines the Company's business principles and practices with respect to matters which may have ethical implications. Easily accessible to all employees via the Company's shared drive, it provides a framework for staff to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with various stakeholders, including situations where there are potential conflict of interests.

CORPORATE GOVERNANCE

In line with the Board's commitment to maintain high ethical standard, the Company has a suite of corporate policies and procedures in place. This includes a comprehensive whistleblowing policy for employees of the Group to bring attention to the AC any concern, suspected breach or fraud, or activity or behaviour that may not be in compliance with the law and Code of Conduct of the Company.

Internal Code on Dealing in Securities
The Company has adopted an internal code on securities trading which provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers. In summary, these guidelines prohibit dealing in the Company's securities:
(a) on short-term considerations;
(b) while in possession of unpublished material price-sensitive information in relation to such securities; and
(c) during the period commencing one month before the date of announcement of the half-year and full-year financial results ("closed period').

The Directors and employees of the Company are notified in advance of the commencement of each "closed period" relating to dealing in the Company's securities. The internal code on securities trading is available on the Company's intranet and is easily accessible by all employees.

SUSTAINABILITY REPORT

The Company's Sustainability Report which was prepared based on the Global Reporting Initiative Standards 2016 can be found on page 12.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages 56 to 112 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Teo Chiang Long
Phua Bah Lee (ceased on 26 December 2021)
Teoh Eng Hong
Yu-Foo Yee Shoon
Tan Hui Keng, Martha
Jamie Teo Miang Yeow
William Ho Ah Seng
Tan Chin Han, Adam
Khoo Chi Siang, Terence

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

	Shareholdings registered in the name of directors		Other shareholdings in which the directors are deemed to have an interest	
	Holdings at beginning of the year	**Holdings at end of the year**	**Holdings at beginning of the year**	**Holdings at end of the year**
Singapura Finance Ltd - ordinary shares				
Teo Chiang Long	5,622	5,622	82,933,496	82,933,496
Phua Bah Lee (ceased on 26 December 2021)	164,500	164,500	15,960	15,960
Yu-Foo Yee Shoon	9,000	9,000	10,010	10,010
William Ho Ah Seng	7,250	7,250	–	–

By virtue of Section 7 of the Act, Mr. Teo Chiang Long is deemed to have an interest in the other subsidiaries of Singapura Finance Ltd, all of which are wholly-owned, at the beginning and at the end of the financial year.

Directors' interests (Continued)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2022.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Warrants and share options

Warrants

At the end of the financial year, there were no warrants granted in respect of unissued ordinary shares in the Company.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

The members of the Audit Committee during the financial year and at the date of this statement are:

Tan Hui Keng, Martha, (Chairman) independent, non-executive director
Phua Bah Lee, independent, non-executive director (ceased on 26 December 2021)
Teoh Eng Hong, independent, non-executive director
Yu-Foo Yee Shoon, independent, non-executive director
Tan Chin Han, Adam, independent, non-executive director
Khoo Chi Siang, Terence, independent, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;

- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

Audit Committee (Continued)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Teo Chiang Long
Director

Tan Hui Keng, Martha
Director

25 February 2022

INDEPENDENT AUDITORS' REPORT

Members of the Company Singapura Finance Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapura Finance Ltd ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 112.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (Continued)

<table>
<tr><td colspan="2">Allowance for expected credit losses amounting to $5,677,000 (2020: $6,747,000)
(Refer to Note 6 to the financial statements)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Allowance for ECL is viewed as a key audit matter as a result of the significance of the loans and advances to customers and inherent complexity in the Group's ECL model.

The Group's loans and advances to customers represent 76% of its total assets.

Loss allowances of the Group are measured on either of the following bases:

(i) 12-month ECLs for financial assets where credit risk has not increased significantly since initial recognition or if there is no longer a significant increase in credit risk ("Stage 1 ECLs"); or

(ii) Lifetime ECLs for financial assets where there has been a significant increase in credit risk since initial recognition ("Stage 2 ECLs") or are credit impaired ("Stage 3 ECLs").

Significant judgement is required in the following areas including:

● appropriateness of the methodology and parameters used in the ECL model;

● identification of credit exposures which have exhibited a "significant increase in credit risk" and

● determination of relevant macroeconomic factors for incorporation into the model.

In 2021, the ongoing COVID-19 pandemic continues to add complexity to the level of judgment required by the Group in calculating the ECL. As a result, the Group exercised significant judgment in determining the required post-model adjustments, including economic scenarios to be applied, to address possible model limitations.</td><td>We tested the design, implementation and operating effectiveness of the key controls in place over the credit approval and review processes.

We performed sample checks of credit reviews on loans and advances to critically assess the appropriateness of the credit grading and any objective evidence of impairment. We also considered the appropriateness of the criteria designed by management to identify significant increase in credit risk, considering the impacts of the ongoing COVID-19 pandemic.

For credit impaired exposures, we assessed the reasonableness of management estimates of expected future cashflows, including the realisable value of collaterals if relevant.

For non-credit impaired exposures, we reviewed the appropriateness of the ECL methodology and management's assumptions on the parameters used in the ECL model, including probability of default term structure, loss given default, exposure at default and macroeconomic factors.

We also tested the accuracy of key data inputs into the ECL models for a sample of exposures as at year-end by checking them against source systems and documents.

We independently re-calculated the ECL allowance for a sample of credit exposures to test the mathematical accuracy of the calculations produced by the ECL model.

In response to the variability in economic scenarios resulting from the current COVID-19 pandemic, we assessed the reasonableness of the post-model adjustments applied by management. In addition, we considered the adequacy of disclosures of these key assumptions in the financial statements.

Based on our procedures performed, the methodology, assumptions and data adopted by management in the ECL model were considered acceptable and the ECL computation was consistent with the ECL model.</td></tr>
</table>

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the analysis of shareholding ('the Report'), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

Auditors' responsibilities for the audit of the financial statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Chun Wei (Chen Junwei).

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 February 2022

BALANCE SHEETS

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Assets					
Cash and balances with banks	4	**114,768**	181,054	**114,751**	180,963
Statutory deposit with the Monetary Authority of Singapore		**24,361**	21,421	**24,361**	21,421
Investments	5	**130,902**	125,001	**130,902**	125,001
Loans and advances	6	**895,966**	837,886	**895,966**	837,886
Other receivables, deposits and prepayments	8	**2,318**	1,867	**2,317**	1,867
Subsidiaries	9	**–**	–	**125**	125
Property, plant and equipment	10	**7,450**	7,119	**7,450**	7,119
Deferred tax assets	15	**1,835**	720	**1,835**	720
Total assets		**1,177,600**	1,175,068	**1,177,707**	1,175,102
Equity					
Share capital	11	**168,896**	168,896	**168,896**	168,896
Reserves	11	**87,480**	85,727	**85,216**	83,503
Total equity attributable to owners of the Company		**256,376**	254,623	**254,112**	252,399
Liabilities					
Deposits and savings accounts of customers	12	**907,987**	907,474	**910,591**	909,966
Trade and other payables	13	**9,034**	9,463	**8,805**	9,234
Current tax liabilities		**2,636**	1,993	**2,632**	1,988
Staff retirement gratuities	14	**1,567**	1,515	**1,567**	1,515
Total liabilities		**921,224**	920,445	**923,595**	922,703
Total equity and liabilities		**1,177,600**	1,175,068	**1,177,707**	1,175,102

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000
Interest income and hiring charges		**29,623**	31,438
Interest expense		**(5,027)**	(13,161)
Net interest and hiring charges		**24,596**	18,277
Fee and commission income		**372**	502
Other operating income		**939**	1,851
Income before operating expenses		**25,907**	20,630
Staff costs		**(8,015)**	(7,883)
Depreciation of property, plant and equipment	10	**(1,201)**	(1,156)
Other operating expenses		**(3,974)**	(3,654)
Profit from operations before allowances	16	**12,717**	7,937
Allowances for impairment losses on loans and advances	6	**(1,184)**	(2,317)
Profit before tax		**11,533**	5,620
Tax expense	17	**(1,915)**	(854)
Profit for the year		**9,618**	4,766
Earnings per share			
Basic earnings per share (cents)	18	**6.06**	3.00
Diluted earnings per share (cents)	18	**6.06**	3.00

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Group	
	2021	**2020**
	$'000	**$'000**
Profit for the year	**9,618**	4,766
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Net change in fair value of equity investments at FVOCI	**(1,536)**	(6,630)
Related tax	**261**	1,127
	(1,275)	(5,503)
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of debt investments measured at FVOCI	**(5,072)**	2,108
Related tax	**862**	(358)
	(4,210)	1,750
Other comprehensive income for the year, net of tax	**(5,485)**	(3,753)
Total comprehensive income for the year	**4,133**	1,013

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

		Attributable to equity holders of the Company							
	Note	Share capital	Capital reserve	Regulatory loss allowance reserve	Statutory reserve	Fair value reserve	General reserve	Accumulated profits	Total
Group		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2020		168,896	1,353	4,026	73,028	1,047	730	10,084	259,164
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	4,766	4,766
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments at FVOCI		–	–	–	–	(6,630)	–	–	(6,630)
Tax relating to items that will not be reclassified to profit or loss		–	–	–	–	1,127	–	–	1,127
Items that may be reclassified subsequently to profit & loss									
Net change in fair value of debt investments measured at FVOCI		–	–	–	–	2,108	–	–	2,108
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	–	(358)	–	–	(358)
Total other comprehensive income		–	–	–	–	(3,753)	–	–	(3,753)
Total comprehensive income for the year		–	–	–	–	(3,753)	–	4,766	1,013
Transaction with owners, recorded directly in equity									
Contributions by and distribution to owners									
Dividends declared and paid	11	–	–	–	–	–	–	(5,554)	(5,554)
Total transactions with owners		–	–	–	–	–	–	(5,554)	(5,554)
Transfer from profit for the year to statutory reserve		–	–	–	2,360	–	–	(2,360)	–
Transfer from regulatory loss allowance reserve to accumulated profits		–	–	(2,041)	–	–	–	2,041	–
At 31 December 2020		168,896	1,353	1,985	75,388	(2,706)	730	8,977	254,623

