SING INVESTMENTS & FINANCE LIMITED

SINCERITY, INNOVATION, FLEXIBILITY

ANNUAL REPORT 2022

CONTENTS

ABOUT US

Sing Investments & Finance Limited ("SIF") was incorporated in Singapore on 13 November 1964 and was listed on the Singapore Stock Exchange in July 1983. The company has more than 50 years of lending experience in the financing arena in Singapore.

SIF has four branches strategically located at 96 Robinson Road, Ang Mo Kio Avenue 6, Bedok North Street 1 and Jurong Gateway Road.

The Company has one subsidiary, Sing Investments & Finance Nominees (Pte.) Ltd. The principal activities of the subsidiary are those of a nominee service company.

WHAT WE DO

SIF is a licensed finance company under the Finance Companies Act 1967. Our principal activities include accepting deposits from the public and providing loans and credit facilities to individuals and corporations, particularly the small and medium-sized enterprises ("SMEs") in Singapore.

SIF recognised the value of embracing digital transformation as it offers convenience and better services to its customers. SIF launched digital apps and platforms for both retail and business customers, with the goal of making it easier for customers to conduct financial transactions online from anywhere, at any time. The digital apps and platforms offer a suite of online services, such as fund transfers, checking account balances, viewing transaction histories and placing fixed deposits.

OUR OBJECTIVE

Over the years, SIF has built trust among its customers. SIF has many loyal customers who continue to support the company. SIF will continue to develop its business with integrity and high standard of business ethics, be responsive to its customers' needs and provide flexible financing solutions to address their financing needs and be their go-to financial partner.

OUR PRODUCTS & SERVICES

SIF offers a full range of products and services to both its retail and corporate/SME customers.

Deposits

- Business Current Account
- Fixed Deposits
- Fixed Deposits (FD) Online
- GoSavers Account (online)
- GIRO Saver Account
- Savings Account
- Conveyancing Account

Personal Financing

- Housing Loan
- HDB Loan
- Car Loan
- Share Loan
- Commercial Property Loan

Corporate/SME Financing

- Commercial Property Loan
- Land & Construction Loan
- Machinery Loan
- Government-Backed SME Loans
- Block Discounting Financing
- Floor Stock Financing
- Shipping Loan
- Account Receivables/Invoice Factoring
- Unsecured Business Loan

Personal e-Services

- SIF Mobile app
- SIF Online (browser)

Corporate/SME e-Services

- SIF BIZ Mobile app
- SIF BIZ Online (browser)

AWARDS

SIF is honoured to have been recognised for its achievements in the industry. The awards are a testament to its business approach and the expertise of its directors, management and staff.

ABOUT US

2022

- SIAS Investors' Choice Awards 2022 – Singapore Corporate Governance Award (Small Cap) – Runner-up
- SIAS Investors' Choice Awards 2022 – Shareholder Communications Excellence Award (Small Cap) – Winner
- Singapore Corporate Awards 2022 – Best Managed Board Award (Silver) in the less than $300 million market capitalisation category

2021

- Singapore Corporate Awards 2021 – Special Edition Corporate Excellence And Resilience Award
- SIAS Investors' Choice Awards 2021 – Singapore Corporate Governance Award (Small Cap) – Winner
- Singapore Governance and Transparency Index Special Commendation Award (Small Cap)

2019

- Singapore Corporate Awards 2019 – Mr Lee Sze Leong, Best Chief Executive Officer (Winner) in the less than $300 million market capitalisation category
- Singapore Corporate Awards 2019 – Best Risk Management (Merit) in the less than $300 million market capitalisation category
- SIAS Investors' Choice Awards 2019 – Singapore Corporate Governance Award (Small Cap) – Runner Up

2018

- SIAS Investors' Choice Awards 2018 – Singapore Corporate Governance Award (Small Cap) – Winner

2017

- SIAS Investors' Choice Awards 2017 – Singapore Corporate Governance Award (Small Cap) – Winner

2016

- Singapore Corporate Awards 2016 – Best Managed Board Award (Gold) in the less than $300 million market capitalisation category
- Singapore Governance and Transparency Forum 2016 – Special Commendation Award (Small Cap)

2015

- Singapore Corporate Awards 2015 – Best Managed Board Award (Bronze) in the less than $300 million market capitalisation category

CHAIRMAN'S STATEMENT

"The Group has once again demonstrated great resilience in responding to challenges and continues to scale new heights on multiple fronts amidst uncertainties in 2022."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report of the Group and the Company for the financial year ended 31 December 2022.

2022, SCALING NEW HEIGHTS AMIDST UNCERTAINTIES

2022 started off with post-COVID optimism but ended with looming uncertainties caused by protracted geopolitical tensions, elevated inflation and waning global demands. To fight soaring inflation, global central banks have been tightening monetary policies aggressively and interest rates have been rising sharply, adding burden to borrowers and weighing on asset prices.

Singapore economic growth of 3.8% in 2022 was sharply lower than the expansion achieved a year ago, with all key sectors posting lower growth compared to 2021.

Record financial performance

The Group has once again demonstrated great resilience in responding to challenges and continues to scale new heights on multiple fronts amidst uncertainties. For the second consecutive year, the Group posted record profit, with net profit after tax increasing by 18% to $37.2 million. Our performance was driven by write-back of loan recovery, net interest margin expansion and record lending volume.

By staying focused on cultivating meaningful relationships with customers, we continue to grow our franchise against the backdrop of a weaker business sentiment this year. Our loan book grew by 12% to cross $2.4 billion for the first time in our history.

Despite higher debt service burden on customers caused by rate hikes, our asset quality remained resilient, with non-performing loan ratio improving to 1.1% from 1.7% a year ago. $6.5 million of net loan recovery was written back mainly from non-performing loans to a corporate customer. The relentless effort of SIF management in reclaiming the distressed assets, once thought uncollectible, has come to fruition this year, with loan recovery contributing significantly to our bottom-line.

I would like to congratulate our SIF colleagues for sustaining the stellar financial results.

10 years of solid growth

Looking back, the Group has grown from strength to strength in the past decade. Our net profit after tax has increased by 153% or more than doubled to $37.2m in 2022 from $14.7m 10 years ago. In terms of compound annual growth rate ("CAGR"), SIF has registered 10% annual CAGR over the past 10 years. During the period, our earnings per share have also increased by 93% while our loan book expanded by 69%.

CHAIRMAN'S STATEMENT

+153%

over 10 years
Net Profit:
$37.2m

+93%

over 10 years
Earnings per Share:
23.6 cents

+69%

over 10 years
Customer Loans:
$2.4 billion

To deliver 10 years of solid growth, our colleagues spare no effort in staying true to our vision of being a trusted financial institution. At the same time, we always take pride in fostering personalised relationships with our customers and delivering customised solutions to meet their needs.

Since the onset of COVID-19 pandemic, we partner with Enterprise Singapore and have provided over $200 million of temporary bridging loans and enhanced working capital facilities to our customers, who are mainly small and medium enterprises with limited ways to raise finances, to ease their short term liquidity problems. We stand behind our customers in both good and bad times.

