Issuer & Securities

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SINGAPURA FINANCE LTD

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ANNUAL REPORTS AND RELATED DOCUMENTS::

Announcement Details

Announcement Title
Annual Reports and Related Documents

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Submitted By (Co./ Ind. Name)
Ngiam May Ling

Designation
Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)
Please see attached FY2019 Annual Report, Letter to Shareholders and Request Form.

The FY2019 Annual Report is not accompanied by the Notice of Annual General Meeting ("AGM") and the Proxy Form which will be separately sent to shareholders at a later date. In view of the measures put in place by the Government due to the COVID-19 outbreak, and the guidance issued by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation, the Company will provide an update to shareholders as to the indicative date of the AGM as soon as possible.

Additional Details

Period Ended
31/12/2019

Attachments

SFL_Annual%20Report%202019.pdf

SFL_Letter%20to%20Shareholders_15Apr2020.pdf

SFL_RequestForm.pdf

Total size =2902K MB

Singapura
富雅金融 FINANCE

CONTENTS

THE **SINGAPURA FINANCE** BRAND

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 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 **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)

S hareholder Value

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

P eople Development

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

I ntegrity

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.

C ustomer Focus

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

E fficiency

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

CHAIRMAN'S **STATEMENT**

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 2019 ("FY2019").

PERFORMANCE REVIEW

The external operating environment for FY2019 continued to be challenging, against a background of weak growth for the Singapore's economy of 0.7% for the whole of 2019 compared to the 3.1% recorded for 2018 and 3.7% in 2017.

The Group recorded a profit from operations before allowances of $7.6 million for FY2019, 4.3% lower vis-à-vis the same period last year. Total income which grew by $0.5 million or 2.2% was outpaced by the increase in total operating expenses by 0.8 million or 6.1%.

Total income rose with higher net interest income partly offset by lower non-interest income. Net interest income improved by $0.6 million or 3.0% mainly due to higher recovery from non-performing loans partially offset by increase in interest expenses with the higher cost of funds. Non-interest income dipped by $0.1 million or 9.2% primarily due to decline in fees and commissions and other operating income. Total operating expenses edged up due to higher staff costs and depreciation but this was cushioned by the drop in other operating expenses.

Net write back on loan impairment losses amounted to $1.4 million for FY2019 compared to $1.0 million for the same period last year. The Group continues to set aside adequate impairment allowances for its loan portfolio.

The Group's total loan net of allowances increased by 8.2% to $736 million as at 31 December 2019 compared to $680 million as at 31 December 2018. In line with the higher loan balance, the Group has actively managed the total deposits upwards by 16.4% to $846 million as at 31 December 2019.

In compliance with the regulatory requirement for loan loss allowance, $2.2 million was transferred from the accumulated profit to the Regulatory Loss Allowance Reserve for the year under review. The transfer is reflected in the Statement of Changes in the Equity.

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 year and the date of this report.

"In June 2019, the Company was granted permission by the Monetary Authority of Singapore to issue pre-paid card to our depositors. Subsequently in October 2019, we have launched our **VIVID savings account** which comes with an option for customers to apply for a **VIVID pre-paid Mastercard for cashless payments**."

TEO CHIANG LONG
EXECUTIVE CHAIRMAN

CHAIRMAN'S **STATEMENT**

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 cents per share and a special one-tier tax exempt dividend of 1.5 cents per share for FY2019. The total distribution of 3.5 cents per share for the year will amount to approximately $5.55 million.

OPERATIONS REVIEW

In June 2019, the Company was granted permission by the Monetary Authority of Singapore to issue pre-paid card to our depositors. Subsequently in October 2019, we have launched our VIVID savings account which comes with an option for customers to apply for a VIVID pre-paid Mastercard for cashless payments. Our collaboration with GovTech(Myinfo) allows customer to open a VIVID savings account online without visiting our customer centre. Customers are also able to enjoy the convenience of managing their savings and pre-paid Mastercard via the VIVID mobile application.

It is part of the Group's plan to invest in the financial technology ("Fintech") sector which the Group believes could provide synergistic opportunities to achieve growth in the financial sector. The Group entered into an agreement to subscribe for 1.6% stake in the share capital of home grown digital payments firm Matchmove Pay Pte Ltd on 15 October 2019. The completion of the subscription has taken place on 12 December 2019. The subscription represents an opportunity for the Group to acquire a stake in a business that has possible long-term growth potential.

Instead of seeing Fintech businesses as disruptors, the Group sees them as complementary to the Group's business and an opportunity to expand what the Group can do to better serve its customers. The Group has and will continue to pursue opportunities to collaborate with Fintech businesses and invest in technology to enhance work processes, productivity and our customers' experience.

OUTLOOK

We are cautious of the Singapore economy's growth prospects for 2020. The US-China trade war poses continued risk. The ongoing unrest in Hong Kong, Brexit-related uncertainties and geopolitical tensions in the Middle East could lead to financial market volatility, and have negative spill over effects on the region and Singapore. Taking into account the global and domestic economic environment, the Ministry of Trade and Industry ("MTI") announced earlier in November 2019 that it expected a GDP growth of "0.5% to 2.5%" for 2020. The forecast was premised on a modest pickup in global growth, along with a recovery in the global electronics cycle.

However, since then, the outbreak of the coronavirus disease 2019 (COVID-19) has affected China, Singapore and many countries around the world. Should the COVID-19 outbreak be more widespread, severe and protracted than anticipated, there could be sharp pullback in global consumption, as well as more prolonged disruption to global supply chains and production. Against this backdrop, the outlook for the Singapore economy has weakened and MTI has therefore downgraded the GDP growth forecast for 2020 to "-0.5% to 1.5%", with growth expected to come in at around 0.5%, the mid-point of the forecast range.

Notwithstanding these headwinds and uncertainties, we will stand firm by our strategic priorities to continue to expand selectively, deepen our relationships with our customers, strengthen partnerships with our business associates, increase income, manage our credit exposure and operating expenses and improve operating results. These are crucial in attaining sustainable growth and long-term value for our shareholders.

The Group will focus on specific high-yield products and robust growth sectors and to cultivate relationships with our existing customers in order to gain market share through cross-selling and to build on the strong connections that we have established with our business partners and grow the network for more referrals.

The Group will also continue to be prudent and responsible in all our lending. Achieving excellence in service delivery and customer experience remains our cornerstone to winning over and keeping our customers.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to convey our sincere gratitude to all our valued customers, shareholders and business associates for their continued support, loyalty and confidence in us. I would also like to thank my fellow Board members for their invaluable advice and guidance during the year and to the management and staff for their commitment and efforts in contributing to the development of the Group.

TEO CHIANG LONG
EXECUTIVE CHAIRMAN

SINGAPORE
21 FEB 2020

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 at the Annual General Meeting of the Company on 27 April 2018.

Mr. Teo is a Senior Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry and a member of the Committee of the Management of The Ngee Ann Kongsi's Committee of Management. Mr. Teo is a Governor of the Singapore Teochew Foundation Limited and a Director of Bright Vision Hospital. He also serves on the board of Ngee Ann Development Pte. Ltd, a joint venture company between The Ngee Ann Kongsi and Takashimaya Tokyo.

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 at the Annual General Meeting of the Company held on 27 April 2018.

Prior to joining the Company, he had worked with Ernst & Young Consultants as a senior consultant. He is the President of The Ngee Ann Kongsi's Committee of Management, 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.

PHUA BAH LEE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Phua Bah Lee joined the Board of the Company as an Independent Non-Executive Director on 19 October 1988. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 26 April 2019. Mr. Phua is Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He resigned as the Lead Independent Director on 12 February 2019.

Mr. Phua was the Parliamentary Secretary of the Ministry of Communications from 1968 to 1971 and Senior Parliamentary Secretary of the Ministry of Defence from 1972 to 1988. He was a Member of Parliament for the Tampines Constituency from 1968 to 1988. He retired from politics in 1988.

Mr. Phua has been an Independent Non-Executive Director of Metro Holdings Limited since 1993 and also holds directorship in several private companies.

Mr. Phua graduated from the Nanyang University of Singapore with a Bachelor of Commerce degree. He is also a member of the Singapore Institute of Directors.

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 at the Annual General Meeting of the Company held on 26 April 2019. Mr. Teoh is the Chairman of the Risk Management Committee and is a member of the Audit, Nominating, Remuneration and Executive Committees.

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.

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

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 as a member of the Risk Management Committee. He was subsequently re-designated as an Independent Director with effect from 26 August 2011.

Mr. Ho was last re-appointed as a Director at the Annual General Meeting of the Company held on 28 April 2017. He is an Independent Non-Executive Director and a member of the Risk Management Committee.

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

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 also sits on the Audit Committee as Chairman; and is a member of the Nominating, Remuneration and Risk Management Committees. She was last re-elected as a Director at the Annual General Meeting of the Company held on 26 April 2019.

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.

BOARD OF **DIRECTORS**

YU-FOO YEE SHOON
INDEPENDENT
NON-EXECUTIVE DIRECTOR

Mrs. Yu-Foo Yee Shoon joined the Board on 1 November 2011 as an Independent Non-Executive Director. Mrs. Yu-Foo also sits on the Nominating Committee as Chairman; and is a member of the Audit and Remuneration Committees. She was last re-elected as a Director at the Annual General Meeting of the Company held on 27 April 2018. She was also re-appointed as the Lead Independent Director on 12 February 2019.

Mrs. Yu-Foo started her career with the National Trades Union Congress (NTUC). She was Deputy Secretary-General of NTUC, Senior Parliamentary Secretary for Ministry of Community Development and Sports, 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 (International Advisory Panel) to Hyflux Ltd and 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 and Executive Council Member of Hainan University.

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.

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 a member of the Audit, the Nominating, Remuneration and Risk Management Committees. He was last re-elected as a Director at the Annual General Meeting of the Company held on 28 April 2017.

Mr. Tan is the Chief Executive Officer of Plasticscommerce Pte Ltd and an Executive Director of Agrimax Pte. 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. At Agrimax Pte. Ltd. Mr. Tan is responsible for business development and operations.

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

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 also a member of the Audit, Nominating, Remuneration and Risk Management Committees. He was last re-elected as a director at the Annual General Meeting of the Company held on 26 April 2019.

Mr. Khoo started his career in the Singapore Rugby and went on to 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, 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.

FINANCIAL **HIGHLIGHTS**

	Audited 12 months	Audited 12 months	Audited 12 months	Unaudited 12 months [1]	Audited 18 months	Audited 12 months
	31 Dec 2019 (FY2019) S$'000	31 Dec 2018 (FY2018) S$'000	31 Dec 2017 (FY2017) S$'000	31 Dec 2016 (FY2016 Unaudited) S$'000	31 Dec 2016 (FY2016 Audited) S$'000	30 Jun 2015 (FY2015) S$'000
CAPITAL EMPLOYED						
Total assets	**1,120,876**	996,933	1,076,100	1,124,773	1,124,773	1,237,813
Net assets	**259,164**	257,483	253,996	251,885	251,885	248,579
Net assets per share (dollars)	**1.63**	1.62	1.60	1.59	1.59	1.57
SHARE CAPITAL						
Issued and fully paid	**168,896**	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	158,686
LOANS AND DEPOSITS						
Loans before allowances	**742,797**	688,765	760,444	851,588	851,588	945,603
Deposits	**845,516**	726,519	808,278	856,928	856,928	978,143
PROFIT AND DIVIDEND PAYOUT						
Profit before tax	**9,007**	8,987	5,905	3,271	4,671	5,464
Profit after tax	**7,481**	7,717	4,907	2,730	3,900	4,543
Dividend	**5,554**	6,347	4,761	3,174	3,174	3,174
DIVIDEND AND EARNINGS PER SHARE						
Dividend per share (cents) - tax exempt one-tier	**3.5**	4.0	3.0	2.0	2.0	2.0
Earnings per share (cents) [2]	**4.7**	4.9	3.1	1.7	2.5	3.5

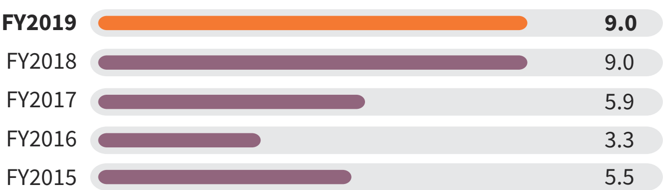
(1) The Group changed its financial year end from 30 June to 31 December in FY2016. The 12 month period results ended 31 Dec 2016, which is computed by deducting the results of the 6 month period ended 31 Dec 2015 (1 Jul 2015 to 31 Dec 2015) from that of 18 month period ended 31 December 2016, is presented for comparative purposes only.

(2) Earnings per share for FY2019, FY2018, FY2017, FY2016 (Unaudited) and FY2016 (Audited) are calculated based on profit after tax on weighted average of 158,685,890 shares in issue (FY2015 : 131,825,726 shares).

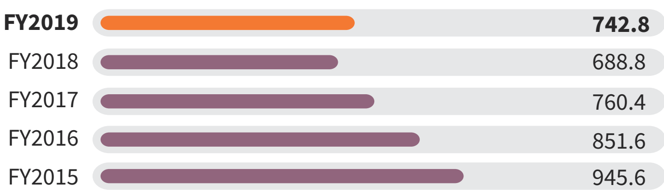
DIVIDEND POLICY

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.

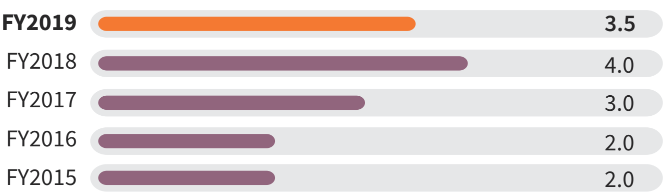
PROFIT BEFORE TAX S$ million



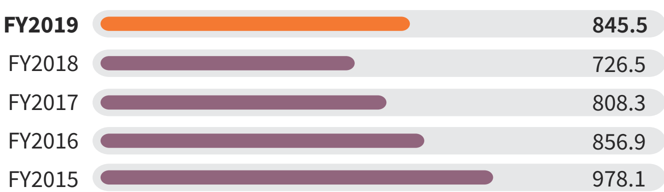
LOANS S$ million



NET DIVIDEND PER SHARE cents



DEPOSITS S$ million



FINANCIAL
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FINANCIAL SUMMARY

	2019 $'000	2018 $'000	Variance %
SELECTED INCOME STATEMENT ITEMS			
Net interest income	20,558	19,958	3.0
Non-interest income	1,219	1,343	(9.2)
Total income	21,777	21,301	2.2
Operating expenses	(14,138)	(13,320)	6.1
Profit from operations before allowances	7,639	7,981	(4.3)
Write-back on loan losses	1,368	1,006	36.0
Profit before tax	9,007	8,987	0.2
Profit after tax attributable to shareholders	7,481	7,717	(3.1)
SELECTED BALANCE SHEET ITEMS			
Total equity	259,164	257,483	0.7
Total assets	1,120,876	996,933	12.4
Loans and advances (net of allowances)	736,144	680,441	8.2
Deposits and savings accounts of customers	845,516	726,519	16.4
KEY FINANCIAL RATIOS (%)			
Net interest margin	2.18	2.08	
Non-interest income ratio	5.6	6.3	
Cost-to-income ratio	64.9	62.5	
Loans-to-deposits ratio	87.1	93.7	
Non-performing loans ratio			
- Secured by collateral	4.4	9.1	
- Unsecured and fully provided for	0.8	1.0	
Return on equity[(1)]	2.9	3.0	
Return on total assets[(2)]	0.7	0.8	
Capital adequacy ratio	27.4	33.4	
PER ORDINARY SHARE DATA			
Basic earnings per share (cents)[(3)]	4.7	4.9	
Net asset value per share ($)	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 2019 and 31 Dec 2018 are calculated based on profit after tax on weighted average of 158,685,890 shares in issue.