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

		Attributable to equity holders of the Company							
	Note	Share capital	Capital reserve	Regulatory loss allowance reserve	Statutory reserve	Fair value reserve	General reserve	Accumulated profits	Total
Group		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2021		**168,896**	**1,353**	**1,985**	**75,388**	**(2,706)**	**730**	**8,977**	**254,623**
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	9,618	9,618
Other comprehensive income									
Items that will not be reclassified subsequently to profit & loss									
Net change in fair value of equity investments at FVOCI		-	-	-	-	(1,536)	-	-	(1,536)
Tax relating to items that will not be reclassified to profit or loss		-	-	-	-	261	-	-	261
Items that may be reclassified subsequently to profit & loss									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(5,072)	-	-	(5,072)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	862	-	-	862
Total other comprehensive income		-	-	-	-	(5,485)	-	-	(5,485)
Total comprehensive income for the year		-	-	-	-	(5,485)	-	9,618	4,133
Transaction with owners, recorded directly in equity									
Contributions by and distribution to owners									
Dividends declared and paid	11	-	-	-	-	-	-	(2,380)	(2,380)
Total transactions with owners		-	-	-	-	-	-	(2,380)	(2,380)
Transfer from profit for the year to statutory reserve		-	-	-	4,790	-	-	(4,790)	-
Transfer from regulatory loss allowance reserve to accumulated profits		-	-	(1,267)	-	-	-	1,267	-
At 31 December 2021		**168,896**	**1,353**	**718**	**80,178**	**(8,191)**	**730**	**12,692**	**256,376**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Company	Note	Share capital $'000	Capital reserve $'000	Regulatory loss allowance reserve $'000	Statutory reserve $'000	Fair value reserve $'000	General reserve $'000	Accumulated profits $'000	Total $'000
At 1 January 2020		168,896	1,353	4,026	73,028	1,047	730	7,915	256,995
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	4,711	4,711
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments at FVOCI		–	–	–	–	(6,630)	–	–	(6,630)
Tax relating to items that will not be reclassified to profit or loss		–	–	–	–	1,127	–	–	1,127
Items that may be reclassified subsequently to profit & loss									
Net change in fair value of debt investments measured at FVOCI		–	–	–	–	2,108	–	–	2,108
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	–	(358)	–	–	(358)
Total other comprehensive income		–	–	–	–	(3,753)	–	–	(3,753)
Total comprehensive income for the year		–	–	–	–	(3,753)	–	4,711	958
Transaction with owners, recorded directly in equity									
Contributions by and distribution to owners									
Dividends declared and paid	11	–	–	–	–	–	–	(5,554)	(5,554)
Total transactions with owners		–	–	–	–	–	–	(5,554)	(5,554)
Transfer from profit for the year to statutory reserve		–	–	–	2,360	–	–	(2,360)	–
Transfer from regulatory loss allowance reserve to accumulated profits		–	–	(2,041)	–	–	–	2,041	–
At 31 December 2020		168,896	1,353	1,985	75,388	(2,706)	730	6,753	252,399

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Company	Note	Share capital $'000	Capital reserve $'000	Regulatory loss allowance reserve $'000	Statutory reserve $'000	Fair value reserve $'000	General reserve $'000	Accumulated profits $'000	Total $'000
At 1 January 2021		**168,896**	**1,353**	**1,985**	**75,388**	**(2,706)**	**730**	**6,753**	**252,399**
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	**9,578**	**9,578**
Other comprehensive income									
Items that will not be reclassified subsequently to profit & loss									
Net change in fair value of equity investments at FVOCI		-	-	-	-	**(1,536)**	-	-	**(1,536)**
Tax relating to items that will not be reclassified to profit or loss		-	-	-	-	**261**	-	-	**261**
Items that may be reclassified subsequently to profit & loss									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	**(5,072)**	-	-	**(5,072)**
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	**862**	-	-	**862**
Total other comprehensive income		-	-	-	-	**(5,485)**	-	-	**(5,485)**
Total comprehensive income for the year		-	-	-	-	**(5,485)**	-	**9,578**	**4,093**
Transaction with owners, recorded directly in equity									
Contributions by and distribution to owners									
Dividends declared and paid	11	-	-	-	-	-	-	**(2,380)**	**(2,380)**
Total transactions with owners		-	-	-	-	-	-	**(2,380)**	**(2,380)**
Transfer from profit for the year to statutory reserve		-	-	-	**4,790**	-	-	**(4,790)**	-
Transfer from regulatory loss allowance reserve to accumulated profits		-	-	**(1,267)**	-	-	-	**1,267**	-
At 31 December 2021		**168,896**	**1,353**	**718**	**80,178**	**(8,191)**	**730**	**10,428**	**254,112**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
Profit for the year		**9,618**	4,766
Adjustments for:			
Depreciation of property, plant and equipment	10	**1,201**	1,156
Bad debts written off		**11**	10
Property, plant and equipment written off		**–**	2
Allowances for impairment losses on loans and advances	6	**1,184**	2,317
Staff retirement gratuities	14	**84**	61
Interest expense on lease liabilities		**399**	333
Tax expense		**1,915**	854
		14,412	9,499
Changes in working capital:			
Statutory deposit with the Monetary Authority of Singapore		**(2,940)**	(3,141)
Fixed deposits with original maturity more than 3 months		**46,535**	(49,805)
Loans and advances		**(59,275)**	(104,069)
Other receivables, deposits and prepayments		**(451)**	89
Deposits and savings accounts of customers		**513**	61,958
Trade and other payables		**(940)**	(2,361)
Cash used in operations		**(2,146)**	(87,830)
Taxes paid		**(1,264)**	(1,092)
Staff retirement gratuities paid	14	**(32)**	–
Net cash used in operating activities		**(3,442)**	(88,922)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(529)**	(211)
Purchase of investments		**(277,685)**	(547,520)
Proceeds from sale and maturity of investments		**265,176**	549,584
Net cash (used in)/generated from investing activities		**(13,038)**	1,853
Cash flows from financing activities			
Dividends paid		**(2,380)**	(5,554)
Payment of lease liabilities	21	**(891)**	(971)
Net cash used in financing activities		**(3,271)**	(6,525)
Net decrease in cash and cash equivalents		**(19,751)**	(93,594)
Cash and cash equivalents at 1 January		**131,249**	224,843
Cash and cash equivalents at 31 December	4	**111,498**	131,249

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 February 2022.

1 Domicile and activities

Singapura Finance Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 150 Cecil Street, #01-00 Singapore 069543.

The principal activities of the Company are those relating to finance companies operating under the Finance Companies Act, Chapter 108. The principal activities of the subsidiaries are set out in note 9 to the financial statements.

The financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Group's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in note 3.4 Impairment.

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements (Continued)

Coronavirus (COVID-19) pandemic

The COVID-19 pandemic has increased the estimation uncertainty in developing significant accounting estimates, predominantly related to expected credit losses and its related post-model adjustments.

The estimation uncertainty is associated with:

- the extent and duration of the expected economic downturn (and forecasts for key economic factors including gross domestic product (GDP));
- the extent and duration of the disruption to business arising from the containment measures by government, businesses and consumers to contain the spread of the virus; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed accounting estimates based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2021 about future events that management believes are reasonable in the circumstances.

There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The impact of the COVID-19 pandemic on expected credit losses is discussed further in note 22.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group's main interbank offered rates ('IBORs') exposure at 31 December 2021 arises from three syndicated loans that was indexed to the Singapore Swap Offer Rate ('SOR'). In Singapore, the Steering Committee for SOR and SIBOR transition to Singapore Overnight Rate Average ('SORA') together with the Association of Banks in Singapore, has recommended the discontinuation of SOR and a shift towards the use of SORA as the alternative interest rate benchmark in Singapore. The timeline for SORA to replace SOR is by the end of June 2023. Two of the three loans will mature before SOR is replaced by the end of June 2023, and the Company has assessed that the exposure on the remaining loan is not significant. As such, the application of the amendment relating to the interest rate benchmark reform – Phase 2 Amendments does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity, when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Accounting for subsidiaries

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

3.2 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3 Significant accounting policies (Continued)

3.2 Property, plant and equipment (Continued)

(i) Recognition and measurement (Continued)

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold land and buildings	-	40 years
Leasehold land and buildings	-	Lease period or useful lives, whichever is shorter
Furniture and office equipment	-	Between 5 and 8 years
Motor vehicles	-	4 years
Computers	-	Between 3 and 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

The Group initially recognises loans and receivables and deposits when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(ii) Classification, subsequent measurement and gains and losses

Non-derivative financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investments; FVOCI – equity investments; or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(ii) Classification, subsequent measurement and gains and losses (Continued)

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(ii) Classification, subsequent measurement and gains and losses (Continued)

Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities

Classification, subsequent measurement and gains and losses

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risk and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Modifications of financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised costs; and
- debt investments measured at FVOCI.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

3 Significant accounting policies (Continued)

3.4 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

General approach (Continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Group considers a financial guarantee to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The Group considers Singapore Government securities and bank deposits to have low credit risk when their credit risk rating is equivalent to "investment grade" assigned by internationally recognised external credit rating agencies.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;

- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties.

3 Significant accounting policies (Continued)

3.4 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for financial guarantee are recognised as a financial liability to the extent that they exceed the initial carrying amount of the financial guarantee less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

3 Significant accounting policies (Continued)

3.5 Employee benefits (Continued)

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined contribution plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is accrued annually at a specified rate based on salaries paid to employees during the period. Benefits are only applicable to employees who joined before 28 December 2002 and completed 12 years of continuous service.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.7 Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the amortised cost of the financial liability. The effective interest rate is established on initial recognition of the financial assets and is not revised subsequently unless contractually adjusted.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the income statement include interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

Where charges are added to the principal financed at the commencement of the period, the general principle adopted for crediting income to profit or loss is to spread the income over the period in which the repayments are due using the following bases for the various categories of financing business:-

Interest income on loans and advances

In general, the basis adopted for crediting income from loans to profit or loss is to spread the interest over the period in which the repayments are due. Interest on mortgage loans is charged on the annual/monthly/daily rest basis and credited to profit or loss in the period to which it relates.

Interest rebate on hire purchase

Term charges on hire purchase and leasing transactions are accounted for using the Rule of 78 (sum of digits) method. The balance of such term charges at the financial year end is carried forward as unearned charges.

3 Significant accounting policies (Continued)

3.7 Interest (Continued)

Interest income from Singapore Government Securities

Interest income from Singapore Government Securities is recognised in profit or loss as it accrues using the effective interest method.

Interest income from bank deposits

Interest income from bank deposits is recognised in profit or loss as it accrues using the effective interest method.

3.8 Dividend income

Dividend income is recognised in profit or loss on the date on which the shareholder's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3.9 Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the condition for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3 Significant accounting policies (Continued)

3.10 Tax (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.11 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3 Significant accounting policies (Continued)

3.11 Leases (Continued)

As a lessee (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property plant and equipment' and lease liabilities in 'trade and other payables' in the balance sheet.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.12 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4 Cash and balances with banks

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and in hand	**92,629**	131,249	**92,612**	131,158
Fixed deposits with banks	**22,139**	49,805	**22,139**	49,805
Cash and balances with banks in the balance sheet	**114,768**	181,054	**114,751**	180,963
Less: Fixed deposits with original maturity more than 3 months	**(3,270)**	(49,805)	**(3,270)**	(49,805)
Cash and cash equivalents in the cash flow statement	**111,498**	131,249	**111,481**	131,158

5 Investments

	Group and Company	
	2021	2020
	$'000	$'000
Singapore Government Securities	**130,902**	123,465
Unquoted equity securities	*****	1,536
	130,902	125,001

* Amount less than $1,000

Singapore Government Securities are measured at FVOCI. They have stated interest rates of 0.49% to 3.5% (2020: 0.31% to 3.50%) and with a maturity of 1 month to 30 years (2020: 1 month to 16 years) from date of issue.