REWARDING SHAREHOLDERS

Dividends

In line with the record financial results of the Group for the year 2022, the Board of Directors has proposed a first and final dividend of 10 cents per share for approval by the shareholders at the forthcoming Annual General Meeting. This is 2 cents higher than the dividend for 2021 and 43% of the net profit made in the year will be returned to the shareholders if approved.

Bonus Issue

As we celebrate our long-term growth, we would like to express our gratitude to our shareholders for their continuing support to the Group over the years. We appreciate their unwavering trust on the Group as we go through the ups and downs in our uneven growth path. To give due recognition to the loyalty of our shareholders, the Board of Directors has proposed a bonus issue of one (1) bonus share for every 2 existing shares in the capital of the Company at no cost for all our shareholders.

The bonus issue also aims to enhance trading liquidity of the Company's shares, to facilitate greater participation by investors and to broaden shareholder base of the Company.

The bonus shares will be issued pursuant to the general mandate to be approved by the shareholders at the coming Annual General Meeting.

ACHIEVING AGAINST STRATEGIC PRIORITIES

Environmental risk and climate change

In addition to our good financial achievements, we also made significant stride in managing our environment and climate related risks in 2022. While our exposures to customers with elevated ESG risks remain immaterial over the years, we recognise our responsibilities to pull our weight in combating climate change.

In 2022, the Group has integrated our environment risk management into the Group's Enterprise-wide Risk Management Framework. With the integration, the environment risk related considerations are now fully embedded into our firm-wide decision making and operational processes.

To elaborate, under the **SIF ESG Risk Assessment Approach** rolled out in 2022, we now assess the presence of ESG risks for all new and existing borrowers based on checklists which are customised for different tiers of inherent risks. This is now an important step in on-boarding our new customers as we believe in upfront risk assessment to avoid disruption to our customers' financing and impairment of our assets caused by abrupt termination of relationships subsequently.

In addition, we have set up quantitative risk appetite for our exposures to customers with elevated ESG risks. As at 31 December 2022, our exposures to customers in the sectors considered as high or elevated ESG risks in accordance with the Association of Banks in Singapore Guidelines on Responsible Financing were at 0.2% of our total loan portfolio. SIF is committed to keep our ESG exposures to well within our risk appetite at all times.

As a responsible corporate citizen, we will continue to build our capacity and explore pragmatic ways to implement rigorous risk management to safeguard our assets and protect our environment in future.

CHAIRMAN'S STATEMENT

Digital Transformation

Following the success of the SIF Retail Mobile App, we have launched the SIF Corporate Internet Banking (CIB) App in 2022 to allow our corporate customers to conduct banking transactions digitally. After crossing the milestone of being the first Singapore finance company to launch our retail and corporate banking apps, we will now focus on ramping up customer usage of the apps in order to deliver more efficient products and services.

The number of customers using SIF banking apps increased by 50% in 2022 after our effort to promote the banking apps to our customers.

+50%

Increase in number of customers using banking apps

More innovations are in the pipeline and will be launched in due course to enhance our digital eco-systems.

At SIF, we are cognizant of the fact that our core strength lies with our ability to deliver personalised and customised services and, we are committed to uphold this SIF differentiating factor that sets us apart from the larger financial institutions. We reiterate that the aim of our technology adoption is to provide our customers with the best of both worlds – digital options with human touch.

Governance and Transparency

In 2022, we are proud to rank 11th in the vast pool of companies surveyed for the Singapore Governance and Transparency Index, a leading index for corporate governance practices of Singapore listed companies. Notwithstanding our relatively small market capitalisation, we have been among the top 5% of the listed companies surveyed for this highly regarded index for 9 consecutive years.

In addition, we are delighted to be the winner for the Best Managed Board – Silver Award (Companies with less than $300m market capitalisation) in the prestigious Singapore Corporate Award 2022, the winner for the Shareholder Communication Excellence Award and the runner-up of Singapore Corporate Governance Award (Both Small Cap Category) in the Securities Investors Association (Singapore) ("SIAS") Investors' Choice Awards 2022.

The recognition by the industry encourages us to remain committed to the highest standards in corporate governance and our core corporate values of integrity and transparency.

GOING FORWARD INTO 2023

The Singapore economy is forecast to grow within a modest range of 0.2% to 2.5%, with looming downside risks. US Federal Reserve is widely expected to deliver more rate hikes but at a slower pace and with no clear sign of rate reversal in 2023. Liquidity will remain tight and SGD interest rates are likely to stay elevated. In addition, the competition in the Singapore financial services sector is expected to stiffen as the digital banks scale up their business. In the nutshell, 2023 will be another challenging year in the making.

Against this less favourable economic backdrop, we will be cautious as we seek growth in our niche market and explore new business opportunities. The Group's Capital Adequacy Ratio remained healthy at 15.6% as at 31 December 2022, 3.6% points above the regulatory minimum. Our strong capital will enable us to weather the uncertainties and to tap on opportunities to grow our business in 2023.

APPRECIATION AND PARTING WORDS

I would like to express my gratitude to our dedicated SIF management and colleagues for their commitment that makes the many achievements possible for SIF, to my fellow Board members for sharing their knowledge and perspective, and last but not least, to our shareholders and customers for their continued trust and support.

This will be my last statement to you as the Chairman of Sing Investments and Finance Limited. I plan to step down as the Chairman and director of the Company in April 2023. It has been a privilege for me to serve as the director of SIF, a well-managed company with its unique strengths.

I look forward to meeting all of you in person in the coming Annual General Meeting on 26 April 2023.

CHEE JIN KIONG
Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Chee Jin Kiong
Chairman

Mr Lee Sze Leong
Managing Director/Chief Executive Officer

Mr Lee Sze Siong
Deputy Managing Director

Mr Michael Lau Hwai Keong
Non-Executive & Independent Director

Mr Joseph Toh Kian Leong
Non-Executive & Independent Director

Ms Quan Wai Yee
Non-Executive & Independent Director

AUDIT COMMITTEE

Mr Joseph Toh Kian Leong Chairman
Mr Chee Jin Kiong
Ms Quan Wai Yee

RISK MANAGEMENT COMMITTEE

Mr Michael Lau Hwai Keong Chairman
Ms Quan Wai Yee
Mr Lee Sze Leong
Mr Lee Sze Siong
Head, Risk Management Department
Head, Product Management Department
Head, Finance Department
Head, Compliance Department
Head, Branches/Treasury Department

NOMINATING COMMITTEE

Mr Michael Lau Hwai Keong Chairman
Mr Lee Sze Leong
Mr Joseph Toh Kian Leong

REMUNERATION COMMITTEE

Mr Chee Jin Kiong Chairman
Mr Michael Lau Hwai Keong
Ms Quan Wai Yee

LOAN COMMITTEE

Mr Lee Sze Leong Chairman
Mr Lee Sze Siong
Mr Chee Jin Kiong
Ms Lim Lee Mei
Mr Ron Chua Chee Peng