ANALYSIS OF PERFORMANCE

The Group recorded a profit from operations before allowances of $7.6 million for the financial year ended 31 December 2019 ("FY2019"), 4.3% lower vis-à-vis the same period last year. Total income which grew by $0.5 million or 2.2% was outpaced by the increase in total operating expenses by 0.8 million or 6.1%.

Total income rose with higher net interest income partly offset by lower non-interest income. Net interest income improved by $0.6 million or 3.0% mainly due to higher recovery from non-performing loans partially offset by increase in interest expenses with the higher cost of funds. Non-interest income dipped by $0.1 million or 9.2% primarily due to decline in fees and commissions and other operating income. Total operating expenses edged up due to higher staff costs and depreciation but this was cushioned by the drop in other operating expenses.

Net write back on loan impairment losses amounted to $1.4 million for the year ended 31 December 2019 compared to $1.0 million for the same period last year. The Group continues to set aside adequate impairment allowances for its loan portfolio.

The Group's total loan net of allowances increased by 8.2% to $736 million as at 31 December 2019 compared to $680 million as at 31 December 2018. In line with the higher loan balance, the Group has actively managed the total deposits upwards by 16.4% to $846 million as at 31 December 2019.

FINANCIAL **REVIEW**

In compliance with the regulatory requirement for loan loss allowance, $2.2 million was transferred from the accumulated profit to the Regulatory Loss Allowance Reserve for the year under review. The transfer is reflected in the Statement of Changes in the Equity.

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 year 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 cents per share and a special one-tier tax exempt dividend of 1.5 cents per share for FY2019.

	2019 Tax Exempt cents	2018 Tax Exempt cents	Variance cents
Dividend Per Share			
- Final	2	2	-
- Special	1.5	2	(0.5)
Total	**3.5**	**4**	**(0.5)**

NET INTEREST INCOME

Average Balance Sheet and Net Interest Margin

Interest-earing Assets & Interest-bearing Liabilities

	2019			2018			Variance	
	Average Balance $'000	Interest $'000	Average Rate %	Average Balance $'000	Interest %	Average Rate %	Interest $'000	Average Rate %
INTEREST-EARNING ASSETS								
Loans and advances	705,936	26,180	3.71	717,934	24,000	3.34	2,180	0.37
Singapore Government Securities	136,242	2,616	1.92	138,974	2,459	1.77	157	0.15
Other interest-earning assets	101,853	1,497	1.47	103,290	1,307	1.27	190	0.20
Total	**944,031**	**30,293**	**3.21**	**960,198**	**27,766**	**2.89**	**2,527**	**0.32**
INTEREST BEARING-LIABILITIES								
Deposits and savings accounts	694,036	9,735	1.40	712,079	7,808	1.10	1,927	0.30
Total	**694,036**	**9,735**	**1.40**	**712,079**	**7,808**	**1.10**	**1,927**	**0.30**
Net interest income/margin as a percentage of interest-earning assets		**20,558**	**2.18**		**19,958**	**2.08**	**600**	**0.10**

Net interest income rose by $0.6m or 3.0% for FY2019 compared to last year.

Total interest income improved by $2.5m or 9.1% mainly attributed to higher loan interest income from recovery of non-performing loans.

Total interest expense increased $1.9m or 24.7% primarily due to higher cost of funds at 1.40% compared to 1.10% for last year.

The Group's net interest margin as a percentage of the interest-earning assets improved marginally from 2.08% to 2.18%.

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The table below shows the change in the net interest income due to the impact of volume and rate changes.

VOLUME AND RATE ANALYSIS INCREASE/(DECREASE) FOR FY2019 OVER FY2018	Volume $'000	Rate $'000	Total $'000
INTEREST INCOME			
Loans and advances	(401)	2,581	2,180
Singapore Government Securities	(48)	205	157
Other assets	(18)	208	190
Total	**(467)**	**2,994**	**2,527**
INTEREST EXPENSE			
Deposits and savings accounts	(198)	2,125	1,927
Total	**(198)**	**2,125**	**1,927**
Net interest income	**(269)**	**869**	**600**

NON-INTEREST INCOME	2019 $'000	2018 $'000	Variance %
Fees and commissions	695	719	(3.3)
Dividends	-	15	(100.0)
Other operating income	524	609	(14.0)
Total non-interest income	**1,219**	**1,343**	**(9.2)**

Non-interest income for FY2019 contracted by 9.2% to $1.2 million primarily due to lower fees and commissions from early settlement of loans and the absence of dividends income.

OPERATING EXPENSES	2019 $'000	2018 $'000	Variance %
Staff costs	8,746	8,184	6.9
Depreciation	1,164	782	48.8
Other operating expenses	4,228	4,354	(2.9)
Total operating expenses	**14,138**	**13,320**	**6.1**

Operating expenses increased by 6.1% compared to the same period last year mainly due to higher depreciation and staff costs.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES	2019 $'000	2018 $'000	Variance %
Write-back of/(Allowances for) credit impaired loans	276	(1,995)	(113.8)
Write-back of non-credit impaired loans	1,092	3,001	(63.6)
Total Write-back of/(Allowances for) Impairment Losses (Net)	**1,368**	**1,006**	**36.0**

A write-back on credit impaired loans of $0.3 million was made in FY2019 compared to a charge of $2.0 million during the same period last year. There was a $1.1 million write-back on non-credit impaired loans in FY2019 compared to $3.0 million write-back in FY2018. The resultant impact was a higher total net write-back of $1.4 million for loan impairment losses compared to $1.0 million for the same period last year.

CORPORATE **DIRECTORY**

BOARD OF DIRECTORS

EXECUTIVE

Teo Chiang Long
(Executive Chairman)

Jamie Teo Miang Yeow
(Chief Executive Officer)

INDEPENDENT NON-EXECUTIVE

Phua Bah Lee
Teoh Eng Hong
William Ho Ah Seng
Yu-Foo Yee Shoon
Tan Hui Keng, Martha
Adam Tan Chin Han
Terence Khoo Chi Siang

AUDIT COMMITTEE
Tan Hui Keng, Martha (Chairman)
Phua Bah Lee
Teoh Eng Hong
Yu-Foo Yee Shoon
Adam Tan Chin Han
Terence Khoo Chi Siang

NOMINATING COMMITTEE
Yu-Foo Yee Shoon (Chairman)
Phua Bah Lee
Teoh Eng Hong
Tan Hui Keng, Martha
Adam Tan Chin Han
Terence Khoo Chi Siang

REMUNERATION COMMITTEE
Phua Bah Lee (Chairman)
Teoh Eng Hong
Yu-Foo Yee Shoon
Tan Hui Keng, Martha
Adam Tan Chin Han
Terence Khoo Chi Siang

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

EXECUTIVE COMMITTEE
Teo Chiang Long (Chairman)
Teoh Eng Hong
Jamie Teo Miang Yeow

COMPANY SECRETARY
Ngiam May Ling
Blandina Chia Swee Hoon
(Assistant Company Secretary)

SHARE REGISTRAR & SHARE TRANSFER OFFICE
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: 62276660
Fax: 62251452

AUDITORS
KPMG LLP
Certified Public Accountants, Singapore
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Audit Partner: Mr Ian Hong
[wef Financial Year 2015]

BANKERS
DBS Bank Ltd
Oversea-Chinese Banking Corporation Ltd
United Overseas Bank Ltd

REGISTERED OFFICE
Singapura Finance Ltd
[Company Registration No. 196900340N]
150 Cecil Street #01-00
Singapore 069543
Tel: 68800633
Fax: 62258310
www.singapurafinance.com.sg
www.facebook.com/singapurafinanceltd

CORPORATE **SUSTAINABILITY REPORTING**

BOARD STATEMENT

The Board of Directors ("the Board") is pleased to present our third 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. This year, we re-validated the material ESG factors that were identified in the past two years 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.

In this Report, we are proud to share our sustainability approach as well as our sustainability progress for the financial year ended 31 December 2019. This year, we have enhanced our Report by deepening our performance disclosures as well as demonstrating our corporate responsibility on giving back to society through additional disclosure on community engagement.

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

CORPORATE
SUSTAINABILITY REPORTING

SUSTAINABILITY SNAPSHOT OF SINGAPURA FINANCE IN 2019

The following presents highlights of SFL's sustainability performance in 2019.

Economic Performance

Revenue
$31.5M

Net Profit After Tax
$7.5M

Net Profit Margin
23.8%

98%
of supplies are sourced locally

Environmental Performance

Decrease in energy consumption by
2.38% *in 2019*

3.22% decrease
in energy intensity in 2019

Social Performance

Invested in training for employees to enhance and improve ***CUSTOMER SERVICE QUALITY***

Increased number of employees on ***FLEXIBLE WORKING ARRANGEMENT*** *by 20% from last year*

36% *of employees have worked in SFL for 10 years or more*

Governance Performance

No reported non-compliance incidents that resulted in significant fines or resulted in legal actions in relation to the following areas:

MARKETING AND LABELLING

COMPLIANCE WITH LAWS AND REGULATIONS

ANTI-CORRUPTION

CUSTOMER PRIVACY

CORPORATE
SUSTAINABILITY REPORTING

ABOUT THIS REPORT

This Report covers our sustainability approach and performance for the financial year ended 31 December 2019 (FY2019).

The scope of this Report focuses on SFL's key business activities in Singapore – deposit services and financing for business and individuals. The Report is developed in accordance with the "GRI Standards: Core Option", which provides guidance on materiality and reporting principles as well as relevant performance indicators of the material factors. This Report is also aligned with the Singapore Exchange SGX-ST Listing Rules Practice Note 7.6: "Sustainability Reporting Guide".

In 2017, a formal materiality assessment was conducted to identify ESG risks and opportunities that are most important to our business and stakeholders. 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, 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.

This year, we have reviewed and re-validated the list of material factors identified in the past two years to ensure their relevance to our business and stakeholders. This year's Report includes an additional disclosure on 'Local Communities' to further demonstrate our commitment towards creating positive impacts in our communities.

The following table summarises the Company's material factors and references for the detailed information.

SUSTAINABILITY CATEGORIES	MATERIAL FACTORS	DETAILED INFORMATION
Economic	• Economic Performance and Indirect Economic Impact	• Financial Review and Financial Statements, pages 8 and 53 to 108 • Sustainability Report, page 15
	• Responsible Lending	• Sustainability Report, page 16
Environment	• Energy and Emissions	• Sustainability Report, page 16
Social	• Talent Retention[1]	• Sustainability Report, page 17
	• Training and Education	• Sustainability Report, page 20
	• Customer Privacy	• Sustainability Report, page 20
	• Marketing and Labelling	• Sustainability Report, page 21
	• Assessment for Agents and Customers	• Sustainability Report, page 21
	• Customer Experience	• Sustainability Report, page 21
	• Local Communities[2]	• Sustainability Report, page 22
Governance	• Compliance with Laws and Regulations	• Sustainability Report, page 22 • Corporate Governance Report, page 22
	• Anti-corruption	• Sustainability Report, page 23 • Corporate Governance Report, pages 29 to 45

[1] Please see "Employment" in the GRI Content Index for corresponding GRI disclosures
[2] This is an additional disclosure, not a material factor

STAKEHOLDER ENGAGEMENT

[GRI 102-13, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44]

SFL's sustainable success depends on our strong connections with the diverse range of stakeholders in our business. 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 are our material stakeholders. We engage our key stakeholders to better understand their views and concerns through various engagement channels, of which are presented in the table below.

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.

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	When applicable
Employees	• Training • Fair compensation and benefits • Personal development • Work environment	• Meetings with employees • Training and development programmes • Employee events	Throughout the year
Government and Regulators	• Financial performance stability • Compliance • Cyber/security threats • Prevention of financial fraud	• Meetings and consultations	Throughout the year
Shareholders	• SFL's financial performance • Operational strategy • Shareholders' returns	• Annual General Meeting • Announcements on Company website • Annual Reports	Periodically
Membership of Associations[4]	• Sustainable business • Responsible employers	• Dialogue sessions	Throughout the year

MATERIAL FACTORS

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 which 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. In 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.

Our economic value distributed include our employees' compensations, taxes as well as dividends to shareholders. SFL strives 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.

The Company is proposing a first and final dividend of 2 cents per share and a special dividend of 1.5 cents per share for FY2019.

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

[4] 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

CORPORATE
SUSTAINABILITY REPORTING

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 2019, please refer to pages 53 to 108 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 2019, we have grown our lending business by S$54 million (8%) 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 2019.

Table 1a. 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%

This year, we have increased 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 enhance our positive influences on the local economy by continuing to grow 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. 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.