The Group designated the unquoted equity securities as FVOCI – equity instruments because the Group intends to hold the investment for long-term strategic purpose.

During the financial year ended 31 December 2021, the Group disposed part of its investment in unquoted equity securities of an entity amounting to $1,361,000 in exchange for shares in the holding company of the entity of the same value.

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 22 and note 23 respectively.

6 Loans and advances

		Group and Company	
	Note	**2021**	2020
		$'000	$'000
Mortgage and other secured loans		**716,526**	661,852
Unsecured loans		**17,938**	15,418
Hire purchase receivables	7	**178,715**	180,067
		913,179	857,337
Unearned charges and interest		**(11,536)**	(12,704)
		901,643	844,633
Allowances for loan losses		**(5,677)**	(6,747)
		895,966	837,886

These comprise balances:

	Group and Company	
	2021	2020
	$'000	$'000
Due within 12 months	**102,224**	75,093
Due after 12 months	**793,742**	762,793
	895,966	837,886

As at 31 December 2021, secured loans to directors (including immediate family members) of the Group and Company amounted to $22,000 (2020: $66,000).

6 Loans and advances (Continued)

Unsecured loans include $17,422,000 (2020: $14,424,000) of loans disbursed under the 'Temporary Bridging Loan Programme' initiated by Enterprise Singapore.

The movement in the allowance for loan losses during the year was as follows:

	Group and Company			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
	$'000	$'000	$'000	$'000
Balance as at 1 January 2021	**2,024**	**825**	**3,898**	**6,747**
Transferred to 12-month ECL – not credit-impaired	**197**	**(177)**	**(20)**	**–**
Transferred to Lifetime ECL – not credit-impaired	**–**	**11**	**(11)**	**–**
Transferred to Lifetime ECL – credit-impaired	**–**	**–**	**–**	**–**
Changes in assumptions	**218**	**53**	**(137)**	**134**
Financial assets repaid	**(552)**	**(213)**	**(324)**	**(1,089)**
New financial assets originated or purchased	**1,536**	**78**	**525**	**2,139**
Allowances for impairment losses on loans and advances	**1,399**	**(248)**	**33**	**1,184**
Amounts written off	**–**	**–**	**(2,254)**	**(2,254)**
Balance as at 31 December 2021	**3,423**	**577**	**1,677**	**5,677**
Balance as at 1 January 2020	712	141	5,800	6,653
Transferred to 12-month ECL – not credit-impaired	16	(7)	(9)	–
Transferred to Lifetime ECL – not credit-impaired	(2)	2	–	–
Transferred to Lifetime ECL – credit-impaired	(46)	(128)	174	–
Changes in assumptions	587	613	442	1,642
Financial assets repaid	(139)	–	(346)	(485)
New financial assets originated or purchased	896	204	60	1,160
Allowances for impairment losses on loans and advances	1,312	684	321	2,317
Amounts written off	–	–	(2,223)	(2,223)
Balance as at 31 December 2020	2,024	825	3,898	6,747

7 Hire purchase receivables

	2021			2020		
	Gross	Interest	Principal	Gross	Interest	Principal
	$'000	$'000	$'000	$'000	$'000	$'000
Group and Company						
Within 1 year	**8,016**	**140**	**7,876**	6,511	97	6,414
Between 1 year and 5 years	**158,795**	**9,440**	**149,355**	155,677	9,277	146,400
After 5 years	**11,904**	**1,275**	**10,629**	17,879	1,832	16,047
	178,715	**10,855**	**167,860**	180,067	11,206	168,861

8 Other receivables, deposits and prepayments

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest receivable	**737**	483	**737**	483
Deposits	**323**	352	**323**	352
Other receivables	**315**	504	**314**	504
	1,375	1,339	**1,374**	1,339
Prepayments	**943**	528	**943**	528
	2,318	1,867	**2,317**	1,867

Other receivables include repayments made by customers using electronic payments and have yet to be received by the Group/Company at the reporting date.

9 Subsidiaries

	Company	
	2021	2020
	$'000	$'000
Equity investments, at cost	**125**	125

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Ownership interest	
			2021	2020
			%	%
SBS Nominees Private Limited	Provision of nominee services	Singapore	**100**	100
SBS Realty Services (Private) Limited	Provision of estate agency and management services	Singapore	**100**	100

The subsidiaries are audited by KPMG LLP Singapore.

10 Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Furniture and office equipment $'000	Motor vehicles $'000	Computers $'000	Total $'000
Group and Company						
Cost						
At 1 January 2020	2,263	10,015	2,864	488	5,344	20,974
Additions	–	–	44	–	165	209
Written off	–	–	(1)	–	–	(1)
At 31 December 2020	2,263	10,015	2,907	488	5,509	21,182
At 1 January 2021	**2,263**	**10,015**	**2,907**	**488**	**5,509**	**21,182**
Additions	**–**	**1,003**	**17**	**–**	**512**	**1,532**
Written off	**–**	**–**	**(15)**	**–**	**(239)**	**(254)**
At 31 December 2021	**2,263**	**11,018**	**2,909**	**488**	**5,782**	**22,460**
Accumulated depreciation						
At 1 January 2020	1,323	3,785	2,633	488	4,679	12,908
Depreciation charge for the year	31	636	97	–	392	1,156
Written off	–	–	(1)	–	–	(1)
At 31 December 2020	1,354	4,421	2,729	488	5,071	14,063
At 1 January 2021	**1,354**	**4,421**	**2,729**	**488**	**5,071**	**14,063**
Depreciation charge for the year	**31**	**706**	**73**	**–**	**391**	**1,201**
Written off	**–**	**–**	**(15)**	**–**	**(239)**	**(254)**
At 31 December 2021	**1,385**	**5,127**	**2,787**	**488**	**5,223**	**15,010**
Carrying amounts						
At 1 January 2020	940	6,230	231	–	665	8,066
At 31 December 2020	909	5,594	178	–	438	7,119
At 31 December 2021	**878**	**5,891**	**122**	**–**	**559**	**7,450**

10 Property, plant and equipment (Continued)

Properties held by the Group and the Company are as follows:

Location	Description	Tenure	Carrying amounts 2021 $'000	Carrying amounts 2020 $'000
212 East Coast Road Singapore 428911	2-storey shophouse used as branch premises	Freehold	**802**	820
203 Henderson Road #02-07 Singapore 159546	Warehouse	Freehold	**76**	89
Total freehold properties			**878**	909
Blk 202 Bedok North Street 1 #01-471/473/475/477 Singapore 460202	3 units of office space used as branch premises and 1 unit leased out	86-year lease commencing July 1992	**581**	636
Blk 101 Towner Road #01-230 Singapore 322101	1 unit of 2 storey HDB shop house used as office	89-year lease commencing January 1993	**174**	191
Blk 711 Ang Mo Kio Avenue 8 #01-3501D Singapore 560711	1 unit of office space used as branch premises	86-year lease commencing July 1993	**149**	162
Blk 302 Woodlands Street 31 #01-271 Singapore 730302	1 unit of 2 storey HDB shop house used as branch premises	99-year lease commencing Oct 1992	**1,394**	1,443
Blk 130 Jurong Gateway Road #01-227 Singapore 600130	1 unit of 2 storey HDB shop house used as branch premises	91-year lease commencing Apr 1993	**2,966**	3,060
Total leasehold properties			**5,264**	5,492
			6,142	6,401

Property, plant and equipment includes right-of-use assets with carrying amounts of $627,000 (2020: $102,000) and $32,000 (2020: $48,000) related to leasehold land and buildings and furniture and office equipment respectively as at 31 December 2021 (see note 21).

11 Capital and reserves

Share capital

	Group and Company	
	2021	**2020**
	No. of shares ('000)	**No. of shares ('000)**
Fully paid ordinary shares, with no par value:		
At beginning and end of financial year	**158,686**	158,686

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Reserves

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	**1,353**	1,353	**1,353**	1,353
Statutory reserve	**80,178**	75,388	**80,178**	75,388
Regulatory loss allowance reserve	**718**	1,985	**718**	1,985
Fair value reserve	**(8,191)**	(2,706)	**(8,191)**	(2,706)
Revenue reserve:				
- General	**730**	730	**730**	730
- Accumulated profits	**12,692**	8,977	**10,428**	6,753
	87,480	85,727	**85,216**	83,503

Capital reserve

The capital reserve comprises gain on disposal of property, plant and equipment.

Statutory reserve

The statutory reserve is maintained in compliance with the provisions of Section 18 of the Finance Companies Act, Chapter 108.

Regulatory loss allowance reserve

The regulatory loss allowance reserve comprises the shortfall between ECL computed under SFRS(I) 9 and MAS 811 Notice Minimum Regulatory Loss Allowance ("MRLA") (i.e. 1.5% on gross carrying amount on selected credit exposures net of eligible collaterals).

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of debt instruments at FVOCI and equity instruments at FVOCI until the investments are derecognised.

11 Capital and reserves (Continued)

Reserves (Continued)

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Paid by the Company to owners of the Company		
First and final		
1.5 cents per qualifying ordinary share (2020: 2 cents)	**2,380**	3,174
Special		
0 cents per qualifying ordinary share (2020: 1.5 cents)	**–**	2,380
	2,380	5,554

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2021	**2020**
	$'000	**$'000**
First and final		
2.0 cents per qualifying ordinary share (2020: 1.5 cents)	**3,174**	2,380
Special		
2.0 cents per qualifying ordinary share (2020: Nil)	**3,173**	–
	6,347	2,380

12 Deposits and savings accounts of customers

These include deposits placed by subsidiaries amounting to $2,604,000 (2020: $2,492,000) in the Company and $216,201,000 (2020: $308,026,000) placed by related parties of the Group and the Company, accepted in the ordinary course of business.

13 Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Accrued interest payable	**2,306**	4,609	**2,306**	4,609
Accrued operating expenses	**2,375**	1,394	**2,370**	1,389
Deposits for safe deposit boxes and rental deposits	**109**	120	**109**	120
Unclaimed dividends	**467**	464	**467**	464
Lease liabilities	**806**	295	**806**	295
Others	**2,971**	2,581	**2,747**	2,357
	9,034	9,463	**8,805**	9,234
These comprise balances:				
Due within 12 months	**8,778**	9,394	**8,549**	9,165
Due after 12 months	**256**	69	**256**	69
	9,034	9,463	**8,805**	9,234

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Trade and other payables Group $'000
At 1 January 2020		12,462
Changes in financing cash flows		
Payment of lease liabilities	21	(971)
Other changes – liability related		
New leases	21	–
Interest expense on lease liabilities	21	333
Changes in trade and other payables		(2,361)
At 31 December 2020		9,463
At 1 January 2021		**9,463**
Changes in financing cash flows		
Payment of lease liabilities	21	**(891)**
Other changes – liability related		
New leases	21	**1,003**
Interest expense on lease liabilities	21	**399**
Changes in trade and other payables		**(940)**
At 31 December 2021		**9,034**

14 Staff retirement gratuities

	Group and Company 2021 $'000	Group and Company 2020 $'000
At 1 January	**1,515**	1,454
Provision made during the year	**84**	61
Utilised	**(32)**	–
At 31 December	**1,567**	1,515

15 Deferred tax (assets)/liabilities

Movements in deferred tax assets and liabilities during the year are as follows:

	Balance as at 1 January 2020 $'000	Recognised in profit or loss (note 17) $'000	Recognised in other comprehensive income $'000	Balance as at 31 December 2020 $'000	Recognised in profit or loss (note 17) $'000	Recognised in other comprehensive income $'000	Balance as at 31 December 2021 $'000
Group and Company							
Deferred tax (assets)/ liabilities							
Property, plant and equipment	133	(42)	–	91	18	–	109
Other receivables	3	(2)	–	1	(1)	–	–
Staff retirement gratuities	(247)	(11)	–	(258)	(9)	–	(267)
Investments	215	–	(769)	(554)	–	(1,123)	(1,677)
	104	(55)	(769)	(720)	8	(1,123)	(1,835)

16 Profit from operations before allowances

The following items have been included in arriving at profit from operations before allowances:

	Group 2021 $'000	Group 2020 $'000
Interest income and hiring charges		
Interest income on:		
- loans and advances	**27,279**	27,801
- bank deposits	**516**	1,824
- Singapore Government Securities	**1,828**	1,813
	29,623	31,438
Interest expense		
Interest expense on customer deposits	**5,027**	13,161
	5,027	13,161

16 Profit from operations before allowances (Continued)

All interest income and hiring charges relates to financial assets that are not fair value through profit or loss.