REGISTERED & HEAD OFFICE

96 Robinson Road
#01-01 SIF Building
Singapore 068899
Tel: (65) 6305 0300
Fax: (65) 6305 0328
Website: www.sif.com.sg

BRANCH OFFICES

Ang Mo Kio Branch

Blk 715 Ang Mo Kio Ave 6
#01-4006
Singapore 560715
Tel: (65) 6456 0588
Fax: (65) 6456 9715

Bedok Branch

Blk 202 Bedok North Street 1
#01-479/481
Singapore 460202
Tel: (65) 6445 9596
Fax: (65) 6449 3254

Jurong Branch

Blk 131 Jurong Gateway Road
#01-255
Singapore 600131
Tel: (65) 6775 7248
Fax: (65) 6775 3463

COMPANY SECRETARIES

Ms Ong Beng Hong
Ms Lee Yuan

AUDITORS

Deloitte & Touche LLP

6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809
Partner-in-charge: Mr Jeremy Phua
Date of appointment: 26 August 2021

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
Keppel Bay Tower
#14-07
Singapore 098632

INVESTOR RELATIONS

96 Robinson Road
#08-01 SIF Building
Singapore 068899
Tel: (65) 6438 7060
Fax: (65) 6305 0281
Email: investor_relations@sif.com.sg

BOARD OF DIRECTORS

AS AT 24 FEBRUARY 2023

MR CHEE JIN KIONG, 76

Role:
- Chairman
- Non-Executive and Independent Director

Date of first appointment as a director:
1 September 2014

Date of appointment as Chairman:
27 April 2021

Date of last re-election as a director:
20 May 2020

Length of service as a director:
8 years 5 months

Board/Working Committee(s) served on:
- Remuneration Committee (Chairman)
- Audit Committee (Member)
- Loan Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Accountancy Degree, University of Singapore
- Fellow, Institute of Singapore Chartered Accountants

Present Directorships in other listed companies:
- Nil

Other Principal Commitments:
- Nil

Past Directorships in listed companies held over the preceding 3 years:
- Nil

MR LEE SZE LEONG, 64

Role:
- Chief Executive Officer
- Managing Director and Non-Independent Director

Date of first appointment as a director:
20 February 1989

Date of last re-election as a director:
26 April 2021

Length of service as a director:
34 years

Board/Working Committee(s) served on:
- Loan Committee (Chairman)
- Nominating Committee (Member)
- Risk Management Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Business Administration, University of Hawaii

Present Directorships in other listed companies:
- Sing Holdings Limited (Non-Executive Chairman)

Other Principal Commitments:
- F.H. Lee Holdings (Pte) Limited (Director)
- Sing Investments & Finance Nominees (Pte.) Ltd. (Director)
- Hire Purchase, Finance and Leasing Association of Singapore (Chairman)
- Finance Houses Association of Singapore (Honorary Treasurer)
- 61st Singapore Chinese Chamber of Commerce & Industry (Vice-President)
- Tanjong Pagar – Tiong Bahru Citizens' Consultative Committee (Honorary Chairman)
- Singapore Hokkien Huay Kuan (Vice-President)
- Singapore Chinese Dance Theatre (Chairman)

Past Directorships in listed companies held over the preceding 3 years:
- Nil

BOARD OF DIRECTORS

AS AT 24 FEBRUARY 2023

MR LEE SZE SIONG, 61

Role:
- Deputy Managing Director
- Executive and Non-Independent Director

Date of first appointment as a director:
19 March 1997

Date of last re-election as a director:
20 May 2020

Length of service as a director:
25 years 11 months

Board/Working Committee(s) served on:
- Risk Management Committee (Member)
- Loan Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Business Administration, University of Hawaii
- Master in Accounting, University of Southern Queensland

Present Directorships in other listed companies:
- Nil

Other Principal Commitments:
- F.H. Lee Holdings (Pte) Limited (Director)
- Sing Investments & Finance Nominees (Pte.) Ltd. (Director)

Past Directorships in listed companies held over the preceding 3 years:
- Nil

MR MICHAEL LAU HWAI KEONG, 62

Role:
- Non-Executive and Independent Director

Date of first appointment as a director:
2 January 2019

Date of last re-election as a director:
26 April 2022

Length of service as a director:
4 years 1 month

Board/Working Committee(s) served on:
- Risk Management Committee (Chairman)
- Nominating Committee (Chairman)
- Remuneration Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Business Administration (First Class Honours), National University of Singapore
- Chartered Financial Analyst, CFA Institute

Present Directorships in other listed companies:
- Nil

Other Principal Commitments:
- Octagon Advisors Pte Ltd (Senior Managing Director, Advisory Services)
- BeerCo Limited (Independent Director)

Past Directorships in listed companies held over the preceding 3 years:
- Nil

BOARD OF DIRECTORS

AS AT 24 FEBRUARY 2023

MR JOSEPH TOH KIAN LEONG, 67

Role:
- Non-Executive and Independent Director

Date of first appointment as a director:
2 January 2019

Date of last re-election as a director:
26 April 2022

Length of service as a director:
4 years 1 month

Board/Working Committee(s) served on:
- Audit Committee (Chairman)
- Nominating Committee (Member)

Academic & Professional Qualification(s):
- Association of Chartered Certified Accountants
- Fellow, Institute of Singapore Chartered Accountants

Present Directorships in other listed companies:
- Nil

Other Principal Commitments:
- Nil

Past Directorships in listed companies held over the preceding 3 years:
- Nil

MS QUAN WAI YEE, 57

Role:
- Non-Executive and Independent Director

Date of first appointment as a director:
27 April 2021

Date of last re-election as a director:
26 April 2022

Length of service as a director:
1 year 9 months

Board/Working Committee(s) served on:
- Audit Committee (Member)
- Risk Management Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Business Administration, National University of Singapore

Present Directorships in other listed companies:
- Nil

Other Principal Commitments:
- Nil

Past Directorships in listed companies held over the preceding 3 years:
- Nil

FORGING AHEAD
WITH DIGITAL TRANSFORMATION

CORPORATE GOVERNANCE STATEMENT

Sing Investments & Finance Limited ("SIF" or the "Company"), believes that strong and effective corporate governance is vital to protect the interests of all stakeholders of the Company and to enhance long-term shareholder value. Our corporate governance policies and practices are reviewed regularly to take into account changes in corporate governance best practices.

SIF has received accolades from various organisations for our achievements in corporate governance practices. Please refer to the "About Us-Awards" section of this Annual Report for more details.

For the financial year ended 31 December 2022 ("FY2022"), SIF has complied with and adhered to the spirit of the Code of Corporate Governance issued on 6 August 2018 (the "Code") in its corporate governance practices. Our corporate governance practices described in this report demonstrate the board of directors' ("Board") application of good governance which is underpinned by sound risk management and robust internal controls with reference to the Code. Where there is any variation in SIF's practices from the provisions of the Code, appropriate explanation has been provided in this report. We provide a Summary of Disclosures on our compliance with the Code in page 36 of this Annual Report.