Environment

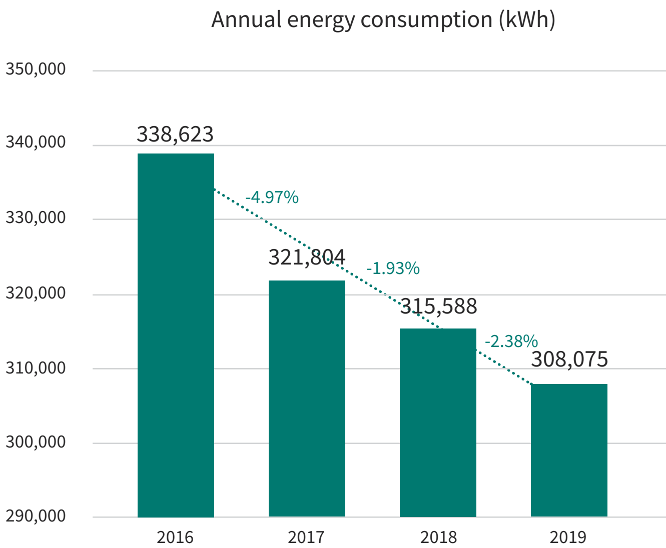
Energy and Emissions
[GRI 103-1, GRI 103-2, GRI 103-3, GRI 302-1, GRI 302-3, GRI 305-2, GRI 305-4]

In line with Singapore's Climate Action Plan to build a "Climate-Resilient Singapore, for a Sustainable Future"[6], 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 for 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 instance, to remind our employees to switch to sleep mode on their electronic devices and switch off lightings and air-cons when they are not in use. Apart from that, we monitor our electricity bills diligently to identify and address any abnormal use as well as do our best to rectify any equipment malfunctioning. In addition, recycling bins have been installed in our office during the year.

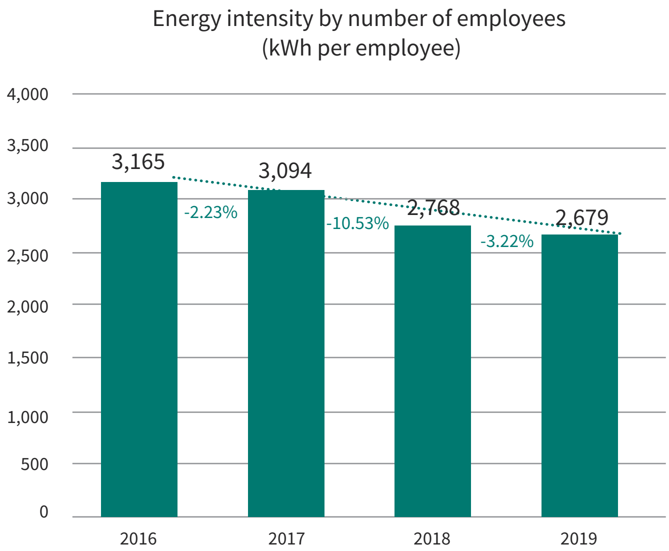
Electricity usage is our main source of energy consumption. With the extra efforts that we took in energy reduction, we were able to reduce energy consumption[7] by 2.38% and energy intensity by 3.23% in 2019. The following charts present SFL's annual energy consumption (kWh) and energy intensity by number of employees (kWh/employees).

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



6 https://www.mfa.gov.sg/SINGAPORES-FOREIGN-POLICY/International-Issues/Climate-Change
7 Energy consumption of all Singapura Finance premises. 1,219.04 GJ in 2016, 1,158.50 GJ in 2017, 1,136.12 GJ in 2018, 1,109.07 GJ in 2019

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 1a. Total annual GHG emission and GHG emission intensity by number of employees

	2016	2017	2018	2019	Percentage change[8] (decrease %)
Total annual GHG emission[9] (tonnes of CO_2e)	143	136[10]	132[10]	129	2.47
GHG emission intensity by number of employees (tonnes of CO_2e/ employees)	1.34	1.31[10]	1.16[10]	1.12	3.32

In the upcoming year, SFL aims to continue our energy saving efforts to maintain or reduce our energy intensity and GHG emissions intensity.

SOCIAL

People Development

Employees are the greatest asset of our business at SFL. Therefore as part of our efforts to create a positive and inclusive culture, we focus on attracting and retaining the best talents. This is important because high retention rate will create a positive work environment, thus strengthening our employees' commitment to the organization and ensuring the continuity of our business.

SFL's general employment practices support the SDGs of Decent Work and Economic Growth, Gender Equality and Good Health and Well-Being. These include developing career opportunities, cultivating a team culture and organizing team bonding events.

Talent Retention

[GRI 102-7, GRI 102-8, GRI 103-1, GRI 103-2, GRI 103-3, GRI 405-1]

(i) Recruitment

We adopt the Tripartite Guidelines on Fair Employment Practices in recruitment to respect talents regardless their gender, race, religion, cultural and family background. For example, SFL values the experience of the senior generation and supports them to re-join the workforce. SFL extends re-employment opportunities to eligible staff upon their retirement. We have re-employed 2 employees on contract when they retired. One of the employees who is 73 years old now has been working with us on a part-time basis for the last 8 years since his retirement. In the past few years, SFL has also employed senior employees above 55 years old for managerial positions.

SFL recruits potential employees through a vast range of channels such as collaborating with professional recruitment consultants, leveraging on the internet recruitment platforms and encouraging staff referrals. The following charts show the profiles of the employees and governance body at SFL:

8 Percentage change from base year 2018

9 Conversion factors used are derived from Grid Emission Factors adapted from Singapore Energy Statistics 2016, Singapore Energy Statistics 2017, Singapore Energy Statistics 2018 and Singapore Energy Statistics 2019

10 The above prior year figures are restated due to updates in the conversion factors used [GRI 102-48]

CORPORATE
SUSTAINABILITY REPORTING

Chart 2a. Total number of employees by employment contract and gender

Total number of Employees by Gender

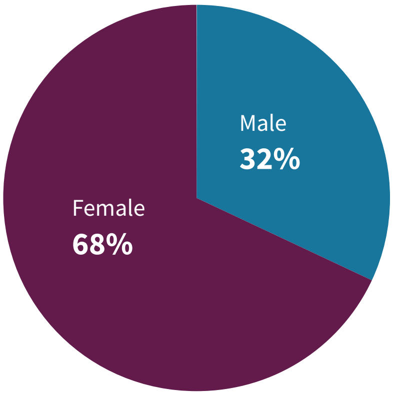


Chart 2b. Percentage of individuals within the governance body by gender

Percentage of Individuals within the governance body by gender

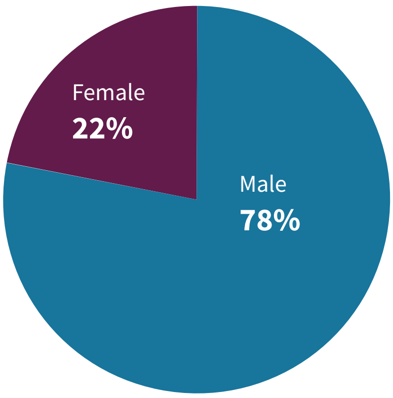


Chart 2c. Percentage of individuals within the governance body by age group

Percentage of Individuals within the governance body by age group

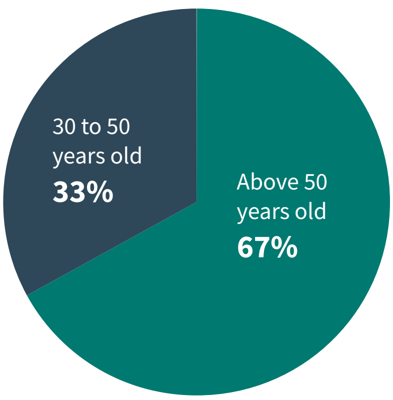


Table 2a. Total number of employees by employment type and gender

Number of full-time employees	
Male	36
Female	78
Number of part-time employees	
Male	1
Female	0

Table 2b. Percentage of employees per employee category by age group

Employee category	Age	Percentage
Senior Management	< 30 years old	0
	30 – 50 years old	67
	> 50 years old	33
Middle Management	< 30 years old	0
	30 – 50 years old	18
	> 50 years old	81
Executive Level	< 30 years old	7
	30 – 50 years old	72
	> 50 years old	21

ii) Employment Practices

We believe in enforcing fair employment practices within the Company and have set in place various schemes such as cross training and inter-dept transfers to enhance diversity of job scope. This practice enables employees to nurture expertise in areas other than their current focus by providing employees with new learning opportunities. Besides, this platform encourages meetings between colleagues from different departments which helps bridge interdepartmental understanding thereby improving camaraderie and collaborative culture within the Company.

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 everyone'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 to practice an open-door policy by establishing a platform for employees to clarify policies, raise concerns to the management and initiate discussions on areas for improvements as well as career aspirations with their Head of Department (HODs)/HR.

(iii) Remuneration Policies and Staff Benefits

Adopting a competitive remuneration policy effectively helps the Company to retain the right talents. All remuneration and benefits are benchmarked against reports and compensations surveys. Salary revision and any variable benefits are reviewed and approved by management annually to ensure fair rewards.

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 club subscriptions. In 2019, we have integrated dental and health screening benefits into wellness benefits to enhance the flexibility of employee benefit claims. Specifically, employees are now able to decide the proportion of dental or health screening benefits to use depending on their needs instead of the previous specified quantum for each welfare item. Our benefits policies are reviewed periodically to ensure relevance.

(iv) Employee Well-being

We believe that a better workplace is where employees can achieve work-life balance and establish strong sense of belonging.

Therefore, we offer different initiatives and benefits to promote health and wellbeing and 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. We managed to achieve our target of having more employees on board this program. Compared to the prior year, there has been an increase from 10 to 12 employees enrolled this year. Positive feedback has been received from our employees on this arrangement, especially those who may have family responsibilities. SFL aims to continue to support our employees in achieving a work-life balance.

In 2019, SFL participated in the National Steps Corporate Challenge Season 4, organised by Health Promotion Board. We hope to leverage on this challenge to encourage our employees to adopt a more active lifestyle. We are pleased to announce that we have achieved 70% participation rate by employees. Internally, we have also organised a step challenge activity for all employees to participate. Attractive prizes were given to the top 3 who clocked the most steps to encourage adoption of an active lifestyle. SFL continues to encourage employees to participate in the 2020 National Steps Corporate Challenge Season 5 organised by Health Promotion Board.

At the same time, we aspire to build better teamwork within the Company to strengthen our cohesiveness and efficiency. Our recreation club has initiated a variety of events for staffs across functions to build their connections. These include Chinese New Year Celebrations, team building session and annual

dinner. In addition, we aim to promote a positive and engaging work environment for all staff by conducting at least 3 company events each year.

(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 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.

Table 2c. Number of employees that have been working with SFL for 10 years or more

Number of years with SFL	Percentage in relation to total number of employees (%)
10 to 14	15
15 to 19	10
20 to 24	5
25 to 29	9
30 or more	6
Total	36

Moving forward, we will aim to offer flexible working arrangement to more employees as a means of supporting work-life balance.

CORPORATE
SUSTAINABILITY REPORTING

Training and Education

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

We have invested in various avenues to build up the digital capabilities of our employees. In addition to last year's SkillsFuture for Digital Workplace training, our executive employees have also attended the Fintech Executive Programme this year to explore the technology trends in the fintech ecosystem, the use of banking application programme interfaces (APIs) to create new financial capabilities, and on how technology influences innovation, consumer behaviour and its impact on markets. The investment in financial technologies training has raised SFL employees' interest and knowledge to embrace financial technological changes and trends. These efforts have supported our employees' move towards digitalisation. Our employees' improved digital literacy as a result of these trainings have been apparent in the launch of SFL's "Vivid Card" and various digital services during the year.

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

Digital Workplace Trainings	AML/CFT Trainings	Compliance Trainings	Professional Certification
Provide trainings in relation to digital topics such as • Customer service • Cashless and digital communications • Fund transfer • E-transactions • Use of applications for communication • Cybersecurity and data analytics	Provide new joiners with AML/CFT training in the first 6 months to equip them with necessary knowledge and skillsets Engage an external consultant to train existing employees about new and recent development in AML/CFT every 2 years	Provide trainings in relation to compliance such as • Security awareness for customer privacy • Operational risk	Sponsor staff to participate in training courses relating to professional certification

Moving forward, we will continue to identify and offer relevant training 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. Further, we aim to develop more online trainings to ease employees' access to trainings.

Customer Focus

Customer focus has always been part of SFL's core values. It starts from within by creating a customer centric culture and investing in our people with training and coaching.

We build trust and long-term relationships by being responsive and relevant to our customers' needs. By understanding and connecting to our customers, we are able to provide quality products and services to meet their needs.

This continuous journey to deliver value and an engaging experience to our customers has resulted in the launch of several digital initiatives. We will continue our efforts to elevate customer experience online and physical visits at our customer centres.

Customer Privacy

[GRI 103-1, GRI 103-2, GRI 103-3, GRI 418-1]

As a financial business, trust is the foundation of our business; additionally, because we have access to our client's sensitive information, it is important to be proactive in safeguarding our customers' data. Through stringent practices of data privacy on sensitive and confidential information and our emphasis on 'Zero breach', we enhance customer loyalty and forge long-term relationships.

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"). 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. OPTECH is updated every 2 months and RMC is updated quarterly to ensure their relevance and coverage. Compliance department ensures changes in regulations are communicated through dissemination to departments within 3 working days.

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 2019, we have achieved our target of having no known complaints received from Personal Data Protection Commission ("PDPC"), customers, outside parties or regulatory bodies regarding breaches of customer privacy and losses of data. We aim to continue our efforts in data protection and maintain this performance in the following year.

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") in terms of 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 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 during the year of 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. SFL aims to continue this performance in the following year.

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 loan to SFL online are in place to ensure 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, 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 bigger loans.
- Credit Control Department and Credit Control Committee proactively monitor payment patterns.

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 2019, we have achieved our target of screening all new customers for their profiles and repayment ability. There were 16 new referral agents this year which were all screened before we engaged them. We 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]

Delivering excellent customer service helps strengthen customer loyalty and advocacy. 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.

We strive to improve our customer experience through accessible feedback channels such as SFL's website and feedback forms as well as the immediate feedback system via customer survey tablets available at our customer centres. The immediate feedback system implemented in 2018 resulted in an increase in customer feedback by 6%, which were handled promptly. Going forward, we aim to enhance our customer experience through understanding and anticipating customer needs by monitoring and leveraging on the success of the immediate feedback system.

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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 feedbacks, to investigate feedbacks and to provide an official reply to customers. All records regarding feedbacks 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 quality of customer service, our employees, especially those with customer-facing roles, have received trainings on customer service. To further encourage better customer service, monthly meetings are arranged in a workshop format with our staff sharing updates and discussing issues. In this year, we also organised a 2-day customer service orientation training for new-joiners whereby they receive soft skill training and acquire knowledge about our products, services and processes.

In 2019, SFL met the target by ensuring all customers' feedback or complaints (if any) received via any delivery channel have been acknowledged and resolved promptly as per SFL's feedback / complaints handling process. We have 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.

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.

In 2019, SFL facilitated employee volunteerism by granting time off to our employees to volunteer on a regular basis with Willing Hearts for their food kitchen projects.