All interest expense relates to financial liabilities that are not fair value through profit or loss.

	Group	
	2021	**2020**
	$'000	**$'000**
Other operating income		
Bad debts recovered	**20**	39
Others	**365**	329
Government grant	**554**	1,483
	939	1,851
Staff costs		
Salaries and other benefits	**7,194**	7,046
Contributions to defined contribution plans	**821**	837
	8,015	7,883

Government grant income recognised during the financial year mainly includes:

(1) Job Support Scheme ('JSS') of $248,000 (2020: $1,261,000). The JSS is a temporary scheme introduced in Singapore Budget 2020 to help enterprises retain its employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

(2) Rental Support Scheme ('RSS') of $260,000 (2020 : $Nil). RSS is to support business with rental costs for every business affected by the tightened measures of Phase 2 (Heightened Alert) equivalent to 0.5 months – 1 month of its annual property value.

	Group	
	2021	**2020**
	$'000	**$'000**
Other operating expenses		
Audit fees to auditors		
- provision in respect of current year	**158**	143
Non-audit fees to auditors of the Company	**38**	31
Property, plant and equipment written-off	**–**	2
Interest expense on lease liabilities		
- related corporations	**365**	293
- third parties	**34**	40
Other operating expense paid to:		
- related corporations	**51**	47
- third parties	**3,328**	3,098
	3,974	3,654

17 Tax expense

	Note	Group 2021 $'000	Group 2020 $'000
Tax expense			
Current year		**1,907**	909
Deferred tax credit			
Origination and reversal of temporary differences	15	**8**	(55)
		1,915	854
Reconciliation of effective tax rate			
Profit before tax		**11,533**	5,620
Tax using Singapore tax rate of 17% (2020: 17%)		**1,961**	955
Income not subject to tax		**(116)**	(237)
Non-deductible expenses		**(208)**	154
Tax rebate		**–**	(16)
Others		**278**	(2)
		1,915	854

18 Earnings per share

	Group 2021 $'000	Group 2020 $'000
Basic and diluted earnings per share is based on:		
- Net profit attributable to ordinary shareholders	**9,618**	4,766

	No. of shares 2021 ('000)	No. of shares 2020 ('000)
Weighted average number of ordinary shares	**158,686**	158,686

There were no dilutive potential ordinary shares for the year ended 31 December 2021 and 2020.

19 Related parties

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2021	**2020**
	$'000	**$'000**
Directors' fees	**540**	540
Short-term employee benefits	**1,610**	1,388
Post-employment benefits	**104**	98

Directors' remuneration included in key management personnel compensation amounted to $1,814,000 (2020: $1,609,000). Key management personnel refer to the Board of Directors and senior management of the Group.

Other transactions with related corporations

Other than transactions with related corporations separately disclosed in the financial statements, the following related party transaction was carried out in the normal course of business on terms agreed between the parties during the financial year:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Interest on deposits paid to subsidiaries	**–**	–	**9**	18
Interest on deposits paid to related parties	**1,107**	3,407	**1,107**	3,407

20 Commitments

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Undrawn credit lines and other commitments to extend credit	**221,731**	213,530

21 Leases

The Company leases an office. The lease typically runs for a period of 2 years, with an option to renew the lease after that date. Lease payments are renegotiated after the lease expires to reflect market rental.

The Company leases photocopiers with contract terms of 5 years, with an option to renew the lease after that date.

21 Leases (Continued)

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 10).

	Group and Company		
	Leasehold land and buildings	Furniture and office equipment	Total
	$'000	$'000	$'000
Balance at 1 January 2020	510	64	574
Depreciation charge for the year	(408)	(16)	(424)
Balance at 31 December 2020	102	48	150
Balance at 1 January 2021	**102**	**48**	**150**
Additions	**1,003**	**–**	**1,003**
Depreciation charge for the year	**(478)**	**(16)**	**(494)**
Balance at 31 December 2021	**627**	**32**	**659**

	Group and Company	
	2021	2020
	$'000	$'000
Amounts recognised in profit or loss		
Interest on lease liabilities	**399**	333
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**891**	971

Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $1,003,000.

22 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee (RMC), which is responsible for developing and monitoring the Group's risk management policies. The RMC reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All major policy decisions and approval on risk exposures including loan limits are approved by the Board of Directors upon concurrence by the RMC. In addition, internal audits are conducted on an on-going basis to confirm that these policies and procedures are functioning effectively and any deviations are duly highlighted for special attention.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to the RMC, which in turn appoints the Credit Control Committee and Credit Portfolio Committee to assist in the management of credit risk. The Credit Control Committee develops the credit risk management framework, policies and procedures for review and concurrence by RMC and approval by the Board of Directors. The Credit Control Committee also reviews delinquent accounts and makes decisions on recovery actions.

Credit reviews are conducted regularly to monitor the health of the loan portfolio and to detect early signs of weaknesses and deviations.

The Credit Portfolio Committee manages risk on a portfolio-wide basis and recommends alternative portfolio strategies, analyses results of portfolio management actions, and develops portfolio limits for each portfolio segment for approval by the RMC. Credit risk concentration is addressed by setting a credit portfolio mix limit and monitoring the limit on a regular basis. The Credit Portfolio Committee periodically reviews the lending authority framework, portfolio concentration limits and credit stress test framework.

Credit stress tests are also conducted periodically to determine the impact of security values and other stress parameters on the loan portfolio. This allows the Group to assess the potential financial impact of losses arising from plausible adverse scenarios on the Group's loan portfolio.

22 Financial risk management (Continued)

Credit risk (Continued)

Management of credit risk (Continued)

The SFRS(I) 9 Committee ("SC") works closely with Credit Portfolio Committee and Credit Control Committee to ensure that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's policies and procedures relating to impairment allowances and applicable accounting framework under SFRS(I) 9. The SC also reviews and recommends updates to the Governance & Control Framework of ECL Model as well as the Impairment Allowance Policy. Any material changes to the ECL framework, methodology and policies are reviewed by SC before recommendation to the Audit Committee for concurrence and approval.

Inputs, assumptions and techniques used for estimating impairment

Assessment of significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information. The Group considers significant increase in credit risk occurs when an asset is more than 30 days past due.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3.3 (iv).

For loans subjected to the COVID-19 repayment deferral arrangements, an assessment of significant increase in credit risk has been determined based on various measures of the customer's current financial position and earnings capacity from which the loans are categorised into risk categories – Low, Medium and High. Significant increase in credit risk is then determined based on the resulting risk categorisation. Customers who have requested a deferral extension and are categorised as High risk are classified as having a significant increase in credit risk.

Calculation of expected credit losses

Expected credit losses are calculated using three main components

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These components are generally derived from internally developed statistical models using historical, current and forward-looking macro-economic data such as GDP, unemployment and inflation. These factors were updated in 2021, reflecting the actual and expected impact of the COVID-19 pandemic.

Probability of default

The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

The PD is derived using Delinquency Roll Rate Model which incorporates historical default rates over past years, adjusted for forward-looking information and reflecting current portfolio composition and market data such as GDP, unemployment and inflation.

22 Financial risk management (Continued)

Credit risk (Continued)

Inputs, assumptions and techniques used for estimating impairment (Continued)

Calculation of expected credit losses (Continued)

Loss given default

LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

Exposure at default

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations.

The 12-month ECL is equal to the discounted sum over the next 12 months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the full remaining life multiplied by LGD and EAD.

Post-model adjustments

Post-model adjustments (PMAs) are short-term adjustments to the ECL balance as part of the year-end reporting process to reflect possible model limitations. The PMAs are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated in the calculations.

The Group has internal governance frameworks and controls in place to assess the appropriateness of PMAs. The aim of the Group is to incorporate these PMAs into the ECL models, where possible, as part of the periodic recalibration and model assessment procedures.

For the financial year ended 31 December 2021, the Group has incorporated PMAs based on the forecasted GDP growth to capture possible limitations arising from the ongoing COVID-19 pandemic.

The above PMA as at 31 December 2021 increased the loss allowance by $0.9 million (2020: $1.2 million).

22 Financial risk management (Continued)

Credit risk (Continued)

Inputs, assumptions and techniques used for estimating impairment (Continued)

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of the financial assets in the statements of financial position, reduced by the value of the collateral held.

The following table provides information about the exposure to credit risk and ECLs for loans and advances:

	Group and Company			
	12-month ECL – Not credit-impaired	Lifetime expected credit loss – Not credit-impaired	Lifetime expected credit loss – Credit-impaired	Total
	$'000	$'000	$'000	$'000
2021				
Performing accounts				
- past due but not impaired	**10,244**	**9,536**	**–**	**19,780**
- neither past due nor impaired	**829,140**	**–**	**–**	**829,140**
Substandard	**–**	**–**	**51,046**	**51,046**
Loss	**–**	**–**	**1,677**	**1,677**
Gross amount	**839,384**	**9,536**	**52,723**	**901,643**
Stage 1 & 2 loss allowances	**(3,423)**	**(577)**	**–**	**(4,000)**
Stage 3 loss allowances	**–**	**–**	**(1,677)**	**(1,677)**
Carrying amount	**835,961**	**8,959**	**51,046**	**895,966**
2020				
Performing accounts				
- past due but not impaired	19,701	18,624	–	38,325
- neither past due nor impaired	773,154	–	–	773,154
Substandard	–	–	29,256	29,256
Loss	–	–	3,898	3,898
Gross amount	792,855	18,624	33,154	844,633
Stage 1 & 2 loss allowances	(2,024)	(825)	–	(2,849)
Stage 3 loss allowances	–	–	(3,898)	(3,898)
Carrying amount	790,831	17,799	29,256	837,886

There are no loans and advances with renegotiated terms that are neither past due nor impaired as at 31 December 2021 (2020 : $Nil).