OUR CORPORATE GOVERNANCE FRAMEWORK

The foundation of SIF's corporate governance structure is supported by 3 key pillars as follows:

1. The Board

2. The Board Committees – comprising the following:
   - Audit Committee ("AC")
   - Risk Management Committee ("RMC")
   - Nominating Committee ("NC")
   - Remuneration Committee ("RC")

3. Controls functions by the following key departments:
   - Risk Management Department
   - Compliance Department
   - Internal Audit Department

SIF's "3 Pillars of Corporate Governance" is designed to assist the Board in assessing and monitoring the Company's performance and compliance with the Code and the guidelines on corporate governance.

The following key principles guide the Board in ensuring effective corporate governance:

Leadership and Strategy

- To establish and document the Company's medium and long-term strategic plans and review the results periodically against the strategic plans;
- To formalise terms of reference for the Board and delegated Board Committees;
- To establish channels for whistle-blowing and feedback; and
- To establish a policy and plan for board renewal and succession planning.

Accountability and Audit

- To ensure independence of the AC and that the members of the AC are suitably qualified to discharge their responsibilities;
- To ensure independence of the risk management, compliance and internal audit functions from Management in order to carry out their respective responsibilities effectively; and
- To ensure that a sound system of internal controls is maintained and monitored.

Communication with Stakeholders

- To ensure that the Company engages in regular, effective and fair communication with shareholders, including the manner and frequency with which information is disseminated;
- To ensure that in disclosing information, the Company be as descriptive, detailed and forthcoming as possible; and
- To ensure that all investors, whether institutional or retail, should be entitled to the same level of communication and disclosure.

The following sections describe the Board's primary corporate governance policies and practices with specific references to the Principles of the Code.

CORPORATE GOVERNANCE STATEMENT

BOARD MATTERS

PRINCIPLE 1

THE BOARD'S CONDUCT OF AFFAIRS

Board Responsibility

The Board is responsible for overseeing and managing the Company's business and is accountable to shareholders for creating shareholder value within a framework that protects the rights and interests of shareholders. The Board acts objectively in the best interests of the Company and holds Management accountable for performance. The Board ensures that there is an appropriate balance between promoting long-term business strategies and delivering short-term objectives. These objectives are met through the following functions exercised by the Board, either directly or through committees established by the Board:

- Providing leadership, overseeing and formulating long-term business strategies and policies and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives which focus on value creation, innovation and sustainability;
- Identifying the principal risks of the Company's business and establishing a framework of prudential controls to assess and manage these risks, and to achieve an appropriate balance between risk taking and financial performance;
- Monitoring and reviewing management performance, succession and development plans;
- Identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation as well as to ensure transparency and accountability to these key stakeholder groups;
- Setting the Company's values, code of conduct and standards (including ethical standards) and ensuring that obligations to shareholders and stakeholders are understood and met;
- Maintaining a culture of integrity by reviewing and monitoring internal controls and procedures for financial reporting and compliance;
- Considering sustainability issues as part of its strategic formulation; and
- Ensuring that directors recuse themselves from discussions and decisions where there is a potential conflict of interest.

Board Induction and Training

The Board believes that board induction, regular training and continuous development programmes are essential to equip all directors (including executive, non-executive and independent directors) with the appropriate skills and knowledge to understand the Company's business and its operating environment and to perform their roles as directors on the Board and Board Committees effectively. Directors are encouraged to attend courses or seminars at the Company's expense to acquire or maintain relevant skill sets and knowledge.

Upon appointment of a new director, a formal letter of appointment setting out the director's duties and obligations is provided so that the new director understands his/her responsibilities and the Board's expectations. A comprehensive and tailored induction programme is provided to new directors joining the Board to provide them an overview of various aspects of the Company in order to facilitate them in discharging their responsibilities as directors. Accounting matters, risk-related issues, regulatory compliance updates, legal and other industry-specific topics are included in the induction programme. Department Heads of various departments conduct presentations on key functions and responsibilities of the respective departments to enable new directors to gain a better understanding of the businesses and operations of the Company.

Continuous Development Programme 2022

On an annual basis, the NC assesses the skills that the Board collectively needs in order to discharge its responsibilities effectively and identifies ways to improve its effectiveness.

As part of the Board members' continuous development programme for the year and in addition to the various courses and seminars attended by the directors, in-house training on "Tax Evasion as Money Laundering Predicate Offence", "MAS Enforcement Summary 2020/2021" and "Lessons Learnt from Phishing Scams" were conducted in 2022 for directors.

In addition to the above, the Company also arranged for the directors to attend external courses in 2022, including "ACRA-SGX-SID AUDIT COMMITTEE SEMINAR 2022", "Highly Effective Strategies for Attracting and Retaining Top Talent", "Revised Reporting Requirements of Sustainability Reporting in accordance to SGX

CORPORATE GOVERNANCE STATEMENT

Amendments", "LED – Environmental, Social and Governance Essentials (Core)","ACP 5 – Understanding the Emerging Sustainability Reporting SID ARC Pit-Stop", "SID Directors Conference 2022 Digital/ Decentralised Track" and "Corporate Governance Conference – Advancing Corporate Governance in An Age of Disruption".

The purpose of the Continuous Development Programme 2022 is to keep the directors abreast of the latest developments in technologies and innovations, risk management, regulatory compliance and industry-specific issues. The courses attended are important to equip directors with appropriate skills and knowledge to discharge their responsibilities as members of the Board and Board Committees.

The NC has assessed and is satisfied that the training, courses and seminars attended by the directors in FY2022 have adequately fulfilled their purposes.

Material Transactions Which Require Board Approval

As defined under the Schedule of Matters Reserved for the Board in our Board framework, material transactions, projects and commitments which require Board approval include the following:

- Acquisitions and disposals of subsidiaries;
- Acquisitions and disposals of other material assets;
- Major investments including any takeover bids and capital projects of a similar scale; and
- Substantial commitments, material contracts or transactions, either by reason of size or strategy, in the ordinary course of business.

Delegation by the Board

The Board delegates authority and powers to Board Committees to oversee specific responsibilities without abdicating its responsibilities. These Board Committees are formed with clear written terms of reference setting out their compositions, authorities and duties. They report to the Board periodically to enable the Board to better discharge its stewardship and fiduciary responsibilities.

The Board has established Board Committees to assist in the execution of its duties and to allow more detailed consideration of complex issues. The following Board Committees have been set up to assist the Board in the management of the Company:

1. AC
2. RMC
3. NC
4. RC

Please refer to the sections on Principles 4 to 10 in this report, for further information on the details and activities of the AC, RMC, NC and RC.

Meetings of the Board and Board Committees

The Board met 4 times during FY2022. The Chairman would brief the Board on the issues to be discussed during the Board meetings. Board papers are circulated to directors for review before the Board meeting.

The Constitution of the Company provides that directors may meet by telephone or video conference.