In 2019, 30 employees participated in this programme, with each employee contributing 5 hours per session with Willing Hearts. Going forward, we aim to engage more 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 enhance our positive impacts to help more people.

Governance

Compliance with Laws and Regulations
[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 ensuring that we conduct our business with utmost integrity and high standards of business ethics. This is in line with our core values.

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 Head of Departments ("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 compliance department receives email alerts from MAS and other regulatory bodies updates and disseminate the information to relevant departments within 3 working days.

Next, to further enhance governance, 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. This framework serves 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 perform a quarterly reviews of scripless shareholders to monitor any non-disclosure of shareholding or transactions by our employees. Besides that, an Enterprise Wide Risk Assessment ("EWRA") for Anti-Money Laundering ("AML") is conducted annually.

For 2019, we successfully achieved our targeted performance 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 Countering the Financing of Terrorism ("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 205-3]

Corruption is a considerable obstacle to economic and social development of the Company, therefore 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 general drive for all staff to access, including Human Resource ("HR") Policy, Whistle Blowing Policy, Fraud Policy, Interested Party Transactions ("IPT") Policy, Related Party Transactions ("RPT") Policy as well as Policy and Guidelines on Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT"). These policies are reviewed regularly to ensure they are always up to date.

It is compulsory for new joiners to attend a AML/CFT training within 6 months of joining the Company. New joiners are also required to read and familiarise with the Fraud, Whistleblowing, Related Party and Interested party policies of the Company.

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.

On the whistleblowing front, SFL provides an alternative channel for a whistle blower 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 2019, 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. 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 this performance by investing in training as well as creating awareness on the repercussions of corruption through our regular review and enhancement of anti-corruption policies.

LOOKING AHEAD

Looking ahead, we will continue to be committed in our sustainability journey and will actively take into account considerations of our stakeholders and industry trends when reviewing and identifying key sustainability issues. Secondly, we will continue embedding sustainability into our strategy and operations to further enhance performance. This will be done through reviewing existing policies and setting in place processes to monitor their effectiveness. SFL will continue to share our efforts and performance on sustainability with our stakeholders in an annual basis.

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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, Page 1; Our Services, Page 27
102-3	Location of headquarters	Corporate Directory, Page 11
102-4	Location of operations	Our Customer Centres, Page 27
102-5	Ownership and legal form	Analysis of Shareholdings, Page 109
102-6	Markets served	Chairman's Statement, Page 2
102-7	Scale of the organisation	Consolidated Income Statement, Page 54 Talent Retention, Page 17
102-8	Information on employees and other workers	Talent Retention, Page 17 All employees of SFL are permanent employees. SFL does not have a significant portion of its activities being carried out by workers who are not employees. SFL did not have any significant variation in employment numbers.
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 15
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 45
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, Page 15
102-41	Collective bargaining agreements	Not applicable, no collective bargaining agreements are in place.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, Page 15
102-43	Approach to stakeholder engagement	Stakeholder Engagement, Page 15
102-44	Key topics and concerns raised	Stakeholder Engagement, Page 15
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 14
102-47	List of material topics	About this Report, Page 14
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 14
102-50	Reporting period	About This Report, Page 14
102-51	Date of most recent report	The Annual Report/ Sustainability Report 2018 was published on 11 April 2018.

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GRI Standards (2016)		Notes/Page number(s)
Reporting Practice		
102-52	Reporting cycle	Annual
102-53	Claims of reporting in accordance with GRI Standards	Board Statement, Page 12
102-54	GRI content index	GRI Content Index, Pages 24
102-55	External assurance	SFL has not sought external assurance on this Report.
102-56	External assurance	We have not sought external assurance for our 2019 sustainability report
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 15
103-2	The management approach and its components	Financial Highlights, Page 7; Economic Performance and Indirect Economic Impact, Page 15
103-3	Evaluation of the management approach	Financial Review, Page 8; Economic Performance and Indirect Economic Impact, Page 15
201-1	Direct economic value generated and distributed	Financial Statements, Page 53
Indirect Economic Impact		
103-1	Explanation of the material boundary and topic	Economic Performance and Indirect Economic Impact, Page 15
103-2	The management approach and its components	Economic Performance and Indirect Economic Impact, Page 15
103-3	Evaluation of the management approach	Economic Performance and Indirect Economic Impact, Page 15
203-2	Significant indirect economic impact	Economic Performance and Indirect Economic Impact, Page 15
204-1	Proportion of spending on local suppliers	Economic Performance and Indirect Economic Impact, Page 15
Responsible Lending		
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 16
103-2	The management approach and its components	Energy and Emissions, Page 16
103-3	Evaluation of the management approach	Energy and Emissions, Page 16
302-1	Energy consumption within the organisation	Energy and Emissions, Page 16
302-3	Energy intensity	Energy and Emissions, Page 16
305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emissions, Page 16
305-4	GHG emissions intensity	Energy and Emissions, Page 16
Employment		
103-1	Explanation of the material boundary and topic	Talent Retention, Pages 17
103-2	The management approach and its components	Talent Retention, Pages 17
103-3	Evaluation of the management approach	Talent Retention, Pages 17
405-1	Diversity of governance bodies and employees	Talent Retention, Pages 17 SFL has not disclosed our percentage of employees per employee category by gender due to confidentiality constraints as this data is classified as sensitive information at SFL.
Training and Education		
103-1	Explanation of the material boundary and topic	Training and Education, Pages 20
103-2	The management approach and its components	Training and Education, Pages 20
103-3	Evaluation of the management approach	Training and Education, Pages 20
404-2	Programmes for upgrading employee skills and transition assistance programmes	Training and Education, Pages 20

CORPORATE
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GRI Standards (2016)		Notes/Page number(s)
Customer Privacy		
103-1	Explanation of the material boundary and topic	Customer Privacy, Page 20
103-2	The management approach and its components	Customer Privacy, Page 20
103-3	Evaluation of the management approach	Customer Privacy, Page 20
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy, Page 20
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		
103-1	Explanation of the material boundary and topic	Assessment for Agents and Customers, Page 21
103-2	The management approach and its components	Assessment for Agents and Customers, Page 21
103-3	Evaluation of the management approach	Assessment for Agents and Customers, Page 21
Customer Experience		
103-1	Explanation of the material boundary and topic	Customer Experience, Page 21
103-2	The management approach and its components	Customer Experience, Page 21
103-3	Evaluation of the management approach	Customer Experience, Page 21
Compliance with Laws and Regulations		
103-1	Explanation of the material boundary and topic	Compliance with Laws and Regulations, Page 22
103-2	The management approach and its components	Compliance with Laws and Regulations, Page 22
103-3	Evaluation of the management approach	Compliance with Laws and Regulations, Page 22
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with Laws and Regulations, Page 22
Anti-corruption		
103-1	Explanation of the material boundary and topic	Anti-corruption, Pages 23
103-2	The management approach and its components	Anti-corruption, Pages 23
103-3	Evaluation of the management approach	Anti-corruption, Pages 23
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, Pages 23
Additional Disclosures		
413-1	Operations with local community engagement, impact assessments, and development programs	Local Communities, Pages 22

OUR **SERVICES**

LOANS

FOR INDIVIDUAL
- Purchase of HDB Apartment
- 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 Van, Truck and Bus
- Purchase of Pleasure Craft

FOR BUSINESS/CORPORATE
- Purchase of Equipment and Machinery
- Purchase of Motor Vehicle
- Purchase of Construction Equipment
- Purchase of Commercial and Industrial Property
- Purchase of Share and for Share Trading
- Purchase of Vessel
- Business Loan
- Business Overdraft Loan

OTHERS
- Block Discounting for Motor Car, Commercial Vehicle and Motor Cycle
- Enterprise Financing Scheme
  - SME Working Capital Loan
  - SME Fixed Assets Loan
  - Temporary Bridge Loan for Tourism sector
- Business Account (Current Account)*

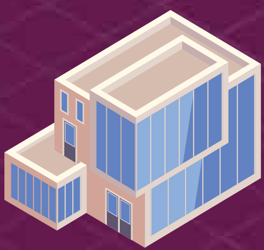
DEPOSITS

DEPOSIT*
- 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

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

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Be in full control of your cash and spend worry-free

Singapura
富雅金融 FINANCE

CORPORATE **GOVERNANCE**

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 2019 ("FY2019"). 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 five Board Committees are the Executive Committee ("EXCO"), 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 three members, namely, Mr Teo Chiang Long (Executive Chairman), Mr Teoh Eng Hong (Independent Non-Executive Director) and Mr Jamie Teo Miang Yeow (Executive Director & Chief Executive Officer ("CEO")). 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. Unanimous decision by EXCO Members is required for a resolution to be effective, which is passed through circulation in writing.

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)

CORPORATE **GOVERNANCE**

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.

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.

Other material matters which are required to be referred to the Board for approval include:
- Major loan proposals;
- Major transactions, acquisitions, disposals 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 FY2019 are as follows:

	Board	Audit	Nominating	Remuneration	Risk Management
No. of Meetings Held	6	4	1	2	4
Name	**No. of Meetings Attended**				
Teo Chiang Long	6	–	–	–	–
Phua Bah Lee	6	4	1	2	–
Teoh Eng Hong	6	4	1	2	4
Jamie Teo Miang Yeow	6	–	–	–	4
William Ho Ah Seng	6	–	–	–	4
Yu-Foo Yee Shoon	6	4	1	2	–
Tan Hui Keng, Martha	6	4	1	2	4
Adam Tan Chin Han	6	4	1	2	4
Terence Khoo Chi Siang	5	3	1	2	4

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 FY2019.

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.

An in-house seminar was conducted by Ernst & Young LLP (Singapore) in FY2019 to update the Board on 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 update during the year.

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 receive detailed financial and operational reports from Management during the year to enable them to carry out their duties.

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
The Board comprises nine Directors, all of whom, except for the Executive Chairman and the CEO, are non-executive and independent Directors. The seven independent Directors are Mr Phua Bah Lee, 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.

As 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, they are also considered independent.

The NC also 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.

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 can dominate the Board's decision-making processes.

Three of the independent Directors, namely, Mr Phua Bah Lee, Mr Teoh Eng Hong and Mr Ho Ah Seng William have served the Board for more than nine years from the date of their respective first appointments as a director, whether independent, executive or non-executive. The NC (with Mr Phua Bah Lee and Mr Teoh Eng Hong abstaining from deliberation on this matter) and the Board have assessed the independence of each of these three Directors using a holistic approach and taking into account their respective contributions in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in his 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 Phua Bah Lee and Mr Teoh Eng Hong abstaining from deliberation on this matter) and the Board are of the view that these three 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 respective responsibilities.

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 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 FY2019. Mrs Yu-Foo Yee Shoon was appointed as the Lead Independent Director in place of Mr Phua Bah Lee on 12 February 2019.

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 2019.

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 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 was appointed as the Deputy Board Chairman on 11 March 2020.

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 Chairman of the NC is Mrs Yu-Foo Yee Shoon (Chairman) and the other members of the NC are Mr Phua Bah Lee, Mr Teoh Eng Hong, Mdm Tan Hui Keng, Martha, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang.

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; and
- Assessing the effectiveness of the Board as a whole and its Board Committees.

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, Chapter 108 of Singapore, all new appointments to the Board are subject to the approval of the Monetary Authority of Singapore.

Reappointment 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 quarterly 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 three 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 Phua Bah Lee and the other members of the RC are Mr Teoh Eng Hong, Mrs Yu-Foo Yee Shoon, Mdm Tan Hui Keng, Martha, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang.

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 FY2019 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.

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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 FY2019 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 Chairman ***$750,000 to below $1,000,000***					
1. Teo Chiang Long	57.60	34.45	2.96	4.99	100
Executive Director & CEO ***$500,000 to below $750,000***					
2. Jamie Teo Miang Yeow	62.57	27.72	3.03	6.68	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

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 FY2019.

(b) These fees comprise Directors' fees for FY2019 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 19 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 quarterly 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 quarterly 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 Teoh Eng Hong (Chairman), Mdm Tan Hui Keng, Martha, Mr William Ho Ah Seng, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang, and executive Director and CEO, Mr Jamie Teo Miang Yeow. To enhance communications between the AC and the RMC, Mr Teoh Eng Hong, 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:
- Overseeing and advising the Board on the Group's risk appetite, risk strategy and risk exposure.
- 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.

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 concurrence 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.

The SFRS(I) 9 Committee ("SC") supports the Audit Committee and the Board 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.

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 Audit Committee.

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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 to 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.

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 auditor 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 auditor's recommendation to address such non-compliance and weaknesses, are reported to the Audit Committee. Management, with the assistance of the internal auditor, follows up on external auditor's 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 controls. The Board has also received assurance from the CEO and the FC that as at 31 December 2019, 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 auditor, 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 2019 to address the risks which the Group considers relevant and material to its operations. No material weaknesses in the Company's internal controls or risk management systems were identified by the Board, the AC and the RMC in FY2019.

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 Phua Bah Lee, Mrs Yu-Foo Yee Shoon, Mr Adam Tan Chin Han and Mr Terence Khoo Chi Siang. 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 FY2019 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 auditor 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 auditor; and the nature and extent of the non-audit services provided by the external auditor;
- Reviewing with Management, the reports and findings of the review of the Group's internal controls by the internal and external auditor;
- Making recommendations to the Board on the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- 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 auditor 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 auditor for FY2019 on pages 49 to 50 were reviewed and discussed by the AC with Management and the external auditor:

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 page 38, 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 auditor 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 auditor. The AC has discussed with Management and the external auditor and was satisfied that the overall loan impairment allowances were reasonable and fair.

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External Auditor
The AC also noted and reviewed the nature and extent of the non-audit services provided to the Group by the external auditor. The AC is of the opinion that the provision of such non-audit services did not affect the independence and objectivity of the external auditor. For details of the fees paid to the external auditor in respect of audit and non-audit services during FY2019, please refer to note 16 of the Notes to the Financial Statements on page 85.

The AC is satisfied that the external auditor has the requisite expertise and resources to perform their duties. Accordingly, the AC has nominated KPMG LLP for re-appointment as the external auditor at the forthcoming AGM. The external auditor has 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 Audit
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 auditor reports directly to the AC on audit issues and the CEO on administrative matters. The findings and recommendations made by the internal auditor 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 auditor is 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 internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

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 FY2019.

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 provides 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. There were no whistleblowing incident during FY2019.

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 FY2019 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	$1,093,895.88	NIL

The transaction above relates to a 2-year tenancy agreement entered into with High Luck Pte Ltd by the Company in FY2019 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 of Singapore, Chapter 50, 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 FY2019 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.