Past due but not impaired: when contractual interest or principal payments are past due by not more than three months and the Group believes that impairment is not appropriate on the basis of the security available and/or the stage of collection.

Write off: The Group writes off wholly or partially loan balances (together with any related allowances for impairment losses) when the Group determines that the debts are irrecoverable, e.g. borrower has been made bankrupt, or all actions have been exhausted.

22 Financial risk management (Continued)

Credit risk (Continued)

Inputs, assumptions and techniques used for estimating impairment (Continued)

Exposure to credit risk (Continued)

Repayment deferral: Since March 2020, the Group has offered various forms of assistance to customers to counteract the impact of COVID-19 on the ability of customers to meet their loan obligations. The assistance provided has included arrangements such as temporary deferral of principal and interest repayments, and extension of loan maturity dates.

The loan repayment deferral is considered to be a loan modification (non-substantial modification) whereby the existing loan continues to be recognised.

The table below shows the gross carrying amount of loans that have been modified during the year:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Interest servicing only	**15,313**	72,410
Full/partial deferral of principal and interest	**264**	37,648
Total	**15,577**	110,058

The amortised cost of loans at the date of modification that were considered non-substantial modifications and had loss allowances based on lifetime expected losses was $267,000 (2020: $17,352,000). No gain or loss was recognised as a result of the modification during 2020 and 2021 and the gross carrying amount of loans that have subsequently changed to a 12-month expected loss allowance was $5,634,000 (2020: $Nil).

The Group normally holds collateral against loans and advances to customers. These are in the form of mortgage interests over property and ownership or other registered interests over assets. Estimates of fair value of collateral are assessed in each accounting period prior to determination of individual impairment allowances.

The financial effect of collateral and other security enhancements held against loans and advances to customers is shown below:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Gross amount	**901,643**	844,633
Lifetime ECL on credit impaired exposures	**(1,677)**	(3,898)
Carrying amount	**899,966**	840,735
Properties	**663,268**	586,827
Motor vehicles	**126,025**	129,370
Vessels	**44,767**	62,661
Equipment	**41,308**	38,468
Shares	**7,084**	8,052
Financial effect of collateral on maximum credit exposure	**882,452**	825,378
Net exposure	**17,514**	15,357

22 Financial risk management (Continued)

Credit risk (Continued)

Inputs, assumptions and techniques used for estimating impairment (Continued)

Exposure to credit risk (Continued)

The nature and carrying amount of collateral held against financial assets, obtained by taking possession of collateral held as security, which remain held at the reporting date are as follows. Claims against such collateral are limited to the outstanding obligations.

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Properties	**–**	2,268

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	Loans and advances to customers (Gross)	
	2021	**2020**
	$'000	**$'000**
Concentration by sector		
Hire purchase/block discounting	**167,860**	168,861
Housing loans secured by property	**163,913**	123,195
Other loans and advances:		
- Agriculture, mining and quarrying	**160**	182
- Manufacturing	**6,642**	9,934
- Building and construction	**254,738**	216,261
- General commerce	**82,742**	81,812
- Transport, storage and communication	**55,700**	72,223
- Investment and holding companies	**66,672**	60,154
- Professional and private individuals	**80,078**	84,880
- Others	**23,138**	27,131
	901,643	844,633

At the reporting date, there was no significant concentration of credit risk.

Debt investments

The Group and the Company held Singapore Government securities of $130,902,000 as at 31 December 2021 (2020: $123,465,000). The credit rating of Singapore Government Securities held at the reporting date accorded by various international credit rating agencies is AAA (2020: AAA). The Group considers that its debt investments have low credit risk based on the external credit ratings of the counterparties. Hence, the amount of the allowance on debt investments is negligible.

22 Financial risk management (Continued)

Credit risk (Continued)

Inputs, assumptions and techniques used for estimating impairment (Continued)

Cash and balances with banks

The Group and the Company held cash and balances with banks of $114,768,000 and $114,751,000 respectively as at 31 December 2021 (2020: $181,054,000 and $180,963,000). The cash and balances with banks are mainly held with bank and financial institution counterparties which are rated BBB+ to AA, based on various international credit ratings.

Loss allowance on cash and balances with banks has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and balances with banks have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and balances with banks to those used for loans and advances. The amount of the allowance on cash and balances with banks is negligible.

Statutory deposit with the Monetary Authority of Singapore

The Group and the Company held statutory deposit with the Monetary Authority of Singapore of $24,361,000 as at 31 December 2021 (2020: $21,421,000) which is rated AAA, based on various international credit ratings. Hence, the Group considers that its statutory deposits have low credit risk and the amount of allowance is negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group is currently funded from equity and deposit liabilities. Liquidity risk arises from the management of the net funding position after accounting for the ongoing cash flows from the loan assets, the deposit liabilities and the interest-bearing placements at various points in time.

Liquidity risk is managed in accordance to the Group's liquidity framework of policies, contingency funding plan, controls and limits approved by the Asset and Liability Committee (ALCO). This framework ensures that liquidity risk is monitored and managed in a manner that ensures sufficient sources of funds are available over a range of market conditions. Stress testing is conducted under the Group/Company-specific crisis and general market crisis scenarios. This is undertaken to assess and plan for the impact of the scenarios which may put the Group's liquidity at risk.

Liquidity risk is also mitigated through the large number of customers in its diverse loans and deposits bases and the close monitoring of exposure to avoid any undue concentration.

Maturity analysis of financial liabilities

The following are the contractual maturities of the Group's and Company's non-derivatives financial liabilities, loan commitments and contingent liabilities at the reporting date, which are based on contractual undiscounted cash flows (including interest payments) at the earliest date the Group and Company can be required to pay.

The expected cash flows on these instruments may vary significantly from this analysis. In particular, deposits from customers are expected to maintain a stable balance; and undrawn loan commitments are not all available to be drawn down immediately upon finalisation of legal documentation due to factors like the progressive nature of the facility to be based on the stage of completion of work in progress.

22 Financial risk management (Continued)

Liquidity risk (Continued)

Maturity analysis of financial liabilities (Continued)

	Carrying amount $'000	Gross nominal inflow/ (outflow) $'000	On demand/ less than 1 month $'000	Within 3 months $'000	3 months to 1 year $'000	1 to 3 years $'000	More than 3 years $'000
Group							
31 December 2021							
Deposits and savings accounts of customers	**907,987**	**(913,260)**	**(246,084)**	**(134,438)**	**(409,077)**	**(123,389)**	**(272)**
Other liabilities*	**6,728**	**(7,030)**	**(4,886)**	**(327)**	**(1,561)**	**(256)**	**–**
	914,715	**(920,290)**	**(250,970)**	**(134,765)**	**(410,638)**	**(123,645)**	**(272)**
Undrawn loan commitments	**–**	**(221,731)**	**(221,731)**	**–**	**–**	**–**	**–**
	914,715	**(1,142,021)**	**(472,701)**	**(134,765)**	**(410,638)**	**(123,645)**	**(272)**
31 December 2020							
Deposits and savings accounts of customers	907,474	(914,779)	(263,761)	(191,848)	(438,063)	(20,887)	(220)
Other liabilities*	4,854	(4,929)	(3,639)	(297)	(894)	(99)	–
	912,328	(919,708)	(267,400)	(192,145)	(438,957)	(20,986)	(220)
Undrawn loan commitments	–	(213,530)	(213,530)	–	–	–	–
	912,328	(1,133,238)	(480,930)	(192,145)	(438,957)	(20,986)	(220)

* Excludes accrued interest payable

	Carrying amount $'000	Gross nominal inflow/ (outflow) $'000	On demand/ less than 1 month $'000	Within 3 months $'000	3 months to 1 year $'000	1 to 3 years $'000	More than 3 years $'000
Company							
31 December 2021							
Deposits and savings accounts of customers	**910,591**	**(915,817)**	**(246,084)**	**(134,438)**	**(411,634)**	**(123,389)**	**(272)**
Other liabilities*	**6,499**	**(6,800)**	**(4,661)**	**(322)**	**(1,561)**	**(256)**	**–**
	917,090	**(922,617)**	**(250,745)**	**(134,760)**	**(413,195)**	**(123,645)**	**(272)**
Undrawn loan commitments	**–**	**(221,731)**	**(221,731)**	**–**	**–**	**–**	**–**
	917,090	**(1,144,348)**	**(472,476)**	**(134,760)**	**(413,195)**	**(123,645)**	**(272)**
31 December 2020							
Deposits and savings accounts of customers	909,966	(917,280)	(263,761)	(191,848)	(440,564)	(20,887)	(220)
Other liabilities*	4,625	(4,700)	(3,415)	(292)	(894)	(99)	–
	914,591	(921,980)	(267,176)	(192,140)	(441,458)	(20,986)	(220)
Undrawn loan commitments	–	(213,530)	(213,530)	–	–	–	–
	914,591	(1,135,510)	(480,706)	(192,140)	(441,458)	(20,986)	(220)

* Excludes accrued interest payable

22 Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. The Group is not exposed to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of the Group's financial assets and/or financial liabilities changes because of changes in interest rates. Interest rate risk arises primarily from the fact that financial assets and financial liabilities typically reprice at different points in time.

Risk management policy

The overall objective of interest rate risk management is to manage current and future earnings sensitivity arising from various interest rate exposures. Interest rate risk exposures are measured using a combination of repricing gap, present value of 1 basis point reports and simulation modelling. The ALCO recommends policies, ratios and limits for review and concurrence by RMC and approval by the Board of Directors. The RMC assists the Board in ensuring the effective management of market risks. The ALCO meets periodically to review the risk profile of the Group against the prevailing business and economic conditions, focusing on market and interest rate risks. The ALCO also relates the structure of assets and liabilities to funding mismatches and interest rate repricing risks and ensure compliance with the approved policies and risk exposures (including ratios and limits).

Exposure to interest rate risk

The Group does not hold a trading portfolio. The principal risk to which its non-trading portfolio is exposed arises from the risk of fluctuations in the future cash flows or fair values of financial instruments because of changes in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

The Group's exposure to interest rate risk relates primarily to the Group's loan and investment portfolios as well as deposit liabilities. Interest rate risk will arise when these assets and liabilities mature or reprice at different times or in differing amounts, or when market conditions dictate the extent of repricing possible. The Group manages this risk through diversity in its loan portfolio and to a lesser extent in its deposit portfolio.