CORPORATE GOVERNANCE STATEMENT

The directors' attendance at the Board and Board Committees' meetings during FY2022 are set out as follows:

Attendance at the Board and Board Committee Meetings

Board/Board Committees	Board	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Non-Executive Directors' meeting (without presence of management)**	Annual General Meeting (AGM)
No. of Meetings Held	4	4	5	2	1	3	1
Mr Chee Jin Kiong	4	4	–	–	1	3	1
Mr Lee Sze Leong	4	4*	4	2	1*	–	1
Mr Lee Sze Siong	4	4*	5	–	1*	–	1
Mr Michael Lau Hwai Keong	4	4*	5	2	1	3	1
Mr Joseph Toh Kian Leong	4	4	–	2	1*	3	1
Ms Quan Wai Yee	4	4	5	–	1	3	1

* *By invitation*
** *Inclusive of meetings with external and internal auditors*

Access To Information

Prior to each Board meeting, the Management provides the Board with information relevant to matters on the agenda for the Board meeting on a timely basis. The Management also provides relevant information in their regular reports to the Board pertaining to operational issues, financial performance and any matters which require the attention of the Board.

Such reports enable the directors to be aware of key issues pertaining to the financial, internal control, compliance and risk management position of the Company. A risk management dashboard that summarises the main risks and Key Risk Indicators ("KRIs") is presented during each Board meeting to facilitate the risk oversight function by the Board. In respect of budgets, material variances between the projection and actual results are explained in the salient reports circulated to the Board members. Other reports are provided to the directors where necessary.

The Board has separate and independent access to senior management and the Company Secretary at all times. Procedures are also in place for directors and the Board Committees, where necessary, to seek independent professional advice at the Company's expense.

Company Secretary

At least one of the Company Secretaries attends the Board meetings and is responsible for, among other things, ensuring that Board procedures are observed and that the Board is in compliance with relevant regulatory and legal requirements, particularly under the Companies Act and the Listing Manual. The Company Secretaries also record the minutes of Board meetings. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

PRINCIPLE 2
BOARD COMPOSITION AND GUIDANCE

The Board, through the NC, strives to ensure that there is an independent element and diverse composition on the Board to facilitate effective decision making.

CORPORATE GOVERNANCE STATEMENT

Board of Directors

There are in total six (6) Board members, of which four (4) directors are independent. The current Board comprises the following members:

1. Mr Chee Jin Kiong[(1)]
2. Mr Lee Sze Leong
3. Mr Lee Sze Siong
4. Mr Michael Lau Hwai Keong[(1)]
5. Mr Joseph Toh Kian Leong[(1)]
6. Ms Quan Wai Yee[(1)]

Note:
(1) Non-Executive and Independent Director

Board Independence

The NC assesses the independence of each director, taking into account guidelines of the Code and provisions in the Listing Manual for assessing the independence element. An "independent" director is one who is independent in conduct, character and judgement, 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.

On an annual basis, the NC is responsible for determining the independence of all the directors, taking into consideration the circumstances indicated in the Code and the Listing Manual. The NC has ascertained that a majority of the Board members are independent.

Based on the current Board's composition, the Independent and Non-Executive Directors make up a majority of the Board.

Board Composition

On an annual basis, the NC reviews the size and composition of the Board and Board Committees. The NC also examines the skill sets and core competencies of all Board members to ensure there is diversity of skills and experience among the directors. All evaluations are presented to the Board.

The NC seeks to ensure that the size of the Board is conducive for effective discussion and decision making, and that the Board has an appropriate number of independent directors. The size and composition of the Board are reviewed periodically. Taking into account the scope and nature of SIF's operations and the number of Board Committees, the Board, in concurrence with the NC, is of the view that a Board size of at least six (6) directors with majority of members being independent is appropriate and necessary. The Board currently meets this requirement as it consists of six (6) directors, the majority of whom are independent – four (4) Non-Executive and Independent Directors and two (2) Executive Directors.

Diversity

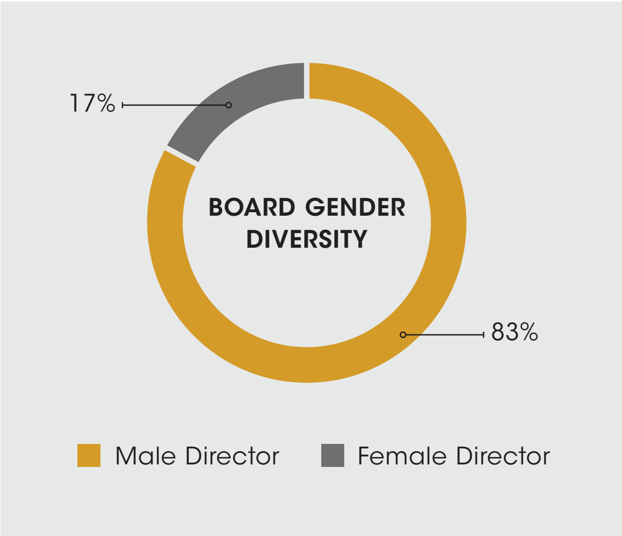
SIF has in place a Board Diversity Policy and the NC is responsible for setting the relevant objectives that promote and ensure diversity on the Board. The Board understands and embraces the benefits of having diversity and views Board diversity as important to achieving the Company's business objectives. Differences in background, skills, experience, knowledge, gender and other relevant qualities will be taken into consideration in determining the composition of the Board.

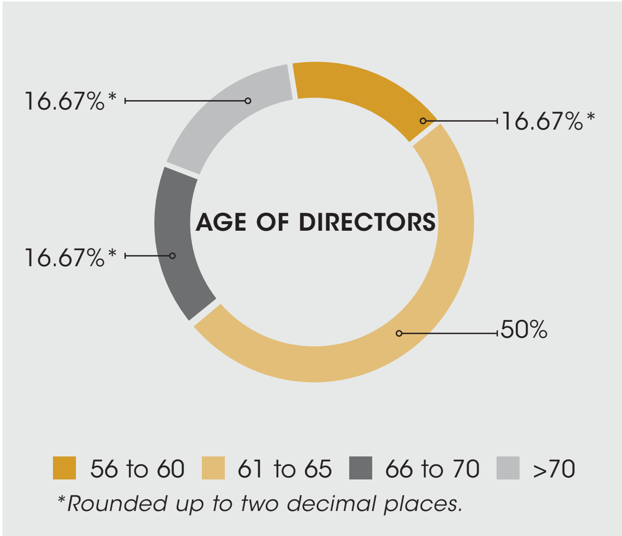
The appointment of directors should reflect a need to add complementary skills and experience to the Board. The Board believes that all Board appointments should be made on the basis of merit, with due regard to diversity.