Shareholders can vote in person or appoint not more than two proxies to attend, speak and vote on their behalf at general meetings of shareholders, with the exception that shareholders, such as nominee companies which provide custodial services for securities, are able to appoint more than two proxies to attend, speak and vote at general meetings, including the forthcoming AGM, notwithstanding the Company's Constitution does not differentiate between the number of proxies which may be appointed by individual shareholders and by nominee companies. As the authentication of shareholder identity information and the integrity of the information transmitted is a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means. All shareholders at general meetings are informed of the rules, including voting procedures that govern general meetings of shareholders.

The Board and Management attending the AGM are available to answer questions from shareholders who are present and interact with them before and after the AGM. The external auditor is also present to assist Directors in addressing relevant queries by shareholders.

The Board Chairman, and the chairmen of the AC, NC and RC, and the external auditors will endeavour to be present at the 2020 AGM to assist the Directors in addressing queries raised by the shareholders. All Directors attended the 2019 AGM.

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 2019.

The Company is required by the SGX-ST Listing Manual to conduct the voting of all resolutions put to general meetings by poll. The Chairman of the Meeting will be exercising his rights under Article 62(a) of the Company's Constitution for all resolutions proposed at the Company's forthcoming AGM and at any adjournment thereof to be put to the vote by way of poll. Accordingly, each resolution at the AGM will be voted by way of a poll.

In the spirit of greater transparency in the voting process, the Company implements electronic poll voting at general meetings. With electronic poll voting, shareholders present in person or represented by proxy at the AGM will be entitled to vote on a 'one-share, one-vote' basis. The voting results of all votes cast in respect of each resolution will also be instantaneously displayed at the meeting and announced via SGXNET after the AGM.

The Company Secretary prepares the minutes of AGMs, which include relevant comments and queries from shareholders and the corresponding responses from the Board and Management. Notwithstanding that the Company currently does not publish minutes of general meetings on its corporate website, the Company is of the view that shareholders have the opportunity to understand the Group's performance, position and prospects as the Company makes these minutes available to shareholders upon request and upon authentication of the shareholder's identity.

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 quarterly 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.

The Company is proposing a first and final dividend of 2 cents per share and a special dividend of 1.5 cents per share for FY2019.

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 15 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.

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 quarterly 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 2019.

In our opinion:

(a) the financial statements set out on pages 53 to 108 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 2019 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 Singapore Companies Act, Chapter 50 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
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 Singapore Companies Act, Chapter 50 (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	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.

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.

Directors' interests (Continued)

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2020.

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
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).

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.

DIRECTORS' **STATEMENT**

Audit Committee (Continued)

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

21 February 2020

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 2019, 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 53 to 108.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('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 2019 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.

INDEPENDENT **AUDITORS' REPORT**

Members of the Company Singapura Finance Ltd

Key audit matters (Continued)

<table>
<tr><td colspan="2">Loan impairment losses amounting to $6,653,000
(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>The Group's loans and advances to customers represent 66% 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").

Judgement is involved in determining the methodology and assumptions used on the ECL assessment.</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.

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 used in the ECL model, including key assumptions such as probability of default term structure, loss given default and exposure at default.

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

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.</td></tr>
<tr><td>Our findings</td><td></td></tr>
<tr><td colspan="2">We found that the methodology and management's assumptions used in the ECL model were appropriate and the ECL allowances 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 the date of auditors' report.

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.

- 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.

INDEPENDENT
AUDITORS' REPORT

Members of the Company Singapura Finance Ltd

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

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 Hong Cho Hor Ian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 February 2020

BALANCE **SHEETS**

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Assets					
Cash and cash equivalents	4	**224,843**	115,519	**224,759**	115,348
Statutory deposit with the Monetary Authority of Singapore		**18,280**	18,641	**18,280**	18,641
Investments	5	**131,587**	172,753	**131,587**	172,753
Loans and advances	6	**736,144**	680,441	**736,144**	680,441
Other receivables, deposits and prepayments	8	**1,956**	1,597	**1,955**	1,593
Subsidiaries	9	**–**	–	**125**	125
Property, plant and equipment	10	**8,066**	7,937	**8,066**	7,937
Deferred tax assets	15	**–**	45	**–**	45
Total assets		**1,120,876**	996,933	**1,120,916**	996,883
Equity					
Share capital	11	**168,896**	168,896	**168,896**	168,896
Reserves	11	**90,268**	88,587	**88,099**	86,465
Total equity attributable to owners of the Company		**259,164**	257,483	**256,995**	255,361
Liabilities					
Deposits and savings accounts of customers	12	**845,516**	726,519	**847,958**	728,826
Trade and other payables	13	**12,462**	9,243	**12,233**	9,014
Current tax liabilities		**2,176**	2,223	**2,172**	2,217
Staff retirement gratuities	14	**1,454**	1,465	**1,454**	1,465
Deferred tax liabilities	15	**104**	–	**104**	–
Total liabilities		**861,712**	739,450	**863,921**	741,522
Total equity and liabilities		**1,120,876**	996,933	**1,120,916**	996,883

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

CONSOLIDATED
INCOME STATEMENT

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Interest income and hiring charges		**30,293**	27,766
Interest expense		**(9,735)**	(7,808)
Net interest and hiring charges		**20,558**	19,958
Fee and commission income		**695**	719
Dividend income		**–**	15
Other operating income		**524**	609
Income before operating expenses		**21,777**	21,301
Staff costs		**(8,746)**	(8,184)
Depreciation of property, plant and equipment	10	**(1,164)**	(782)
Other operating expenses		**(4,228)**	(4,354)
Profit from operations before allowances	16	**7,639**	7,981
Impairment losses written back (net)	6	**1,368**	1,006
Profit before tax		**9,007**	8,987
Tax expense	17	**(1,526)**	(1,270)
Profit for the year		**7,481**	7,717
Earnings per share			
Basic earnings per share (cents)	18	**4.71**	4.86
Diluted earnings per share (cents)	18	**4.71**	4.86

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

Year ended 31 December 2019

	Group	
	2019	**2018**
	$'000	**$'000**
Profit for the year	**7,481**	7,717
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of debt investments measured at FVOCI	**1,028**	(139)
Related tax	**(175)**	24
Other comprehensive income for the year, net of tax	**853**	(115)
Total comprehensive income for the year	**8,334**	7,602

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 December 2019

		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 2018		168,896	1,353	–	65,488	309	730	17,220	253,996
Adjustment on initial application of SFRS(I) 9		–	–	–	–	–	–	646	646
Adjusted balance as at 1 January 2018		168,896	1,353	–	65,488	309	730	17,866	254,642
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	7,717	7,717
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		–	–	–	–	(139)	–	–	(139)
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	–	24	–	–	24
Total other comprehensive income		–	–	–	–	(115)	–	–	(115)
Total comprehensive income for the year		–	–	–	–	(115)	–	7,717	7,602
Transaction with owners, recorded directly in equity									
Contributions by and Distribution to owners									
Dividends declared and paid	11	–	–	–	–	–	–	(4,761)	(4,761)
Total transactions with owners		–	–	–	–	–	–	(4,761)	(4,761)
Transfer from profit for the year to statutory reserve		–	–		3,820	–	–	(3,820)	–
Transfer from accumulated profits to regulatory loss allowance reserve		–	–	1,854	–	–	–	(1,854)	–
At 31 December 2018		168,896	1,353	1,854	69,308	194	730	15,148	257,483

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 December 2019

		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 2019		**168,896**	**1,353**	**1,854**	**69,308**	**194**	**730**	**15,148**	**257,483**
Adjustment on initial application of SFRS(1) 16		–	–	–	–	–	–	(306)	(306)
Adjusted balance as at 1 January 2019		**168,896**	**1,353**	**1,854**	**69,308**	**194**	**730**	**14,842**	**257,177**
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	7,481	7,481
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		–	–	–	–	1,028	–	–	1,028
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	–	(175)	–	–	(175)
Total other comprehensive income		–	–	–	–	853	–	–	853
Total comprehensive income for the year		–	–	–	–	853	–	7,481	8,334
Transaction with owners, recorded directly in equity									
Contributions by and Distribution to owners									
Dividends declared and paid	11	–	–	–	–	–	–	(6,347)	(6,347)
Total transactions with owners		–	–	–	–	–	–	(6,347)	(6,347)
Transfer from profit for the year to statutory reserve		–	–	–	3,720	–	–	(3,720)	–
Transfer from accumulated profits to regulatory loss allowance reserve		–	–	2,172	–	–	–	(2,172)	–
At 31 December 2019		**168,896**	**1,353**	**4,026**	**73,028**	**1,047**	**730**	**10,084**	**259,164**

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

STATEMENT OF
CHANGES IN EQUITY
Year ended 31 December 2019

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 2018		168,896	1,353	–	65,488	309	730	15,194	251,970
Adjustment on initial application of SFRS(I) 9		–	–	–	–	–	–	646	646
Adjusted balance as at 1 January 2018		168,896	1,353	–	65,488	309	730	15,840	252,616
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	7,621	7,621
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		–	–	–	–	(139)	–	–	(139)
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	–	24	–	–	24
Total other comprehensive income		–	–	–	–	(115)	–	–	(115)
Total comprehensive income for the year		–	–	–	–	(115)	–	7,621	7,506
Transaction with owners, recorded directly in equity									
Contributions by and Distribution to owners									
Dividends declared and paid	11	–	–	–	–	–	–	(4,761)	(4,761)
Total transactions with owners		–	–	–	–	–	–	(4,761)	(4,761)
Transfer from profit for the year to statutory reserve		–	–	–	3,820	–	–	(3,820)	–
Transfer from accumulated profits to regulatory loss allowance reserve		–	–	1,854	–	–	–	(1,854)	–
At 31 December 2018		168,896	1,353	1,854	69,308	194	730	13,026	255,361

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

STATEMENT OF
CHANGES IN EQUITY

Year ended 31 December 2019

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 2019		**168,896**	**1,353**	**1,854**	**69,308**	**194**	**730**	**13,026**	**255,361**
Adjustment on initial application of SFRS(1) 16		–	–	–	–	–	–	**(306)**	**(306)**
Adjusted balance as at 1 January 2019		**168,896**	**1,353**	**1,854**	**69,308**	**194**	**730**	**12,720**	**255,055**
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	**7,434**	**7,434**
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		–	–	–	–	**1,028**	–	–	**1,028**
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	–	**(175)**	–	–	**(175)**
Total other comprehensive income		–	–	–	–	**853**	–	–	**853**
Total comprehensive income for the year		–	–	–	–	**853**	–	**7,434**	**8,287**
Transaction with owners, recorded directly in equity									
Contributions by and Distribution to owners									
Dividends declared and paid	11	–	–	–	–	–	–	**(6,347)**	**(6,347)**
Total transactions with owners		–	–	–	–	–	–	**(6,347)**	**(6,347)**
Transfer from profit for the year to statutory reserve		–	–	–	**3,720**	–	–	**(3,720)**	–
Transfer from accumulated profits to regulatory loss allowance reserve		–	–	**2,172**	–	–	–	**(2,172)**	–
At 31 December 2019		**168,896**	**1,353**	**4,026**	**73,028**	**1,047**	**730**	**7,915**	**256,995**

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

CONSOLIDATED
CASH FLOW STATEMENT
Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities			
Profit for the year		**7,481**	7,717
Adjustments for:			
Depreciation of property, plant and equipment		**1,164**	782
Bad debts written off		**3**	44
Property, plant and equipment written off		**4**	16
Impairment losses written back		**(1,368)**	(1,006)
Staff retirement gratuities		**82**	97
Interest expense on lease liabilities		**581**	–
Dividend income		**–**	(15)
Tax expense		**1,526**	1,270
		9,473	8,905
Changes in working capital:			
Statutory deposit with the Monetary Authority of Singapore		**361**	2,137
Loans and advances		**(54,338)**	67,856
Other receivables, deposits and prepayments		**(359)**	466
Deposits and savings accounts of customers		**118,997**	(81,759)
Trade and other payables		**2,286**	(1,305)
Cash generated from/(used in) operations		**76,420**	(3,700)
Taxes paid		**(1,599)**	(951)
Staff retirement gratuities paid		**(93)**	–
Net cash generated from/(used in) operating activities		**74,728**	(4,651)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(321)**	(833)
Dividends received		**–**	15
Purchase of investments		**(840,454)**	(652,777)
Proceeds from sale and maturity of investments		**882,648**	640,898
Net cash from/(used in) investing activities		**41,873**	(12,697)
Cash flows from financing activity			
Dividends paid		**(6,347)**	(4,761)
Payment of lease liabilities	22	**(930)**	–
Net cash used in financing activity		**(7,277)**	(4,761)
Net increase/(decrease) in cash and cash equivalents		**109,324**	(22,109)
Cash and cash equivalents at 1 January		**115,519**	137,628
Cash and cash equivalents at 31 December	4	**224,843**	115,519

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

NOTES TO THE
FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 February 2020.

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 2019 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)).

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

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)

2.5 Changes in accounting policies

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 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT FRS 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 1-12 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to SFRS(I) 1-23 *Borrowing Costs Eligible for Capitalisation*
- Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 3 and 11 *Previously Held Interest in a Joint Operation*

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether the contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or before 1 January 2019.

As a lessee

As a lessee, the Group leases assets including leasehold land and buildings, and furniture and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 price.

2. BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

As a lessee (Continued)

Leases classified as operating lease under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: the Group applied this approach to all leases; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);

- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

- used hindsight when determining the lease term.

Impact on financial statements
Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 January 2019
	$'000
Right-of-use assets – property, plant and equipment	**723**
Lease liabilities	**(1,029)**
Retained earnings	**306**

* For the impact of SFRS(I) 16 on profit or loss for the year, see note 22.

2. BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

Impact on financial statements (Continued)
Impact on transition*

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payment using the applicable incremental borrowing rate of 4.75% at 1 January 2019.

	1 January 2019
	$'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	256
Discounted using incremental borrowing rate at 1 January 2019	187
Extension option reasonably certain to be exercised at 1 January 2019	842
Lease liabilities recognised at 1 January 2019	1,029

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	40 years
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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(ii) Classification, subsequent measurement and gains and losses

Non-derivative financial assets

<u>Classification</u>

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

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

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.

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.

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)

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).

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.

<u>Subsequent measurement and gains and losses</u>

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

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

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.

(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) 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.

(v) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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.

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 to sell. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Impairment (Continued)

(ii) Non-financial assets (Continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Interest (Continued)

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.

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 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Tax (Continued)

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.

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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.10 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative financial information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Leases (Continued)

As a lessee (Continued)

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;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 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.

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.