22 Financial risk management (Continued)

Market risk (Continued)

Exposure to interest rate risk (Continued)

A summary of the Group's and Company's interest rate gap position on its non-trading portfolios is as follows:

	Carrying amount $'000	Non-interest sensitive $'000	Less than 3 months $'000	3 months to 1 year $'000	1 to 3 years $'000	More than 3 years $'000	Total $'000
Group							
31 December 2021							
Cash and balances with banks	**114,768**	**14,251**	**100,517**	**–**	**–**	**–**	**114,768**
Statutory deposit with the Monetary Authority of Singapore	**24,361**	**24,361**	**–**	**–**	**–**	**–**	**24,361**
Investments	**130,902**	**–**	**19,987**	**15,045**	**3,037**	**92,833**	**130,902**
Loans and advances	**895,966**	**46,544**	**659,025**	**73,178**	**89,498**	**27,721**	**895,966**
Other receivables and deposits*	**1,375**	**1,375**	**–**	**–**	**–**	**–**	**1,375**
	1,167,372	**86,531**	**779,529**	**88,223**	**92,535**	**120,554**	**1,167,372**
Deposits and savings accounts of customers	**907,987**	**205**	**379,023**	**406,811**	**121,682**	**266**	**907,987**
Other liabilities	**9,034**	**9,034**	**–**	**–**	**–**	**–**	**9,034**
	917,021	**9,239**	**379,023**	**406,811**	**121,682**	**266**	**917,021**
31 December 2020							
Cash and balances with banks	181,054	10,076	129,013	41,965	–	–	181,054
Statutory deposit with the Monetary Authority of Singapore	21,421	21,421	–	–	–	–	21,421
Investments	125,001	1,536	44,980	20,130	18,368	39,987	125,001
Loans and advances	837,886	121,661	537,892	66,274	83,049	29,010	837,886
Other receivables and deposits*	1,339	1,339	–	–	–	–	1,339
	1,166,701	156,033	711,885	128,369	101,417	68,997	1,166,701
Deposits and savings accounts of customers	907,474	–	448,926	437,901	20,434	213	907,474
Other liabilities	9,463	9,463	–	–	–	–	9,463
	916,937	9,463	448,926	437,901	20,434	213	916,937

* Excludes prepayments

22 **Financial risk management** (Continued)

Market risk (Continued)

Exposure to interest rate risk (Continued)

	Carrying amount $'000	Non-interest sensitive $'000	Less than 3 months $'000	3 months to 1 year $'000	1 to 3 years $'000	More than 3 years $'000	Total $'000
Company							
31 December 2021							
Cash and balances with banks	**114,751**	**14,234**	**100,517**	**–**	**–**	**–**	**114,751**
Statutory deposit with the Monetary Authority of Singapore	**24,361**	**24,361**	**–**	**–**	**–**	**–**	**24,361**
Investments	**130,902**	**–**	**19,987**	**15,045**	**3,037**	**92,833**	**130,902**
Loans and advances	**895,966**	**46,544**	**659,025**	**73,178**	**89,498**	**27,721**	**895,966**
Other receivables and deposits*	**1,374**	**1,374**	**–**	**–**	**–**	**–**	**1,374**
	1,167,354	**86,513**	**779,529**	**88,223**	**92,535**	**120,554**	**1,167,354**
Deposits and savings accounts of customers	**910,591**	**267**	**379,023**	**409,353**	**121,682**	**266**	**910,591**
Other liabilities	**8,805**	**8,805**	**–**	**–**	**–**	**–**	**8,805**
	919,396	**9,072**	**379,023**	**409,353**	**121,682**	**266**	**919,396**
31 December 2020							
Cash and balances with banks	180,963	9,985	129,013	41,965	–	–	180,963
Statutory deposit with the Monetary Authority of Singapore	21,421	21,421	–	–	–	–	21,421
Investments	125,001	1,536	44,980	20,130	18,368	39,987	125,001
Loans and advances	837,886	121,661	537,892	66,274	83,049	29,010	837,886
Other receivables and deposits*	1,339	1,339	–	–	–	–	1,339
	1,166,610	155,942	711,885	128,369	101,417	68,997	1,166,610
Deposits and savings accounts of customers	909,966	–	451,418	437,901	20,434	213	909,966
Other liabilities	9,234	9,234	–	–	–	–	9,234
	919,200	9,234	451,418	437,901	20,434	213	919,200

* Excludes prepayments

22 Financial risk management (Continued)

Market risk (Continued)

Sensitivity analysis

Interest rate risk

Interest rate sensitivity analyses are performed under various interest rate scenarios using simulation modelling where the sensitivity of projected net interest income is measured against changes in market interest rates.

The projected impact on future net interest income before tax over the next twelve months from the close of the year is simulated under various interest rate assumptions. Based on a 100 basis point parallel rise in yield curves applied to the reporting date position, net interest income is estimated to increase by $445,000 (2020: decreased by $303,000). The corresponding impact from a 100 basis point fall is an estimated reduction of $3,484,000 (2020: $2,817,000) in net interest income.

The sensitivity analysis of the Group is illustrative only. It assumes that interest rates of all tenors move by the same amount and does not reflect the potential impact on net interest income of some rates changing while others remained unchanged. The analysis also assumes that all financial assets and liabilities run to contractual maturity without action by the Group to mitigate any impact of such changes.

Portfolio price risk

Portfolio price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to the individual security or factors that affect all instruments in the market.

At the reporting date, the Group has FVOCI-debt instruments on Singapore Government Securities of approximately $131 million (2020: $123 million). A 1% increase in prices at the reporting date would have increased equity by $1.3 million (2020: $1.2 million). An equal change in the opposite direction would have decreased equity by $1.3 million (2020: $1.2 million). The analysis is performed on the same basis for 2020.

At the reporting date, the Group has FVOCI-equity instruments of approximately $* (2020: $1.5 million). A 10% increase in prices at the reporting date would have increased equity by $ * (2020: $0.2 million). An equal change in the opposite direction would have decreased equity by $* million (2020: $0.2 million). The Group's net profit for the year ended 31 December 2021 would have seen unaffected as the equity investment is classified as FVOCI.

The sensitivity analysis is based on management's best estimate of the sensitivity to a reasonable possible change. In practice, the actual results will differ from the sensitivity analysis and the differences could be material.

* Amount less than $1,000

22 Financial risk management (Continued)

Capital management

Regulatory capital

The Group maintains a capital adequacy ratio ("CAR") in excess of the prescribed ratio, which is expressed as a percentage of adjusted regulatory capital to total risk weighted assets.

(1) The Group's adjusted regulatory capital includes share capital, capital reserve, statutory reserve, general reserve, fair value reserve relating to unrealised losses on equity securities classified as FVOCI and accumulated profits.

The fair value reserve relating to unrealised gains/losses on Singapore Government Securities classified as FVOCI-debt instruments and unrealised gains on equity securities classified as FVOCI-equity instruments are excluded from the Group's adjusted regulatory capital.

(2) Risk-weighted assets are determined according to specified requirements by the Monetary Authority of Singapore that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group's regulatory capital position as at 31 December was as follows:

	2021	**2020**
	$'000	**$'000**
Share capital	**168,896**	168,896
Disclosed reserves	**77,291**	74,138
Regulatory adjustments	**(1,835)**	(720)
Eligible total capital	**244,352**	242,314
Risk-weighted assets	**974,287**	942,490
Capital adequacy ratio	**25.08%**	25.71%

The Group has complied with all externally imposed capital requirements. There were no changes in the Group's approach to capital management during the year.

22 Financial risk management (Continued)

Accounting classifications

The following table shows the classification of financial instruments.

	Financial assets at amortised cost $'000	FVOCI - debt instruments $'000	FVOCI - equity instruments $'000	Other financial liabilities $'000	Total carrying amount $'000
Group					
31 December 2021					
Financial assets					
Cash and balances with banks	**114,768**	**–**	**–**	**–**	**114,768**
Statutory deposit with the Monetary Authority of Singapore	**24,361**	**–**	**–**	**–**	**24,361**
Investments	**–**	**130,902**			**130,902**
Loans and advances	**895,966**	**–**	**–**	**–**	**895,966**
Other receivables and deposits*	**1,375**	**–**	**–**	**–**	**1,375**
	1,036,470	**130,902**	**–**	**–**	**1,167,372**
Financial liabilities					
Deposits and savings accounts of customers	**–**	**–**	**–**	**(907,987)**	**(907,987)**
Trade and other payables	**–**	**–**	**–**	**(9,034)**	**(9,034)**
	–	**–**	**–**	**(917,021)**	**(917,021)**
31 December 2020					
Financial assets					
Cash and balances with banks	181,054	–	–	–	181,054
Statutory deposit with the Monetary Authority of Singapore	21,421	–	–	–	21,421
Investments	–	123,465	1,536	–	125,001
Loans and advances	837,886	–	–	–	837,886
Other receivables and deposits*	1,339	–	–	–	1,339
	1,041,700	123,465	1,536	–	1,166,701
Financial liabilities					
Deposits and savings accounts of customers	–	–	–	(907,474)	(907,474)
Trade and other payables	–	–	–	(9,463)	(9,463)
	–	–	–	(916,937)	(916,937)

* Excludes prepayments

22 Financial risk management (Continued)

Accounting classifications (Continued)

	Financial assets at amortised cost $'000	FVOCI-debt instruments $'000	FVOCI-equity instruments $'000	Other financial liabilities $'000	Total carrying amount $'000
Company					
31 December 2021					
Financial assets					
Cash and balances with banks	**114,751**	**–**	**–**	**–**	**114,751**
Statutory deposit with the Monetary Authority of Singapore	**24,361**	**–**	**–**	**–**	**24,361**
Investments	**–**	**130,902**			**130,902**
Loans and advances	**895,966**	**–**	**–**	**–**	**895,966**
Other receivables and deposits*	**1,374**	**–**	**–**	**–**	**1,374**
	1,036,452	**130,902**	**–**	**–**	**1,167,354**
Financial liabilities					
Deposits and savings accounts of customers	**–**	**–**	**–**	**(910,591)**	**(910,591)**
Trade and other payables	**–**	**–**	**–**	**(8,805)**	**(8,805)**
	–	**–**	**–**	**(919,396)**	**(919,396)**
31 December 2020					
Financial assets					
Cash and balances with banks	180,963	–	–	–	180,963
Statutory deposit with the Monetary Authority of Singapore	21,421	–	–	–	21,421
Investments	–	123,465	1,536	–	125,001
Loans and advances	837,886	–	–	–	837,886
Other receivables and deposits*	1,339	–	–	–	1,339
	1,041,609	123,465	1,536	–	1,166,610
Financial liabilities					
Deposits and savings accounts of customers	–	–	–	(909,966)	(909,966)
Trade and other payables	–	–	–	(9,234)	(9,234)
	–	–	–	(919,200)	(919,200)

* Excludes prepayments

23 Fair values of financial instruments

In assessing the fair value of financial instruments, the Group uses a variety of methods and make assumptions that are based on market conditions existing at each reporting date.

Although management have employed their best judgement in the estimation of fair values, there is inevitably a significant element of subjectivity involved in the calculations. Therefore, the fair value estimates presented below are not necessarily indicative of the amounts the Group could have realised in a sales transaction at the reporting date.

The methodologies and assumptions used depend on the terms and risk characteristics of the various instruments and include the following:

Financial instruments for which fair value approximates the carrying amount

The carrying values of statutory deposit with the Monetary Authority of Singapore, other receivables and deposits, cash and balances with banks and trade and other payables, approximate their fair values as these balances are short-term in nature or are receivable or payable on demand.

Investment in Singapore Government Securities and equity securities

The fair values of FVOCI-debt instruments are determined by reference to their quoted closing bid prices at the reporting date.