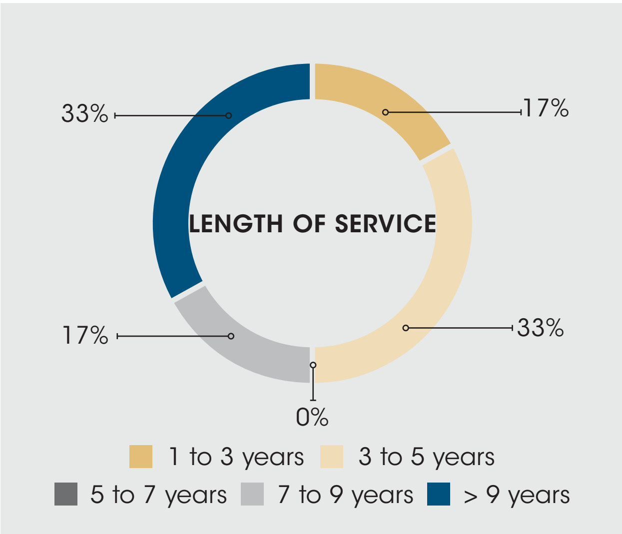
The Board is of the view that gender is an important aspect of diversity and will strive to ensure that the Company has at least one female director (16.67%) on the Board and will target to maintain at least one female representation going forward. Currently, one out of the six directors on the Board is female. The appointment of Ms Quan Wai Yee since April 2021 has broadened the composition and diversity of the Board.

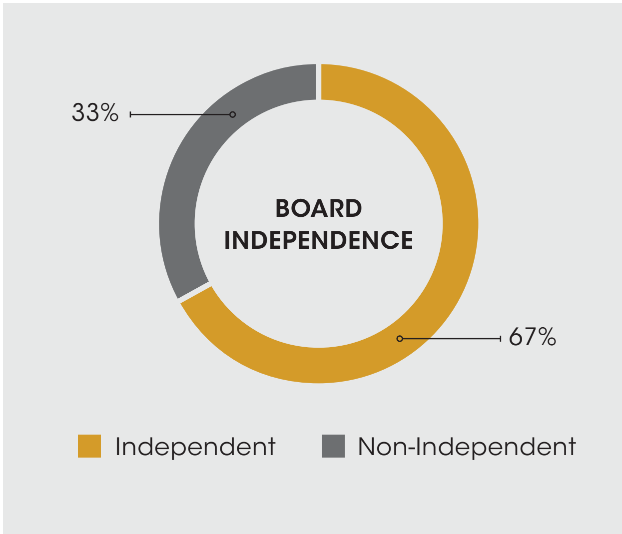
The main objective of the Board Diversity Policy is to maintain an appropriate balance and diversity of experience, skills, gender, knowledge and attributes among the directors. The current Board has core competencies and expertise in accounting, finance, banking, risk management, business management, industry knowledge, strategic planning and banking and finance operations. The current Board consists of individuals with various qualifications and backgrounds. Their professions include accountant, banker, consultant and senior management of financial institutions. More than half of the Independent Directors have experience in the finance and banking industry, being the industry that the Company operates in.

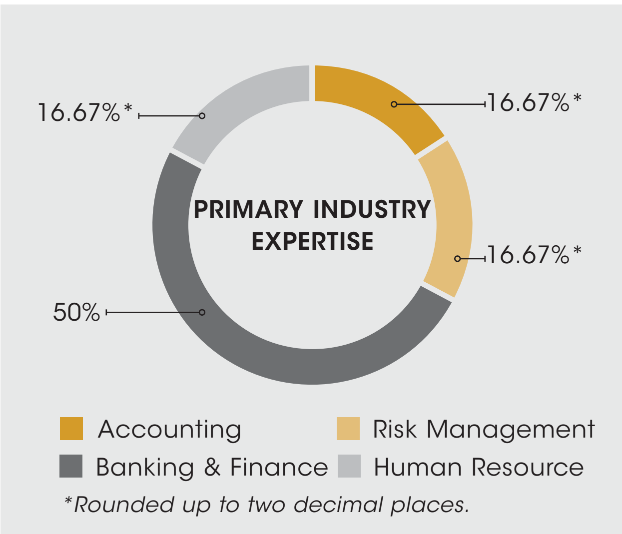
CORPORATE GOVERNANCE STATEMENT











Meeting of Directors without Management

Led by the Non-Executive and Independent Chairman of the Board, Mr Chee Jin Kiong, the Non-Executive and Independent Directors conduct at least one meeting annually without the presence of the Executive Directors and Management. Feedback from the meeting will be shared by the Non-Executive and Independent Chairman of the Board with all the Board members for follow up actions, if any.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 3
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Role of Chairman and Chief Executive Officer

In compliance with the Code's provisions on the clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business, Mr Chee Jin Kiong is the Non-Executive and Independent Chairman and Mr Lee Sze Leong is the Managing Director/CEO of the Company.

The Chairman and Managing Director/CEO of the Company are separate persons and are not related. The roles of the Chairman and the Managing Director/CEO are deliberately kept distinct through a clear division of responsibilities to ensure effective oversight, appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr Chee Jin Kiong is a qualified accountant and a fellow Member of the Institute of Singapore Chartered Accountants. His experience spans various businesses including offshore and marine, engineering and finance. As Non-Executive and Independent Chairman of the Board, he has the overall responsibility for the leadership of the Board. His key roles include:

- leading the Board to ensure its effectiveness on all aspects of its roles and setting its agenda;
- ensuring that the directors receive accurate, timely and clear information;
- ensuring effective communication with shareholders;
- encouraging constructive relations between the Board and Management;
- facilitating the effective contribution of Non-Executive Directors;
- encouraging constructive relations between Executive Directors and Non-Executive Directors;
- promoting high standards of corporate governance; and
- promoting a culture of openness and debate at the Board.

Mr Lee Sze Leong, the Managing Director/CEO, focuses on managing the business and operations of the Company, in particular, driving the financial performance and spearheading the strategic development of the Company and execution of the strategic plans set out by the Board. He also ensures that the directors are kept updated and informed of the Company's business and operations.

No Lead Independent Director is required to be appointed as the roles of the Chairman and CEO are separate and the Chairman is independent.

PRINCIPLE 4
BOARD MEMBERSHIP

The appointment and re-appointment of directors to the Board is assessed and recommended by the NC, taking into account the need for progressive renewal of the Board.

The NC comprises Mr Michael Lau Hwai Keong (Chairman), Mr Joseph Toh Kian Leong and Mr Lee Sze Leong. The majority of the directors in the NC, including the NC Chairman, are non-executive and independent.

The main terms of reference of the NC are as follows:

- To assess and recommend candidates for appointment and re-appointment on the Board and Board Committees;
- To determine annually whether a director is independent. Where a director is a member of multiple boards, the NC also considers if such a director is able to adequately carry out his/her responsibilities as a director of the Company;
- To review the composition of the Board and assess annually the effectiveness of the Board as a whole, the Board Committees and the contribution by each individual director;
- To assess and recommend the objective performance criteria and process for evaluation of the effectiveness and performance of the Board, its Board Committees and directors;
- To review the training and professional development programmes for the Board and its directors; and
- To review and initiate succession planning to ensure the continuity of leadership for key Board members, in particular, the Chairman, the Managing Director/CEO and Key Management Personnel.