Policy applicable before 1 January 2019

As a lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 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 CASH EQUIVALENTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and in hand	**79,966**	47,013	**79,882**	46,842
Fixed deposits with banks	**144,877**	68,506	**144,877**	68,506
	224,843	115,519	**224,759**	115,348

5 INVESTMENTS

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Singapore Government Securities	**124,782**	172,753
Unquoted equity securities	**6,805**	–
	131,587	172,753

Singapore Government Securities are measured at FVOCI. They have stated interest rates of 1.25% to 3.50% (2018: 1.25% to 3.50%) and with a maturity of 1 month to 17 years from date of issue.

On 12 December 2019, the Group subscribed and settled for 587,035 Preference Shares of MatchMove Pay Pte Ltd at USD 5,000,000 (equivalent to SGD 6,805,000). The Group designated the unquoted equity securities as FVOCI – equity instruments because the Group intends to hold the investment for long-term strategic purpose.

6 LOANS AND ADVANCES

		Group and Company	
	Note	**2019**	**2018**
		$'000	**$'000**
Mortgage and other secured loans		**553,298**	536,556
Hire purchase receivables	7	**205,175**	164,635
		758,473	701,191
Unearned charges and interest		**(15,676)**	(12,426)
		742,797	688,765
Allowances for loan losses		**(6,653)**	(8,324)
		736,144	680,441

6 LOANS AND ADVANCES (CONTINUED)

These comprise balances:

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Due within 12 months	**86,883**	58,712
Due after 12 months	**649,261**	621,729
	736,144	680,441

As at 31 December 2019, secured loans to directors (including immediate family members) of the Group and Company amounted to $109,000 (2018: $152,000).

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

	Group and Company			
	2019			
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance as at 1 January	**574**	**1,371**	**6,379**	**8,324**
Transferred to 12-month ECL – not credit-impaired	**–**	**–**	**–**	**–**
Transferred to Lifetime ECL – not credit-impaired	**(8)**	**8**	**–**	**–**
Transferred to Lifetime ECL – credit-impaired	**(36)**	**(57)**	**93**	**–**
Changes in PD/LGD/EAD	**(90)**	**(1,107)**	**395**	**(802)**
Financial assets repaid	**(67)**	**(83)**	**(796)**	**(946)**
New financial assets originated or purchased	**339**	**9**	**32**	**380**
Charge/(write-back) during the year	**138**	**(1,230)**	**(276)**	**(1,368)**
Amounts written off	**–**	**–**	**(303)**	**(303)**
Balance as at 31 December	**712**	**141**	**5,800**	**6,653**
	2018			
Balance as at 1 January per FRS 39	–	–	–	13,755
Adjustments on initial application of SFRS(I) 9	–	–	–	(646)
Balance as at 1 January	1,061	3,885	8,163	13,109
Transferred to 12-month ECL – not credit-impaired	3	(3)	–	–
Transferred to Lifetime ECL – not credit-impaired	(38)	38	–	–
Transferred to Lifetime ECL – credit-impaired	(35)	(2,293)	2,328	–
Changes in PD/LGD/EAD	(357)	45	195	(117)
Financial assets repaid	(359)	(418)	(566)	(1,343)
New financial assets originated or purchased	299	117	38	454
(Write-back)/charge during the year	(487)	(2,514)	1,995	(1,006)
Amounts written off	–	–	(3,779)	(3,779)
Balance as at 31 December	574	1,371	6,379	8,324

NOTES TO THE
FINANCIAL STATEMENTS

7 HIRE PURCHASE RECEIVABLES

	2019			2018		
	Gross	Interest	Principal	Gross	Interest	Principal
	$'000	$'000	$'000	$'000	$'000	$'000
Group and Company						
Within 1 year	**8,952**	**141**	**8,811**	9,388	138	9,250
Between 1 year and 5 years	**169,941**	**10,834**	**159,107**	137,982	8,067	129,915
After 5 years	**26,282**	**2,885**	**23,397**	17,265	2,032	15,233
	205,175	**13,860**	**191,315**	164,635	10,237	154,398

8 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Interest receivable	**550**	497	**550**	497
Deposits	**357**	329	**357**	329
Other receivables	**537**	240	**536**	236
	1,444	1,066	**1,443**	1,062
Prepayments	**512**	531	**512**	531
	1,956	1,597	**1,955**	1,593

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

9 SUBSIDIARIES

	Company	
	2019	2018
	$'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	
			2019	2018
			%	%
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 2018	2,263	9,119	2,766	488	4,723	19,359
Additions	–	–	96	–	737	833
Written off	–	–	(89)	–	(4)	(93)
At 31 December 2018	2,263	9,119	2,773	488	5,456	20,099
At 1 January 2019	2,263	9,119	2,773	488	5,456	20,099
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	723	–	–	–	723
Adjusted balance at 1 January 2019	2,263	9,842	2,773	488	5,456	20,822
Additions	–	173	113	–	284	570
Written off	–	–	(22)	–	(396)	(418)
At 31 December 2019	2,263	10,015	2,864	488	5,344	20,974
Accumulated depreciation						
At 1 January 2018	1,260	2,943	2,530	352	4,372	11,457
Depreciation charge for the period	31	228	92	99	332	782
Written off	–	–	(73)	–	(4)	(77)
At 31 December 2018	1,291	3,171	2,549	451	4,700	12,162
At 1 January 2019						
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	–	–
Adjusted balance at 1 January 2019	1,291	3,171	2,549	451	4,700	12,162
Depreciation charge for the year	32	614	106	37	375	1,164
Written off	–	–	(22)	–	(396)	(418)
At 31 December 2019	1,323	3,785	2,633	488	4,679	12,908
Carrying amounts						
At 1 January 2018	1,003	6,176	236	136	351	7,902
At 31 December 2018	972	5,948	224	37	756	7,937
At 31 December 2019	940	6,230	231	–	665	8,066

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Location	Description	Tenure	Carrying amounts 2019 $'000	Carrying amounts 2018 $'000
212 East Coast Road Singapore 428911	2-storey shophouse used as branch premises	Freehold	**837**	856
203 Henderson Road #02-07 Singapore 159546	Warehouse	Freehold	**103**	116
Total freehold properties			**940**	972
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	**692**	747
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	**207**	224
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	**175**	188
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	**1,492**	1,541
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	**3,154**	3,248
Total leasehold properties			**5,720**	5,948
			6,660	6,920

Property, plant and equipment includes right-of-use assets with carrying amounts of $510,000 (2018: $Nil) and $64,000 (2018: $Nil) related to leasehold land and buildings and furniture and office equipment respectively as at 31 December 2019 (see note 22).

11 CAPITAL AND RESERVES

Share capital

	Group and Company	
	2019	**2018**
	No. of shares	**No. of shares**
	('000)	**('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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	**1,353**	1,353	**1,353**	1,353
Statutory reserve	**73,028**	69,308	**73,028**	69,308
Regulatory loss allowance reserve	**4,026**	1,854	**4,026**	1,854
Fair value reserve	**1,047**	194	**1,047**	194
Revenue reserve:				
- General	**730**	730	**730**	730
- Accumulated profits	**10,084**	15,148	**7,915**	13,026
	90,268	88,587	**88,099**	86,465

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)

Dividends

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

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Paid by the Company to owners of the Company		
First and final		
2 cents per qualifying ordinary share (2018: 2 cents)	**3,174**	3,174
Special		
2 cents per qualifying ordinary share (2018: 1 cent)	**3,173**	1,587
	6,347	4,761

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	
	2019	**2018**
	$'000	**$'000**
First and final		
2 cents per qualifying ordinary share (2018: 2 cents)	**3,174**	3,174
Special		
1.5 cents per qualifying ordinary share (2018: 2 cents)	**2,380**	3,173
	5,554	6,347

12 DEPOSITS AND SAVINGS ACCOUNTS OF CUSTOMERS

These include deposits placed by subsidiaries amounting to $2,442,000 (2018: $2,307,000) in the Company and $293,289,000 (2018: $216,896,000) placed by related parties of the Group and the Company, accepted in the ordinary course of business.

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Accrued interest payable	**5,394**	3,734	**5,394**	3,733
Accrued operating expenses	**2,338**	2,123	**2,333**	2,118
Deposits for safe deposit boxes and rental deposits	**124**	127	**124**	127
Unclaimed dividends	**458**	451	**458**	451
Lease liabilities	**933**	–	**933**	–
Others	**3,215**	2,808	**2,991**	2,585
	12,462	9,243	**12,233**	9,014
These comprise balances:				
Due within 12 months	**12,098**	9,202	**11,869**	8,973
Due after 12 months	**364**	41	**364**	41
	12,462	9,243	**12,233**	9,014

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

	Note	Trade and other payables Group
		$'000
At 1 January 2019		**9,243**
Adjustment on initial application of SFRS(I) 16		**1,029**
Adjusted balance at 1 January 2019		**10,272**
Changes in financing cash flows		
Payment of lease liabilities	22	**(930)**
Other changes – liability related		
New leases	22	**253**
Interest expense on lease liabilities	22	**581**
Changes in trade and other payables		**2,286**
At 31 December 2019		**12,462**

14 STAFF RETIREMENT GRATUITIES

	Group and Company	
	2019	**2018**
	$'000	**$'000**
At 1 January	**1,465**	1,368
Provision made during the year	**82**	97
Utilised	**(93)**	–
At 31 December	**1,454**	1,465

15 DEFERRED TAX (ASSETS)/LIABILITIES

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

	Balance as at 1 January 2018	Recognised in profit or loss (note 17)	Recognised in other comprehensive income	Balance as at 31 December 2018	Recognised in profit or loss (note 17)	Recognised in other comprehensive income	Balance as at 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group and Company							
Deferred tax (assets)/ liabilities							
Property, plant and equipment	91	65	–	156	(23)	–	**133**
Other receivables	51	(43)	–	8	(5)	–	**3**
Staff retirement gratuities	(233)	(16)	–	(249)	2	–	**(247)**
Investments	64	–	(24)	40	–	175	**215**
	(27)	6	(24)	(45)	(26)	175	**104**

16 PROFIT FROM OPERATIONS BEFORE ALLOWANCES

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

	Group	
	2019	**2018**
	$'000	**$'000**
Interest income and hiring charges		
Interest income on:		
- loans and advances	**26,180**	24,000
- bank deposits	**1,497**	1,307
- Singapore Government Securities	**2,616**	2,459
	30,293	27,766
Interest expense		
Interest expense on customer deposits	**9,735**	7,808
	9,735	7,808

16 PROFIT FROM OPERATIONS BEFORE ALLOWANCES (CONTINUED)

	Group	
	2019	**2018**
	$'000	**$'000**
Dividend income		
Quoted equity investments	**–**	15
Other operating income		
Bad debts recovered	**97**	143
Others	**427**	466
	524	609
Staff costs		
Salaries and other benefits	**7,801**	7,310
Contributions to defined contribution plans	**945**	874
	8,746	8,184

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	
	2019	**2018**
	$'000	**$'000**
Other operating expenses		
Audit fees paid to auditors		
- provision in respect of current year	**169**	173
Non-audit fees paid to auditors of the Company	**30**	155
Property, plant and equipment written-off	**4**	16
Interest expense on lease liabilities		
- related corporations	**539**	–
- third parties	**42**	–
Operating lease expense paid to:		
- related corporations	**–**	879
- third parties	**–**	55
Other operating expense paid to:		
- related corporations	**43**	43
- third parties	**3,401**	3,033
	4,228	4,354

17 TAX EXPENSE

	Note	Group 2019 $'000	Group 2018 $'000
Tax expense			
Current year		**1,552**	1,511
Overprovision in respect of prior year		**–**	(247)
		1,552	1,264
Deferred tax expense			
Origination and reversal of temporary differences	15	**(26)**	6
		1,526	1,270
Reconciliation of effective tax rate			
Profit before tax		**9,007**	8,987
Tax using Singapore tax rate of 17% (2018: 17%)		**1,531**	1,528
Income not subject to tax		**(22)**	(38)
Non-deductible expenses		**165**	184
Tax rebate		**(16)**	(12)
Overprovision in respect of prior year		**–**	(247)
Others		**(132)**	(145)
		1,526	1,270

18 EARNINGS PER SHARE

	Group 2019 $'000	Group 2018 $'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	**7,481**	7,717

	No. of shares 2019 ('000)	No. of shares 2018 ('000)
Weighted average number of ordinary shares	**158,686**	158,686

There were no dilutive potential ordinary shares for the year ended 31 December 2019 and 2018.

19 RELATED PARTIES

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2019	**2018**
	$'000	**$'000**
Directors' fees	**500**	470
Short-term employee benefits	**1,478**	1,454
Post-employment benefits	**84**	83

Directors' remuneration included in key management personnel compensation amounted to $2,062,000 (2018: $2,007,000). 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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Interest on deposits paid to subsidiaries	**–**	–	**18**	17
Interest on deposits paid to related parties	**2,382**	1,911	**2,382**	1,911

20 CONTINGENT LIABILITIES

These are commitments entered into by the Group and the Company on behalf of customers for which customers have corresponding obligations under their contracts with the Group and the Company, and are in respect of the following:

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Guarantees	–	100

These contingent liabilities are not secured on any of the Group's assets.

21 COMMITMENTS

Lease commitments

At 31 December 2018, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group and Company
	$'000
Within one year	256

Other commitments

	Group and Company	
	2019	2018
	$'000	$'000
Undrawn credit lines and other commitments to extend credit	**247,383**	149,129

22 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 office lease was first entered into years ago. Previously, the lease was classified as operating lease under SFRS(I) 1-17.

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

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
	2019	2019	2019
	$'000	$'000	$'000
Balance at 1 January	**723**	**–**	**723**
Additions to right-of-use assets	**173**	**80**	**253**
Depreciation charge for the year	**(386)**	**(16)**	**(402)**
Balance at 31 December	**510**	**64**	**574**

22 LEASES (CONTINUED)

Right-of-use assets (Continued)

	Group and Company
	$'000
Amounts recognised in profit or loss	
2019 – Lease under SFRS(I) 16	
Interest on lease liabilities	**581**
2018 – Operating lease under SFRS(I) 1-17	
Lease expense	934
Amounts recognised in statement of cash flows	
2019 – Lease under SFRS(I) 16	
Total cash outflow for leases	**930**

23 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.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Overview (Continued)

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.

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.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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.

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.