In 2021, the fair value of the FVOCI-equity instrument is determined by reference to a recent transaction price. In 2020, the fair value of the FVOCI-equity instrument was determined using the discounted cash flows method.

Loans and advances

The fair value of loans and advances that mature or reprice within six months of the reporting date is assumed to equate to the carrying value. The fair value of all other loans and advances was calculated using discounted cash flow models based on the maturity of the loans. The discount rates applied in this exercise were based on the current interest rates of similar types of loans.

Deposits and savings accounts of customers

The fair value of deposits and savings accounts of customers which mature or reprice within six months is estimated to be the carrying value at the reporting date. The fair value of other term deposits was calculated using discounted cash flow models, based on the deposit type and its related maturity. The discount rates applied in this exercise were based on the current interest rates of similar types of deposits.

23 Fair values of financial instruments (Continued)

Financial instruments not carried at fair value

	2021		2020	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Group				
Financial assets				
Loans and advances	**895,966**	**901,325**	837,886	836,200
Financial liabilities				
Deposits and savings account of customer	**907,987**	**910,347**	907,474	908,389
Company				
Financial assets				
Loans and advances	**895,966**	**901,325**	837,886	836,200
Financial liabilities				
Deposits and savings account of customer	**910,591**	**912,966**	909,966	910,881

Fair value hierarchy

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

Financial instruments carried at fair value

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group and Company					
31 December 2021					
Financial assets					
Investments	**5**	**130,902**	**–**	*****	**130,902**
31 December 2020					
Financial assets					
Investments	5	123,465	–	1,536	125,001

* Amount less than $1,000

23 Fair values of financial instruments (Continued)

Financial instruments not carried at fair value but for which fair values are disclosed[1]

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2021				
Financial assets				
Loans and advances	**–**	**–**	**901,325**	**901,325**
Financial liabilities				
Deposits and savings accounts of customers	**–**	**910,347**	**–**	**910,347**
31 December 2020				
Financial assets				
Loans and advances	–	–	836,200	836,200
Financial liabilities				
Deposits and savings accounts of customers	–	908,389	–	908,389

[1] Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
31 December 2021				
Financial assets				
Loans and advances	**–**	**–**	**901,325**	**901,325**
Financial liabilities				
Deposits and savings accounts of customers	**–**	**912,966**	**–**	**912,966**
31 December 2020				
Financial assets				
Loans and advances	–	–	836,200	836,200
Financial liabilities				
Deposits and savings accounts of customers	–	910,881	–	910,881

23 Fair values of financial instruments (Continued)

Valuation techniques and significant unobservable inputs

The following tables shows the valuation technique used in measuring Level 2 and Level 3 fair values.

Financial instruments carried at fair value

Description	Valuation technique	Unobservable input	Sensitivity to changes in significant unobservable inputs
FVOCI-equity instrument	Recent transaction price (2020: Discounted cash flows)	N/A (2020: Weighted average cost of capital ('WACC'), Expected cash flows)	N/A (2020: The estimated fair value would increase (decrease) if: ● the expected cash flows were higher (lower); or ● the WACC was lower (higher) A 5% increase (decrease) in the WACC and 10% (decrease) increase in expected cash flow would not significantly (decrease) increase the fair value.)

Financial instruments not carried at fair value

Type	Valuation technique
Group and Company	
Loans and advances	Discounted cash flows: The valuation model considers the present value of expected payment, discontinued using an adjusted discount rate.
Deposits and savings accounts of customers	Discounted cash flows: The valuation model considers the present value of expected payment, discontinued using an adjusted discount rate.

23 Fair values of financial instruments (Continued)

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group and Company
	Equity investment at FVOCI
	$'000
At 1 January 2020	6,805
Purchases	1,361
Total gains recognised in other comprehensive income	
- Net change in fair value of FVOCI financial assets	(6,630)
At 31 December 2020	1,536
At 1 January 2021	**1,536**
Purchases	**1,361**
Disposals	**(1,361)**
Total gains recognised in other comprehensive income	
- Net change in fair value of FVOCI financial assets	**(1,536)**
At 31 December 2021	*

* Amount less than $1,000

24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group operates in only one segment. Its activities relate to financing business. All activities are carried out in the Republic of Singapore. Revenue in respect of these activities is disclosed in the financial statements accordingly.

25 Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current.

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Assets				
Investments	**95,870**	59,891	**95,870**	59,891
Loans and advances	**793,742**	762,793	**793,742**	762,793
Other receivables, deposits and prepayments	**323**	352	**323**	352
Subsidiaries	**–**	–	**125**	125
Property, plant and equipment	**7,450**	7,119	**7,450**	7,119
Deferred tax assets	**1,835**	720	**1,835**	720
	899,220	830,875	**899,345**	831,000
Liabilities				
Deposits and savings accounts of customers	**121,948**	20,647	**121,948**	20,647
Trade and other payables	**256**	69	**256**	69
Staff retirement gratuities	**1,546**	1,515	**1,546**	1,515
	123,750	22,231	**123,750**	22,231

26 New standards and interpretation not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

ANALYSIS OF SHAREHOLDINGS

As at 7 March 2022

Class of Shares : Ordinary Shares
Voting Rights : One Vote per Share

SUMMARY OF SHAREHOLDINGS BY SIZE AS AT 7 MARCH 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	141	4.84	2,638	0.00
100 to 1,000	374	12.85	255,349	0.16
1,001 to 10,000	1,349	46.34	7,228,562	4.56
10,001 to 1,000,000	1,039	35.69	52,710,654	33.22
1,000,001 AND ABOVE	8	0.28	98,488,687	62.06
TOTAL	**2,911**	**100.00**	**158,685,890**	**100.00**

TOP 20 SHAREHOLDERS AS AT 7 MARCH 2022

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1	SEE HOY CHAN (1988) PTE LTD	74,442,000	46.91
2	TEO HANG SAM REALTY SDN BHD	8,379,000	5.28
3	DBS NOMINEES PTE LTD	7,044,294	4.44
4	MORPH INVESTMENTS LTD	2,636,100	1.66
5	LEE KHING YOONG VINCENT	1,970,166	1.24
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,537,754	0.97
7	OCBC SECURITIES PRIVATE LIMITED	1,416,773	0.89
8	NG POH CHENG	1,062,600	0.67
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	892,399	0.56
10	ANG CHIAN POH	812,200	0.51
11	RAFFLES NOMINEES (PTE) LIMITED	804,401	0.51
12	PHILLIP SECURITIES PTE LTD	802,877	0.51
13	KOH GEOK HUAY MRS. TEO GEOK HUAY	800,000	0.50
14	CITIBANK NOMINEES SINGAPORE PTE LTD	774,624	0.49
15	CHUAH BEE JIAT	742,000	0.47
16	LIM HUI KONG	619,000	0.39
17	TAY HWA LANG @ TAY AH KOU OR JORDAN TAY SHIH LIANG	600,000	0.38
18	LALCHAND JETHANAND DARYANANI	542,000	0.34
19	CHIAM TOON CHEW	536,100	0.34
20	ESTATE OF LEONG SENG FATT, DECEASED	445,911	0.28
	TOTAL	**106,860,199**	**67.34**

ANALYSIS OF SHAREHOLDINGS

As at 7 March 2022

SUBSTANTIAL SHAREHOLDERS AS AT 7 MARCH 2022
(As shown in the Company's Register of Substantial Shareholders)

	Number of Shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
See Hoy Chan (1988) Pte Ltd	74,442,000	46.912	–	–
Teo Soo Chuan Pte Ltd	106,874	0.067	74,442,000[1]	46.912
Teo Hang Sam Realty Sdn Bhd	8,379,000	5.280	–	–
Teo Soo Chuan (M) Sdn Bhd	–	–	8,379,000[2]	5.280
Estate of Goh Siok Cheng, Deceased	142,500	0.090	82,927,874[3]	52.259
Teo Chiang Long	5,622	0.004	82,933,496[4]	52.263

1 Teo Soo Chuan Pte Ltd is deemed to be interested in the 74,442,000 shares held by See Hoy Chan (1988) Pte Ltd

2 Teo Soo Chuan (M) Sdn Bhd is deemed to be interested in the 8,379,000 shares held by Teo Hang Sam Realty Sdn Bhd

3 Of the 82,927,874 shares in which Estate of Goh Siok Cheng, deceased is deemed to be interested:

(a) 74,442,000 shares are held by See Hoy Chan (1988) Pte Ltd;

(b) 8,379,000 shares are held by Teo Hang Sam Realty Sdn Bhd; and

(c) 106,874 shares are held by Teo Soo Chuan Pte Ltd.

4 Of the 82,933,496 shares in which Teo Chiang Long is deemed to be interested:

(a) 74,442,000 shares are held by See Hoy Chan (1988) Pte Ltd;

(b) 8,379,000 shares are held by Teo Hang Sam Realty Sdn Bhd;

(c) 106,874 shares are held by Teo Soo Chuan Pte Ltd; and

(d) 5,622 shares are held by his spouse, Lo Pia Leng

On the basis of the information available to the Company, approximately 47.63% of the issued ordinary shares were held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with, which requires at least 10% of a listed issuer's equity securities to be held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting of Singapura Finance Ltd (the "Company") will be convened and held by way of electronic means on Friday, 22 April 2022 at 11.00 a.m. to transact the following business as set out below.

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL https://www.singapurafinance.com.sg/investor.php.

AS ROUTINE BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Auditors' Report.
(Resolution 1)

2. To declare a first and final dividend (one-tier tax-exempt) of 2.0 cents per share and a special dividend (one-tier tax-exempt) of 2.0 cents per share for the year ended 31 December 2021. [FY2020: First and final dividend (one-tier tax-exempt) of 1.5 cents per share and no special dividend.]
(Resolution 2)

3. To re-elect the following Directors, who will retire by rotation pursuant to Article 97 of the Constitution of the Company and who will subject themselves for re-election at least once every three years pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and who, being eligible, offer themselves for re-election, as Directors:

   [See Explanatory Note (i)]

   (a) Mr Teoh Eng Hong **(Resolution 3(a))**

   Mr Teoh will, upon re-election, continue as Chairman of Remuneration and Executive Committees and as a member of the Audit, Nominating and Risk Management Committees, and will be considered independent.

   (b) Mdm Tan Hui Keng Martha **(Resolution 3(b))**

   Mdm Tan will, upon re-election, continue as Chairman of Audit Committee and as a member of the Remuneration, Nominating and Risk Management Committees, and will be considered independent.

   (c) Mr Adam Tan Chin Han **(Resolution 3(c))**

   Mr Adam Tan will, upon re-election, continue as Chairman of Risk Management Committee and as a member of the Audit, Remuneration, Nominating, Executive and Digitalization Committees, and will be considered independent.

4. To approve the payment of Directors' fees of S$540,000 for the year ended 31 December 2021 [FY2020: S$540,000].
(Resolution 4)

5. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 5)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.
(Resolution 6)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions which will be proposed as an Ordinary Resolutions.