CORPORATE GOVERNANCE STATEMENT

Process for the Selection, Appointment and Re-appointment of Directors to the Board

The NC establishes and reviews the key criteria for the selection of Board members and makes recommendations to the Board on the appointment, re-appointment and retirement of directors.

The composition of the Board is reviewed regularly to ensure that it has the appropriate mix of expertise and experience. The selection and appointment process of new directors to the Board is reviewed, formalised and endorsed by the Board. The formal and transparent procedures for the selection and appointment of new directors to the Board help to promote understanding and confidence in the process. The appointment of new members to the Board is considered by the NC.

When there is a need to appoint a new director, whether due to retirement of a director, growth or increased complexity of the Company's business, the NC and each individual director will try to source for suitable candidates based on their networks and contacts. External consultants may also be engaged to identify potential candidates if necessary.

In the selection process, the NC determines the necessary skills and experience of the potential appointee having regard to those of the existing directors and any other likely changes to the Board. Diversity of experience and appropriate skills which are considered in the selection process include leadership, banking and finance industry experience, management expertise and knowledge in accounting, internal controls, compliance and risk management. In addition, the NC takes into consideration the current Board size and its mix, the additional skills and experience that will enhance the competencies and effectiveness of the Board. The Board Diversity Policy provides that the NC shall endeavour to ensure female candidates are included for consideration when identifying candidates to be appointed as new directors, with the aim of having at least one female director on the Board. The NC identifies and shortlists potential candidates for interview. The NC then proceeds to assess the suitability of the candidates based on the following criteria before recommending the appointment to the Board:

(a) Independence;
(b) Whether the candidate can fulfil the Monetary Authority of Singapore's ("MAS") fit and proper guidelines;
(c) Other directorships held;
(d) Ability to commit sufficient time to the affairs of the Company;
(e) Contribution to the overall balance of the composition of the Board; and
(f) Age, experience, track record and other relevant factors as determined by the NC.

The fit and proper test assesses the candidate based on honesty, integrity and reputation, competence and capability and financial soundness.

During the review and selection process, the NC, with the concurrence of the Board, adopts the approach of identifying a candidate with specific skill sets in view of the changing financial landscape as well as for succession planning. The NC identifies the candidate based on his/her skill and diversity of his/her experience. Following the rigorous selection process, the Board, with the recommendation of the NC, seeks approval from the MAS to appoint the candidate as a director. Upon approval from the MAS, the Board will appoint the new director and recommend the appointee for re-election as a director at the following Annual General Meeting ("AGM").

A formal letter setting out the director's duties and obligations will be given to the new director upon his/her appointment to ensure that the new director is aware of his/her duties and obligations.

The Company's Constitution provides that at least one-third of its directors shall retire from office at every AGM of the Company. All directors are required to retire from office at least once every three years. A retiring director shall be eligible for re-election at the meeting at which he retires. Directors newly appointed during the year must also retire at the next AGM immediately following their appointment and shall then be eligible for re-election.

In recommending the directors to stand for re-election, the NC takes into consideration such director's contribution and performance. The assessment parameters include time commitment, attendance record, preparedness and intensity of participation at meetings of the Board and its Board Committees.

Mr Chee Jin Kiong and Mr Lee Sze Siong will be retiring as director at the 2023 AGM. Mr Chee Jin Kiong will not be seeking re-election. The director standing for re-election at the forthcoming AGM pursuant to the Company's Constitution is Mr Lee Sze Siong (Executive Director).

CORPORATE GOVERNANCE STATEMENT

The NC has evaluated and recommended to the Board that Mr Lee Sze Siong be re-elected as director at the forthcoming AGM by virtue of his skills, experience and contributions to the Board. Pursuant to Rule 720(6) of the Listing Manual, the information as set out in Appendix 7.4.1 of the Listing Manual relating to Mr Lee Sze Siong, who is the director seeking re-election at the forthcoming AGM, is set out in pages 172 to 176.

Annual Review of Directors' Independence

The NC conducts the annual evaluation of director's independence based on the following procedures and criteria:

- Review all directors' declaration forms on their independent status;
- Review report from the Company on the business relationship of the Company with directors;
- Perform the due diligence process and review the factors considered to arrive at the conclusions as to the independent status of the directors and to consider any particular cases of potential material relationships;
- A checklist is drawn up based on the guidance in the Code and provisions in the Listing Manual to facilitate the evaluation by the NC; and
- Report to the Board on the independent status of the directors.

In assessing the independence of the directors, the NC examined the different relationships that might impair the directors' independence and objectivity and is satisfied that all the Independent Directors are able to act independently.

Any director who has served on the Board beyond nine years from the date of his/her first appointment shall be deemed as non-independent. Any director who has been employed by the Company or any of its related corporations for the current or any of the past three financial years, or who is an immediate family member of any employee of the Company and its related corporations in any of the past three financial years shall be deemed as non-independent for the purposes of Rule 210(5)(d) of the Listing Manual. No director with the existence of relationships or circumstances as mentioned in the Code or the Listing Manual has been deemed as independent for FY2022.

The Board, after taking into account the view of the NC, has determined that the majority of the Board, which includes Mr Chee Jin Kiong, Mr Michael Lau Hwai Keong, Mr Joseph Toh Kian Leong and Ms Quan Wai Yee, are independent. These Independent Directors are also Non-Executive Directors. Mr Lee Sze Leong, the Managing Director/Chief Executive Officer ("CEO"), and Mr Lee Sze Siong, the Deputy Managing Director, are the only non-independent directors on the Board.

Directors' Time Commitment

The directors must ensure that they are able to give sufficient time and attention to the affairs of the Company. As part of the review process, the NC decides on the commitment level of the director and whether he/she has been able to adequately carry out the responsibilities required of him/her as a director. The NC has also adopted several measures that seek to address the competing time commitments that may be faced when a director holds multiple board appointments. Some of these guidelines include:

(a) Number of Board Memberships

Carrying out the duties and fulfilling the responsibilities of a director requires a significant commitment of an individual's time and attention. The Board does not believe, however, that explicit limits on the number of other boards on which the directors may serve, or on other activities the directors may pursue, are appropriate. The Board, however, recognises that excessive time commitments to other positions and appointments can interfere with a director's ability to perform his or her duties effectively. Accordingly, directors should not serve on more than five (5) boards of directors of public listed companies in addition to the Company's Board. This guideline is established following the careful assessment by the NC and the Board after taking into consideration the scope and complexity of the Company's business. Currently, the highest number of directorships in listed companies that is held by an individual director is two (2) directorships.

(b) Attendance at Meetings

Each member of the Board is expected to make reasonable efforts to attend at least 50% of the regularly scheduled meetings of the Board and to participate in telephone conference meetings or other special meetings of the Board.

CORPORATE GOVERNANCE STATEMENT

All directors have met the above requirements on time commitment as required by the Board for FY2022. The NC and the Board are of the view that each director has been able to diligently discharge his/her duties. The listed company directorships (where applicable) and principal commitments of each director are disclosed in the 'Board of Directors' section of this Annual Report.