23 FINANCIAL RISK MANAGEMENT (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
2019				
Performing accounts				
- past due but not impaired	**60,732**	**10,438**	**–**	**71,170**
- neither past due nor impaired	**633,202**	**–**	**–**	**633,202**
Substandard	**–**	**–**	**32,625**	**32,625**
Loss	**–**	**–**	**5,800**	**5,800**
Gross amount	**693,934**	**10,438**	**38,425**	**742,797**
Stage 1 & 2 loss allowances	**(712)**	**(141)**	**–**	**(853)**
Stage 3 loss allowances	**–**	**–**	**(5,800)**	**(5,800)**
Carrying amount	**693,222**	**10,297**	**32,625**	**736,144**
2018				
Performing accounts				
- past due but not impaired	7,245	18,722	–	25,967
- neither past due nor impaired	594,608	–	–	594,608
Substandard	–	–	61,811	61,811
Loss	–	–	6,379	6,379
Gross amount	601,853	18,722	68,190	688,765
Stage 1 & 2 loss allowances	(574)	(1,371)	–	(1,945)
Stage 3 loss allowances	–	–	(6,379)	(6,379)
Carrying amount	601,279	17,351	61,811	680,441

There are no loans and advances with renegotiated terms that are neither past due nor impaired as at 31 December 2019 (31 December 2018 : $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.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to credit risk (Continued)

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	
	2019	**2018**
	$'000	**$'000**
Gross amount	**742,797**	688,765
Lifetime ECL on credit impaired exposures	**(5,800)**	(6,379)
Carrying amount	**736,997**	682,386
Properties	**493,256**	465,144
Motor vehicles	**152,375**	135,171
Vessels	**36,227**	37,436
Equipment	**33,623**	16,710
Shares	**15,837**	26,495
Financial effect of collateral on maximum credit exposure	**731,318**	680,956
Net exposure	**5,679**	1,430

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	
	2019	**2018**
	$'000	**$'000**
Properties	**7,338**	33,520

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to credit risk (Continued)

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)	
	2019	**2018**
	$'000	**$'000**
Concentration by sector		
Hire purchase/block discounting	**191,316**	154,398
Housing loans secured by property	**119,161**	123,224
Other loans and advances:		
- Agriculture, mining and quarrying	**203**	807
- Manufacturing	**12,191**	16,112
- Building and construction	**152,735**	110,414
- General commerce	**46,540**	34,356
- Transport, storage and communication	**47,381**	49,469
- Investment and holding companies	**55,361**	56,524
- Professional and private individuals	**90,665**	114,185
- Others	**27,244**	29,276
	742,797	688,765

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

Debt Investments

The Group and the Company held Singapore Government securities of $124,782,000 as at 31 December 2019 (2018: $172,753,000). The credit rating of Singapore Government Securities held at the reporting date accorded by various international credit rating agencies is AAA (2018: 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.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $224,843,000 and $224,759,000 respectively at 31 December 2019 (2018: $115,519,000 and $115,348,000). The cash and cash equivalents are mainly held with bank and financial institution counterparties which are rated AA- to AA+, based on various international credit ratings.

Impairment on cash and cash equivalents 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 cash equivalents 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 cash equivalents to those used for loans and advances. The amount of the allowance on cash and cash equivalents is negligible.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 bank-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.

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23 **FINANCIAL RISK MANAGEMENT** (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 2019							
Deposits and savings accounts of customers	**845,516**	**(858,356)**	**(139,622)**	**(147,213)**	**(566,231)**	**(5,277)**	**(13)**
Other liabilities*	**7,069**	**(7,069)**	**(5,197)**	**(261)**	**(1,246)**	**(364)**	**–**
	852,585	**(865,425)**	**(144,819)**	**(147,474)**	**(567,477)**	**(5,641)**	**(13)**
Undrawn loan commitments	**–**	**(247,383)**	**(247,383)**	**–**	**–**	**–**	**–**
	852,585	**(1,112,808)**	**(392,202)**	**(147,474)**	**(567,477)**	**(5,641)**	**(13)**
31 December 2018							
Deposits and savings accounts of customers	726,519	(735,008)	(90,127)	(200,893)	(378,868)	(65,115)	(5)
Other liabilities*	5,509	(5,509)	(4,534)	(236)	(698)	(41)	–
	732,028	(740,517)	(94,661)	(201,129)	(379,566)	(65,156)	(5)
Undrawn loan commitments	–	(149,129)	(149,129)	–	–	–	–
Contingent liabilities	–	(100)	(100)	–	–	–	–
	732,028	(889,746)	(243,890)	(201,129)	(379,566)	(65,156)	(5)
Company							
31 December 2019							
Deposits and savings accounts of customers	**847,958**	**(860,817)**	**(139,622)**	**(147,213)**	**(568,692)**	**(5,277)**	**(13)**
Other liabilities*	**6,840**	**(6,840)**	**(4,974)**	**(256)**	**(1,246)**	**(364)**	**–**
	854,798	**(867,657)**	**(144,596)**	**(147,469)**	**(569,938)**	**(5,641)**	**(13)**
Undrawn loan commitments	**–**	**(247,383)**	**(247,383)**	**–**	**–**	**–**	**–**
	854,798	**(1,115,040)**	**(391,979)**	**(147,469)**	**(569,938)**	**(5,641)**	**(13)**
31 December 2018							
Deposits and savings accounts of customers	728,826	(737,332)	(90,127)	(200,893)	(381,192)	(65,115)	(5)
Other liabilities*	5,281	(5,281)	(4,311)	(231)	(698)	(41)	–
	734,107	(742,613)	(94,438)	(201,124)	(381,890)	(65,156)	(5)
Undrawn loan commitments	–	(149,129)	(149,129)	–	–	–	–
Contingent liabilities	–	(100)	(100)	–	–	–	–
	734,107	(891,842)	(243,667)	(201,124)	(381,890)	(65,156)	(5)

* Excludes accrued interest payable

23 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.

23 FINANCIAL RISK MANAGEMENT (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 2019							
Cash and cash equivalents	**224,843**	**7,002**	**210,623**	**7,218**	**–**	**–**	**224,843**
Statutory deposit with the Monetary Authority of Singapore	**18,280**	**18,280**	**–**	**–**	**–**	**–**	**18,280**
Investments	**131,587**	**6,805**	**59,866**	**–**	**34,973**	**29,943**	**131,587**
Loans and advances	**736,144**	**29,661**	**522,439**	**56,488**	**90,626**	**36,930**	**736,144**
Other receivables and deposits*	**1,444**	**1,444**	**–**	**–**	**–**	**–**	**1,444**
	1,112,298	**63,192**	**792,928**	**63,706**	**125,599**	**66,873**	**1,112,298**
Deposits and savings accounts of customers	**845,516**	**94**	**280,976**	**559,247**	**5,186**	**13**	**845,516**
Other liabilities	**12,462**	**12,462**	**–**	**–**	**–**	**–**	**12,462**
	857,978	**12,556**	**280,976**	**559,247**	**5,186**	**13**	**857,978**
31 December 2018							
Cash and cash equivalents	115,519	8,422	102,008	5,089	–	–	115,519
Statutory deposit with the Monetary Authority of Singapore	18,641	18,641	–	–	–	–	18,641
Investments	172,753	–	108,833	–	19,660	44,260	172,753
Loans and advances	680,441	62,900	474,667	47,362	70,150	25,362	680,441
Other receivables and deposits*	1,066	1,066	–	–	–	–	1,066
	988,420	91,029	685,508	52,451	89,810	69,622	988,420
Deposits and savings accounts of customers	726,519	1,402	285,610	375,858	63,644	5	726,519
Other liabilities	9,243	9,243	–	–	–	–	9,243
	735,762	10,645	285,610	375,858	63,644	5	735,762

* Excludes prepayments

23 FINANCIAL RISK MANAGEMENT (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 2019							
Cash and cash equivalents	**224,759**	**6,918**	**210,623**	**7,218**	**–**	**–**	**224,759**
Statutory deposit with the Monetary Authority of Singapore	**18,280**	**18,280**	**–**	**–**	**–**	**–**	**18,280**
Investments	**131,587**	**6,805**	**59,866**	**–**	**34,973**	**29,943**	**131,587**
Loans and advances	**736,144**	**29,661**	**522,439**	**56,488**	**90,626**	**36,930**	**736,144**
Other receivables and deposits*	**1,443**	**1,443**	**–**	**–**	**–**	**–**	**1,443**
	1,112,213	**63,107**	**792,928**	**63,706**	**125,599**	**66,873**	**1,112,213**
Deposits and savings accounts of customers	**847,958**	**94**	**283,418**	**559,247**	**5,186**	**13**	**847,958**
Other liabilities	**12,233**	**12,233**	**–**	**–**	**–**	**–**	**12,233**
	860,191	**12,327**	**283,418**	**559,247**	**5,186**	**13**	**860,191**
31 December 2018							
Cash and cash equivalents	115,348	8,251	102,008	5,089	–	–	115,348
Statutory deposit with the Monetary Authority of Singapore	18,641	18,641	–	–	–	–	18,641
Investments	172,753	–	108,833	–	19,660	44,260	172,753
Loans and advances	680,441	62,900	474,667	47,362	70,150	25,362	680,441
Other receivables and deposits*	1,062	1,062	–	–	–	–	1,062
	988,245	90,854	685,508	52,451	89,810	69,622	988,245
Deposits and savings accounts of customers	728,826	1,402	287,917	375,858	63,644	5	728,826
Other liabilities	9,014	9,014	–	–	–	–	9,014
	737,840	10,416	287,917	375,858	63,644	5	737,840

* Excludes prepayments

23 FINANCIAL RISK MANAGEMENT (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 $2,159,000 (2018: decrease by $1,785,000). The corresponding impact from a 100 basis point fall is an estimated reduction of $3,080,000 (2018: $2,713,000) 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 $125 million (2018: $173 million). A 1% increase in prices at the reporting date would have increased equity by $1.3 million (2018: $1.7 million). An equal change in the opposite direction would have decreased equity by $1.3 million (2018: $1.7 million). The analysis is performed on the same basis for 2018.

At the reporting date, the Group has FVOCI-equity instruments of approximately $7 million (2018: $Nil). A 10% increase in prices at the reporting date would have increased equity by $0.7 million (2018: $Nil). An equal change in the opposite direction would have decreased equity by $0.7 million (2018: $Nil). The Group's net profit for the year ended 31 December 2019 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.

23 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 and unrealised gains on equity securities classified as FVOCI-debts 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:

	2019	2018
	$'000	$'000
Share capital	**168,896**	168,896
Disclosed reserves	**80,192**	86,539
Regulatory capital	**249,088**	255,435
Risk-weighted assets	**907,799**	764,451
Capital adequacy ratio	**27.44%**	33.41%

The Group has complied with all externally imposed capital requirements.

NOTES TO THE
FINANCIAL STATEMENTS

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications

The following table shows the classification of financial instruments.

	Financial assets at amortised cost	FVOCI-debt instruments	FVOCI-equity instruments	Other financial liabilities	Total carrying amount
	$'000	$'000	$'000	$'000	$'000
Group					
31 December 2019					
Financial assets					
Cash and cash equivalents	**224,843**	**–**	**–**	**–**	**224,843**
Statutory deposit with the Monetary Authority of Singapore	**18,280**	**–**	**–**	**–**	**18,280**
Investments	**–**	**124,782**	**6,805**	**–**	**131,587**
Loans and advances	**736,144**	**–**	**–**	**–**	**736,144**
Other receivables and deposits*	**1,444**	**–**	**–**	**–**	**1,444**
	980,711	**124,782**	**6,805**	**–**	**1,112,298**
Financial liabilities					
Deposits and savings accounts of customers	**–**	**–**	**–**	**845,516**	**845,516**
Trade and other payables	**–**	**–**	**–**	**12,462**	**12,462**
	–	**–**	**–**	**857,978**	**857,978**
31 December 2018					
Financial assets					
Cash and cash equivalents	115,519	–	–	–	115,519
Statutory deposit with the Monetary Authority of Singapore	18,641	–	–	–	18,641
Investments	–	172,753	–	–	172,753
Loans and advances	680,441	–	–	–	680,441
Other receivables and deposits*	1,066	–	–	–	1,066
	815,667	172,753	–	–	988,420
Financial liabilities					
Deposits and savings accounts of customers	–	–	–	726,519	726,519
Trade and other payables	–	–	–	9,243	9,243
	–	–	–	735,762	735,762

* Excludes prepayments

23 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 2019					
Financial assets					
Cash and cash equivalents	**224,759**	**–**	**–**	**–**	**224,759**
Statutory deposit with the Monetary Authority of Singapore	**18,280**	**–**	**–**	**–**	**18,280**
Investments	**–**	**124,782**	**6,805**	**–**	**131,587**
Loans and advances	**736,144**	**–**	**–**	**–**	**736,144**
Other receivables and deposits*	**1,443**	**–**	**–**	**–**	**1,443**
	980,626	**124,782**	**6,805**	**–**	**1,112,213**
Financial liabilities					
Deposits and savings accounts of customers	**–**	**–**	**–**	**847,958**	**847,958**
Trade and other payables	**–**	**–**	**–**	**12,233**	**12,233**
	–	**–**	**–**	**860,191**	**860,191**
31 December 2018					
Financial assets					
Cash and cash equivalents	115,348	–	–	–	115,348
Statutory deposit with the Monetary Authority of Singapore	18,641	–	–	–	18,641
Investments	–	172,753	–	–	172,753
Loans and advances	680,441	–	–	–	680,441
Other receivables and deposits*	1,062	–	–	–	1,062
	815,492	172,753	–	–	988,245
Financial liabilities					
Deposits and savings accounts of customers	–	–	–	728,826	728,826
Trade and other payables	–	–	–	9,014	9,014
	–	–	–	737,840	737,840

* Excludes prepayments

NOTES TO THE
FINANCIAL STATEMENTS

24 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 cash equivalents 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.

The fair value of the FVOCI-equity instrument is assumed to approximate the carrying value as at 31 December 2019 because of the short period between the transaction date and reporting date.

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.