7. Authority for Directors to issue shares and to make or grant convertible instruments

[See Explanatory Note (ii)]

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share option or vesting of share awards; and

(c) any subsequent bonus issue, or consolidation or subdivision of shares

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST.

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 7)

By Order of the Board

Tan Wee Sin
Company Secretary

Singapore
31 March 2022

Notice of Record and Payment Date for Proposed Dividends (as defined below)

NOTICE IS ALSO HEREBY GIVEN that the Register of Members and Register of Share Transfers of the Company will be closed on Friday, 29 April 2022 for the purpose of determining shareholders' entitlements to the proposed first and final dividend (one-tier tax-exempt) of 2.0 cents per share and a special dividend (one-tier tax-exempt) of 2.0 cents per share for the year ended 31 December 2021 (the "**Proposed Dividends**").

Duly completed registrable transfers and the relevant share certificates in respect of Shares received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on Thursday, 28 April 2022 will be registered to determine shareholders' entitlements to the Proposed Dividends.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on Thursday, 28 April 2022 will be entitled to the Proposed Dividends.

Payment of the Proposed Dividends, if approved by shareholders at the Annual General Meeting, will be made on Monday, 9 May 2022.

Explanatory Notes:

(i) Ordinary Resolutions 3(a), 3(b) and 3(c) are for the re-election of Mr Teoh Eng Hong, Mdm Tan Hui Keng, Martha and Mr Adam Tan Chin Han, Directors of the Company who retire by rotation at the Annual General Meeting. For more information on these Directors, please refer to the sections entitled "Board of Directors" and "Additional information on Directors seeking re-election" in the Annual Report 2021.

(ii) Ordinary Resolution 7 is to empower the Directors, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, of which up to twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) may be issued other than on a *pro rata* basis to shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Ordinary Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, and (b) any subsequent bonus issue or consolidation or subdivision of shares. These adjustments are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution. As at the date of this Notice, the Company did not have any treasury shares or subsidiary holdings.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM will be sent to members by electronic means via publication on the Company's website at the URL https://www.singapurafinance.com.sg/investor.php and on the SGXNet. For convenience, printed copies of the Notice of AGM will also be sent by post to members.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and voting by proxy at the AGM are set out in the Company's announcement dated 31 March 2022 entitled "Annual General Meeting to be held on 22 April 2022" which has been uploaded together with this Notice of AGM on SGXNet on the same day. This announcement may also be accessed at the Company's website at the URL https://www.singapurafinance.com.sg/investor.php.

   In particular, the AGM will be held by electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast through his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 11.00 a.m. 19 April 2022, at the URL https://www.singapurafinance.com.sg/agm2021.php. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 11.00 a.m. 21 April 2022. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the AGM. This is to avoid any technical disruption or overload to the "live" webcast or the "live" audio feed.

   A member may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 5.00 p.m. 8 April 2022:

   (a) via the pre-registration website at the URL https://www.singapurafinance.com.sg/agm2021.php;

   (b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 150 Cecil Street #01-00, Singapore 069543; or

   (c) by email to investors.relations@singapurafinance.com.sg.

   Members will need to identify themselves when posing questions by email or by mail by providing the following details:

   (a) the member's full name as it appears on his/her/its CDP/CPF/SRS/scrip-based share records;

   (b) the member's NRIC/Passport/UEN Number;

   (c) the member's contact number and email address; and

   (d) the manner in which the member hold his/her/its shares in the Company (e.g. via CDP, CPF or SRS) records.

   The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

   The Company will address substantial and relevant questions relating to the resolutions before the AGM via the Company's website at the URL https://www.singapurafinance.com.sg/investor.php and on the SGXNet after the market close on 14 April 2022.

   Please note that members will not be able to ask questions at the AGM "live" during the webcast and the audio feed and therefore it is important for members to submit their questions in advance of the AGM.

3. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may be accessed at the Company's website at the URL https://www.singapurafinance.com.sg/agm2021.php, and will also be made available on the SGXNet.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 11.00 a.m. on 11 April 2022.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) if submitted personally or by post, be deposited at the registered office of the Company at 150 Cecil Street #01-00, Singapore 069543; or

   (b) if submitted electronically, be submitted via email to the Company at investors.relations@singapurafinance.com.sg,

   in either case, by not later than 11.00 a.m. on 19 April 2022, being not less than 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

6. The Annual Report 2021 may be accessed at the Company's website at the URL https://www.singapurafinance.com.sg/investor.php and on the SGXNet.

Personal data privacy:

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Teoh Eng Hong (“Mr Teoh”)	**Mdm Tan Hui Keng, Martha (Mdm Martha Tan)**	**Mr Tan Chin Han Adam (“Mr Adam Tan”)**
Date of appointment	18 June 1992	1 November 2011	3 January 2017
Date of last re-appointment	26 April 2019	26 April 2019	11 June 2020
Age	79	65	47
Country of principal residence	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Teoh as an Independent Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Teoh’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mdm Martha Tan as an Independent Non-Executive Director was recommended by the Nominating Committee, and the Board has accepted the recommendation, after taking into consideration Mdm Martha Tan’s qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Adam Tan as an Independent Non-Executive Director was recommended by the Nominating Committee, and the Board has accepted the recommendation, after taking into consideration Mr Adam Tan’s qualifications, expertise, past experiences and overall contributions since he was first appointed as a Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Chairman of the Remuneration and Executive Committees and a member of the Audit, Nominating, Remuneration and Risk Management Committees	• Chairman of the Audit Committee and a member of the Nominating, Remuneration and Risk Management Committees	• Chairman of the Risk Management Committee and a member of the Audit, Nominating, Remuneration, Digitalization and Executive Committees
Professional qualifications	Bachelor of Economics (1st Class Honours), University of Adelaide, Australia	• Degree (Honours) in Accountancy, University of Singapore • Fellow Member of the Institute of Singapore Chartered Accountants	• Bachelor of in Accountancy (Honours), Nanyang Technological University, Singapore • Chartered Accountant of Singapore
Working experience and occupation(s) during the past 10 years	Refer to Board of Directors’ Profile on page 5.		
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors’ Statement on pages 49 to 51.		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Teoh Eng Hong ("Mr Teoh")	**Mdm Tan Hui Keng, Martha (Mdm Martha Tan)**	**Mr Tan Chin Han Adam ("Mr Adam Tan")**
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments including directorships	Past (for the last 5 years) Directorships ● Ngee Ann Institute of Higher None Present Directorships ● Singapura Finance Ltd ● Ngee Ann Academy Pte Ltd ● Teoh Holdings Pte Ltd Other Commitments ● Advisor of Unique Gas Solution Private Limited	Past (for the last 5 years) Directorships Nil Present Directorships ● Singapura Finance Ltd ● Singapore Consortium Investment Management Limited	Past (for the last 5 years) Directorships ● Femto Pte Ltd Present Directorships ● Singapura Finance Ltd ● Plasticscommerce Pte Ltd ● German Training Centre for Injection Moulding (Asia) Pte Ltd ● Rochdale Ventures Limited ● Agrimax Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Teoh Eng Hong (“Mr Teoh”)	**Mdm Tan Hui Keng, Martha (Mdm Martha Tan)**	**Mr Tan Chin Han Adam (“Mr Adam Tan”)**
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?		
No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?		
No	No	No
(c) Whether there is any unsatisfied judgment against him?		
No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?		
No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?		
No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?		
No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?		
No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?		
No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?		
No	No	No

Mr Teoh Eng Hong ("Mr Teoh")	**Mdm Tan Hui Keng, Martha (Mdm Martha Tan)**	**Mr Tan Chin Han Adam ("Mr Adam Tan")**
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		
No	No	No

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SINGAPURA FINANCE LTD

(Company Registration No. 196900340N)
(Incorporated in the Republic of Singapore)

PROXY FORM

This proxy form has been made available on the Company's website at the URL https://www.singapurafinance.com.sg/agm2021.php and on the SGXNet.

IMPORTANT: Please read the notes overleaf before completing this form.

IMPORTANT:

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM will be sent to members by electronic means via publication on the Company's website at the URL https://www.singapurafinance.com.sg/investor.php and on the SGXNet. For convenience, printed copies of the Notice of AGM will also be sent by post to members.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and voting by proxy at the AGM are set out in the Company's announcement dated 31 March 2022 titled "Annual General Meeting to be held on 22 April 2022" which has been uploaded together with the Notice of AGM on SGXNet on the same day. This announcement may also be accessed at the Company's website at the URL https://www.singapurafinance.com.sg/investor.php.
3. Due to the current Covid-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
4. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used CPF/SRS Investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 11.00 a.m. on 11 April 2022.

*I/We (Name), ______________________________ (NRIC/Passport/UEN No.) ____________________

of (Address) ____

being *a member/members of Singapura Finance Ltd (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as *my/our proxy to attend, speak, vote or abstain from voting for *me/us on *my/our behalf at the AGM to be convened and held by way of electronic means on Friday 22 April 2022 at 11.00 a.m. and at any adjournment thereof. *I/We direct my/our proxy to vote for, against and/or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions relating to:	Number of Votes / For(1)	Number of Votes / Against(1)	Number of Votes / Abstain(1)
Routine Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2021 together with the Auditors' Report			
2	Declaration of a first and final dividend (one-tier tax-exempt) of 2.0 cents per share and a special dividend (one-tier tax-exempt) of 2.0 cents per share for the year ended 31 December 2021			
3	Re-election of the following Directors retiring under article 97:			
3(a)	Mr Teoh Eng Hong			
3(b)	Mdm Tan Hui Keng, Martha			
3(c)	Mr Adam Tan Chin Han			
4	Approval of Directors' fees of $540,000 for the year ended 31 December 2021			
5	Re-appointment of Messrs KPMG LLP as Auditor and authorisation for the Directors to fix their remuneration			
6	To transact any other ordinary business which may properly be transacted at an Annual General Meeting			
Special Business				
7	Authority to issue shares and to make or grant instruments convertible into shares			

(1) Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise some and not all your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of votes in the boxes provided. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid**.

Dated this __________ day of ______________ 2022

Total number of Shares in:	No of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Member(s)
or, Common Seal of Corporate Member

*Delete where inapplicable

Notes:

1. A member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
2. The Chairman of the AGM, as proxy, need not be a member of the Company.
3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as proxy or proxies shall be deemed to relate to all the shares held by you.
4. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) if submitted personally or by post, be deposited at the registered office of the Company at 150 Cecil Street #01-00, Singapore 069543; or

   (b) if submitted electronically, be submitted via email to the Company at investors.relations@singapurafinance.com.sg,

   in either case, not later than 11.00 a.m. on 19 April 2022, being not less than 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

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Singapura 富雅金融 FINANCE

PROXY FORM FOR AGM

Affix
Postage
Stamp

The Company Secretary
c/o Singapura Finance Ltd
150 Cecil Street #01-00
Singapore 069543

2nd fold here

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
6. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 11.00 a.m. on 11 April 2022.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (including any related attachment). In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 March 2022.

SINGAPURA FINANCE LTD

150 Cecil Street
#01-00 Singapore 069543

www.singapurafinance.com.sg
www.facebook.com/singapurafinanceltd