24 **FAIR VALUES OF FINANCIAL INSTRUMENTS** (CONTINUED)

Financial instruments not carried at fair value

	2019		2018	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Financial assets				
Loans and advances	**736,144**	**742,508**	680,441	684,281
Financial liabilities				
Deposits and savings account of customer	**845,516**	**854,356**	726,519	728,404
Company				
Financial assets				
Loans and advances	**736,144**	**742,508**	680,441	684,281
Financial liabilities				
Deposits and savings account of customer	**847,958**	**856,798**	728,826	730,711

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**	**Level 2**	**Level 3**	**Total**
		$'000	**$'000**	**$'000**	**$'000**
Group and Company					
31 December 2019					
Financial assets					
Investments	5	**124,782**	**–**	**6,805**	**131,587**
31 December 2018					
Financial assets					
Investments	5	172,753	–	–	172,753

24 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

*Financial instruments not carried at fair value but for which fair values are disclosed**

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
31 December 2019					
Financial assets					
Loans and advances	6	**–**	**–**	**742,508**	**742,508**
Financial liabilities					
Deposits and savings accounts of customers	12	**–**	**854,356**	**–**	**854,356**
31 December 2018					
Financial assets					
Loans and advances	6	–	–	684,281	684,281
Financial liabilities					
Deposits and savings accounts of customers	12	–	728,404	–	728,404
Company					
31 December 2019					
Financial assets					
Loans and advances	6	**–**	**–**	**742,508**	**742,508**
Financial liabilities					
Deposits and savings accounts of customers	12	**–**	**856,798**	**–**	**856,798**
31 December 2018					
Financial assets					
Loans and advances	6	–	–	684,281	684,281
Financial liabilities					
Deposits and savings accounts of customers	12	–	730,711	–	730,711

* 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.

24 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

FVOCI-equity instrument entered during the year are stated at initial cost, where it has been assessed that the latest transaction price approximates 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.

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 2019	–
Purchases	**6,805**
Total gains recognised in other comprehensive income	
– Net change in fair value of FVOCI financial assets	–
At 31 December 2019	**6,805**

25 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.

26 NON-CURRENT ASSETS AND LIABILITIES

Assets and liabilities other than those disclosed below are current.

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Assets				
Investments	**71,721**	63,920	**71,721**	63,920
Loans and advances	**649,261**	621,729	**649,261**	621,729
Other receivables, deposits and prepayments	**362**	337	**362**	337
Subsidiaries	**–**	–	**125**	125
Property, plant and equipment	**8,066**	7,937	**8,066**	7,937
Deferred tax assets	**–**	45	**–**	45
	729,410	693,968	**729,535**	694,093
Liabilities				
Deposits and savings accounts of customers	**5,199**	63,649	**5,199**	63,649
Trade and other payables	**364**	41	**364**	41
Staff retirement gratuities	**1,454**	1,372	**1,454**	1,372
Deferred tax liabilities	**104**	–	**104**	–
	7,121	65,062	**7,121**	65,062

27 NEW STANDARDS AND INTERPRETATION NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted them in preparing the new standards and amendments in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's financial position.

Description	Effective for annual periods beginning on or after
Amendments to References to Conceptual Framework in SFRS(I) Standards	1 January 2020
Definition of Business (Amendments to SFRS(I) 3)	1 January 2020
Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)	1 January 2020
SFRS(I) 17 *Insurance Contracts*	1 January 2020

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

ANALYSIS OF **SHAREHOLDINGS**

As at 10 March 2020

Class of Shares : Ordinary Shares
Voting Rights : One Vote per Share

SUMMARY OF SHAREHOLDINGS BY SIZE AS AT 10 MARCH 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	141	4.72	2,669	0.00
100 to 1,000	380	12.73	262,939	0.17
1,001 to 10,000	1,389	46.53	7,331,970	4.62
10,001 to 1,000,000	1,068	35.78	54,451,228	34.31
1,000,001 AND ABOVE	7	0.24	96,637,084	60.90
TOTAL	**2,985**	**100.00**	**158,685,890**	**100.00**

TOP 20 SHAREHOLDERS AS AT 10 MARCH 2020

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	6,396,824	4.03
4	MORPH INVESTMENTS LTD	2,630,000	1.66
5	LEE KHING YOONG VINCENT	1,970,166	1.24
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,525,094	0.96
7	SEE BENG LIAN JANICE	1,294,000	0.82
8	CITIBANK NOMINEES SINGAPORE PTE LTD	994,649	0.63
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	860,139	0.54
10	PHILLIP SECURITIES PTE LTD	841,737	0.53
11	ANG CHIAN POH	812,200	0.51
12	KOH GEOK HUAY MRS.TEO GEOK HUAY	800,000	0.50
13	RAFFLES NOMINEES (PTE) LIMITED	755,101	0.48
14	CHUAH BEE JIAT	742,000	0.47
15	LIM HUI KONG	619,000	0.39
16	TAY HWA LANG @TAY AH KOU	600,000	0.38
17	LALCHAND JETHANAND DARYANANI	542,000	0.34
18	NG POH CHENG	541,000	0.34
19	CHIAM TOON CHEW	510,600	0.32
20	SEOW KHOW MIN	476,987	0.30
	TOTAL	**105,732,497**	**66.63**

ANALYSIS OF **SHAREHOLDINGS**

As at 10 March 2020

SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2020
(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

Based on the information available to the Company, approximately 47.51% of the issued ordinary shares are held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been compiled with.

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

	Mr Teo Chiang Long	Mr Ho Ah Seng, William ("Mr William Ho")	Mr Tan Chin Han, Adam ("Mr Adam Tan")
Date of appointment	10 March 1981	● Executive Director from 1 March 1989 to 31 January 2008. ● Non-Independent Non-Executive Director from 1 February 2008 to 25 August 2011. ● Independent Non-Executive Director from 26 August 2011 to 25 October 2012 and from 29 October 2013 to present	3 January 2017
Date of last re-appointment	28 April 2017	28 April 2017	Not applicable
Age	76	78	45
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale)	The re-election of Mr Teo Chiang Long as an Executive Director and the Executive Chairman was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Teo Chiang Long's qualifications, expertise, past experiences and overall contributions since he was first appointed as a Director of the Company.	The re-election of Mr William Ho as an Independent Non-Executive Director was recommended by the Nominating Committee, and the Board has accepted the recommendation, after taking into consideration Mr William Ho's qualifications, expertise, past experiences and overall contributions since he was first 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	Executive Chairman. Please refer page 33 for the key areas of responsibilities of the Executive Chairman.	Independent Non-Executive Director	Independent Non-Executive Director
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	● Chairman of the Board of Directors ● Member of the Executive Committee	● Member of the Risk Management Committee	● Member of the Audit, Nominating, Remuneration and Risk Management Committees
Professional qualifications	● Bachelor of Economics, University of Adelaide, Australia	● Bachelor of Science in Sociology, University of London	● Bachelor of Accountancy (Honours), Nanyang Technological University, Singapore ● Chartered Accountant of Singapore

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	Mr Teo Chiang Long	Mr Ho Ah Seng, William ("Mr William Ho")	Mr Tan Chin Han, Adam ("Mr Adam Tan")
Working experience and occupation(s) during the past 10 years	Mr Teo Chiang Long has been an Executive Director of Singapura Finance Ltd since March 1981 and also holds directorships in various other companies in Singapore and Malaysia.	Retired. Prior to retirement on 31 January 2008, Mr William Ho was an Executive Director of Singapura Finance Ltd.	Mr Adam Tan started his career in Merrill Lynch before leaving to manage Plasticscommerce Pte Ltd in 2000. He is currently an Executive Director of Plasticscommerce Pte Ltd and Agrimax Pte Ltd and also holds directorships in several companies.
Shareholding interest in the listed issuer and its subsidiaries	Refer to Directors' Statement on pages 4 to 6.		
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	Father of CEO Mr Jamie Teo. Director of See Hoy Chan (1988) Pte Ltd and Teo Hang Sam Realty Sdn Bhd which are substantial shareholders and related corporations of the Company.	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	<u>Past (for the last 5 years)</u> <u>Directorships</u> ● SBS Realty Services (Private) Limited ● Ngee Ann Education Holdings Pte Ltd ● Ngee Ann Academy Pte Ltd ● Ngee Ann Institute of Higher Education Pte Ltd <u>Present</u> <u>Directorships</u> ● Singapura Finance Ltd ● Teo Soo Chuan (Private) Limited ● Teo Soo Chuan (M) Sdn Bhd ● SBS Nominees Private Limited ● Teo Hang Sam Realty Sdn Bhd	<u>Past (for the last 5 years)</u> None <u>Present</u> ● Director of Singapura Finance Ltd	<u>Past (for the last 5 years)</u> <u>Directorships</u> ● Synergy ITC Pte Ltd ● Femto Pte Ltd ● Hahn Automation Asia Pte Ltd <u>Present</u> <u>Directorships</u> ● 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 Teo Chiang Long	Mr Ho Ah Seng, William ("Mr William Ho")	Mr Tan Chin Han, Adam ("Mr Adam Tan")
	• Teo Soo Chuan Realty Sdn Bhd • Teo Soo Chuan Holdings Sdn Bhd • Teo Soo Chuan Development Sdn Bhd • Teo Soo Chuan Properties Sdn Bhd • See Hoy Chan (1988) Private Limited • Ngee Ann Development Private Limited • Hotel Malaya Sdn Bhd • Hotel Malaya Holdings Sdn Bhd • High Luck Pte Ltd • Le Grande Vista Pte Ltd • Capitol Hill Holding Pte Ltd • Ngee Ann Cultural Centre Limited • Ngee Ann Traditional Chinese Medicine Centre Limited • RE Properties Pte Ltd • Ngee Ann ECE Pte Ltd • See Hoy Chan Hub Pte Ltd • Singapore Teochew Foundation Limited • Bright Vision Hospital • NAD Triple Funds Pte Ltd • Vault @ 268 Pte Ltd • Ngee Ann Property Management Pte Ltd Other commitments • Committee of Management Member of The Ngee Ann Kongsi • Chairman and Secretary of The Management Corporation Strata Title (MCST) Plan No. 2929 • President of Seu Teck Sean Tong Yiang Sin Sia • Vice Chairman of Toa Payoh Seu Teck Sean Tong • President of Seu Teck Sean Tong Yiang Sin Sia Temple Development Fund		

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	Mr Teo Chiang Long	Mr Ho Ah Seng, William ("Mr William Ho")	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

	Mr Teo Chiang Long	Mr Ho Ah Seng, William ("Mr William Ho")	Mr Tan Chin Han, Adam ("Mr Adam Tan")
(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

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	Mr Teo Chiang Long	Mr Ho Ah Seng, William (“Mr William Ho”)	Mr Tan Chin Han, Adam (“Mr Adam Tan”)
(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

	Mr Teo Chiang Long	Mr Ho Ah Seng, William ("Mr William Ho")	Mr Tan Chin Han, Adam ("Mr Adam Tan")
(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
(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	No	No	No

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

	Mr Teo Chiang Long	Mr Ho Ah Seng, William ("Mr William Ho")	Mr Tan Chin Han, Adam ("Mr Adam Tan")
(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?			
(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
富雅金融 FINANCE

SINGAPURA FINANCE LTD
150 CECIL STREET
#01-00 SINGAPORE 069543
www.singapurafinance.com.sg
www.facebook.com/singapurafinanceltd

15 April 2020

Dear Shareholder

We would like to inform you that the Company's Annual General Meeting (the "**AGM**") (which was originally scheduled for 24 April 2020) will be deferred to a later date which the Company will announce via SGXNET in due course. In deciding to defer the AGM, the Company had taken into consideration (among others) the strict safe distancing measures imposed by the government, in particular, the notification issued on 24 March 2020 by the Singapore Ministry of Health ("**MOH**") stating that all events and mass gatherings must be deferred or cancelled regardless of size.

The Company may provide updates to shareholders on the procedures for participation at the AGM after due consideration (as applicable) of relevant legislative amendments to provide legal certainty and facilitate the holding of meetings, any further guidance which may be issued by regulatory agencies including Singapore Exchange Regulation, and necessary arrangements that are required to be put in place in order to adopt the recommended measures for conducting meetings (as appropriate) and implement the safe distancing measures put in place by MOH.

Please refer to SGXNET announcements by the Company or notifications posted on our corporate website at https://www.singapurafinance.com.sg for any updates in relation to the AGM.

Following the amendments to the SGX Listing Rules to allow listed companies to send shareholders documents (including circulars and annual reports) using electronic communications, and in line with the Company's sustainability strategy, we have discontinued the mailing of printed copies of the annual report to shareholders. You are now able to access the Company's annual report for the financial year ended 31 December 2019 ("**AR 2019**") via our corporate website from the date of this letter. You will need an internet browser and PDF reader to view the AR 2019.

The AR 2019 may be accessed as follows :

- Visit our website at https://www.singapurafinance.com.sg
- Click on "Investor Relations", "Announcements", "Annual Reports" and finally "Annual report 2019".

If you have any questions in relation to the AR 2019 and the AGM, you may send them via email to our Investor Relations team at investor.relations@singapurafinance.com.sg.

If you would like to receive a printed copy of the annual report, please complete the enclosed Request Form by ticking the appropriate boxes and return it to us as soon as possible. Your latest request will supersede any earlier requests received by us.

Important Notice from the Company on the Novel Coronavirus (COVID-19)

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of spread of COVID-19. The Company reserves the right to take measures as appropriate in order to minimise any risk to shareholders and others attending the AGM. In the event such measures are adopted, the Company will make announcements as appropriate via SGXNET and published at URL https://www.singapurafinance.com.sg closer to the AGM date. For latest updates on COVID-19, please refer to the Ministry of Health website at https://www.moh.gov.sg.

Thank you.

Yours faithfully
FOR SINGAPURA FINANCE LTD

Ngiam May Ling
Company Secretary

Enclosures

SINGAPURA FINANCE LTD
(Company Registration No. 196900340N)
(Incorporated in the Republic of Singapore)

REQUEST FORM

TO: **The Company Secretary**
c/o Singapura Finance Ltd
150 Cecil Street #01-00
Singapore 069543

NOTE: Please tick only one box. Incomplete or incorrectly completed forms will not be processed.

	Please send to me/us the Annual Report for financial year ended 31 December 2019 only.
	Please do not send to me/us the Annual Report for as long as I am/we are shareholder(s) of Singapura Finance Ltd.
	Please send to me/us the Annual Report for financial year ended 31 December 2019 and for as long as I am/we are shareholder(s) of Singapura Finance Ltd.
	I/We wish to withdraw my/our election for hard copy Annual Report.

The shares are held by me/us under or through (please tick):

☐ CDP Securities Account Number:

1	6	8	1	-					-				

☐ CPF Investment Scheme (“CPFIS”) Account

☐ Physical Scrips

Name(s) of shareholder(s): ______________________________

NRIC/Passport/Company Registration Number(s): ______________________________
(Last 5 characters only)

Address: ______________________________

Signature(s): ______________________________ Date: ______________________________

NB : By completing, signing and returning this Request Form, you agree and acknowledge that we and/our service provider may collect, use and disclose your personal data, as contained in your submitted Request Form or which is otherwise collected from you (or your authorized representative(s)), for the purpose of processing and effecting your request.

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富雅金融 FINANCE

Affix
Postage
Stamp

The Company Secretary
c/o Singapura Finance Ltd
150 Cecil Street #01-00
Singapore 069543

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