Alternate Directors

SIF has no alternate directors on its Board.

Succession Planning for the Board and Key Management Personnel

The NC conducts an annual review of succession planning to ensure the continuity of leadership for key Board members and key management personnel. During the review, the NC considers the desired collective competencies needed on the Board in light of the Company's business and strategies. By comparing the desired competencies and the key competencies of the current Board, the NC will be able to identify possible gaps. The NC also reviews the Board, Board Committees and individual director evaluation results for identification of candidates for appointment and retirement. Through careful consideration, the NC ensures that an effective Board renewal and succession planning process is in place.

Key Information on Directors

Key information on each director can be found in the 'Board of Directors' section of the Annual Report.

PRINCIPLE 5
BOARD PERFORMANCE

The NC ensures that the Board consists of directors that possess the necessary experience, knowledge and skills required by the business so as to enable the Board to make sound and well considered decisions.

The NC assesses the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board on an annual basis based on the criteria developed by the NC and reviewed by the Board. No external facilitators have been engaged for FY2022.

Evaluation of Board and Board Committees

The NC takes into consideration quantitative criteria and qualitative measures when reviewing the performance of the Board. All Board members are required to complete the Board Assessment Checklist which consists of the following sections:

- Quantitative factors such as Revenue, Return on Equity (ROE) and Portfolio size;
- Qualitative indicators include Board composition, the quality of risk management, adequacy of internal controls, Board information and accountability and Board performance in relation to discharging its principal functions; and
- Overall rating of the Board.

A consolidated report is prepared based on the responses from all directors and is discussed in the NC meeting and reviewed by the Board.

In evaluating the Board's performance, NC members deliberate and try to identify the key strengths and areas of improvement which will be highlighted in the Board meeting.

Each Board Committee also performs a self-assessment which is evaluated by the NC. To avoid any conflict of interest, the self-assessment of the NC is reviewed by the Board. The self-assessment criteria proposed by NC and approved by the Board for assessment of Board Committee's performance include:

- Composition and Quality (including the independence, quality and skill sets);
- Committee responsibilities as required by the Code and regulatory requirements;
- Meeting and procedures; and
- Overall assessment.

The results of the assessment of the Board and the Board Committees are presented and reported to the Board for approval. The Board and the Board Committees have met the performance objectives for FY2022.

CORPORATE GOVERNANCE STATEMENT

Evaluation of Individual Directors

The NC evaluates the performance of individual directors by taking into consideration the attendance, time commitment and overall participation and contribution of each director. In addition, the NC also considers specific expertise of the individual director from the legal, business and risk perspectives. When the NC is evaluating the performance of a particular member of the NC, that member will recuse himself/herself from the deliberations.

On top of the evaluation exercise, the contributions and performance of each director are assessed by the NC as part of its periodic reviews of the composition of the Board and the various Board Committees. In the process, areas for improvement are identified to enhance the effectiveness of the Board and its various committees.The performance of the individual directors is taken into consideration by the NC and the Board when recommending them for re-election.

The Board is satisfied with the performance of all the individual directors in the recent evaluation exercise for FY2022 performed by the NC.

REMUNERATION MATTERS

PRINCIPLE 6

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration Committee

The RC comprises Mr Chee Jin Kiong (Chairman), Mr Michael Lau Hwai Keong and Ms Quan Wai Yee, all of whom are non-executive and independent.

The primary role of the RC under its terms of reference is to assist the Board in fulfilling its objectives as follows:

- To assist the Board to minimise the risk of any potential conflict of interest by putting in place a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and ensuring that no director is involved in deciding his/her own remuneration;
- To review and make recommendations to the Board on the Group's general framework of remuneration or specific remuneration packages (if any) for the Board and Key Management Personnel with the aim of being fair and to avoid rewarding poor performance;
- To review the adequacy, fairness and terms of compensation for each of the directors, the CEO and Key Management Personnel to ensure that the compensation is commensurate with the duties, responsibilities and risks involved in being an effective director, CEO or Key Management Personnel; and
- To review the Company's obligations arising in the event of termination of the Executive Directors' contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC will seek remuneration consultants' advice or perform a market survey of benchmarking directors' compensation every 3 to 5 years depending on market conditions and the results of the survey will be presented to the Board.

The Board has appointed PricewaterhouseCoopers Singapore Pte Ltd ("PwC") as a remuneration consultant during the FY2022 and is satisfied that the objectivity of PwC is not affected by any relationship between SIF and PwC.

We wish to point out that the statement below appearing in page 23 of the Annual Report 2021 was wrongly inserted and should be deleted:

"PricewaterhouseCoopers Singapore Pte Ltd ("PwC") was engaged in 2021 to review the remuneration packages of the executive directors."

As mentioned in the previous paragraph, PwC's engagement with the Company formally commenced in 2022.

PRINCIPLE 7

LEVEL AND MIX OF REMUNERATION

Director Remuneration Policy Criteria For Setting Remuneration

The key principles of the director compensation philosophy are as follows:

- To establish a level of remuneration that is market competitive to attract, motivate and retain highly-skilled directors to manage the Company successfully, but at the same time to avoid paying more than what is necessary;

CORPORATE GOVERNANCE STATEMENT

- To link a significant proportion of Executive Directors' remuneration to corporate and individual performance, so as to align the interests of Executive Directors with those of shareholders;
- To link the remuneration of Non-Executive Directors to the amount of responsibilities, effort and time spent by the directors; and
- To align director compensation with prudent risk-taking and effective supervisory oversight.

Structure of Non-Executive Directors' Fee

For Non-Executive Directors, their remuneration comprises entirely director's fees. 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. Each of the directors receives a base director's fee. The Board Chairman receives an additional fee to reflect his expanded responsibilities. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the chairmen of the Board Committees receiving a higher fee in respect of their responsibility and service as chairmen of the respective committees.

Structure of Executive Directors' Remuneration

For Executive Directors, the overall remuneration package comprises both fixed and variable components. The fixed component of the compensation package includes base salary (inclusive of employer's CPF) and other allowance and benefits such as medical, car programme allowance and club membership allowance.

The variable component of the compensation package may consist of SIF Performance Share Plan and/or cash incentives, such as variable bonus. For FY2022, only cash incentives were accorded but no performance shares were granted. The remuneration package takes into account amongst other factors, the performance of the Company and the Executive Directors based on key performance indicators set by the Board, guidance from the National Wages Council, competitive market practices and information gathered from market surveys conducted by the Company's Human Resources Department. In addition, a corporate risk scorecard factor is also included in the remuneration framework to ensure that compensation is adjusted for the risks undertaken by the Company and the framework is aligned with the risk management policies of the Company.

In view that the variable components of the remuneration package of the Executive Directors and the Key Management Personnel are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Directors' fees are recommended by the RC, concurred by the Board and submitted for approval during the AGM. No director is involved in deciding his/her own remuneration.

PRINCIPLE 8
DISCLOSURE OF REMUNERATION

Link between Remuneration and Performance of Directors and Key Management Personnel

The RC reviews the performance of Executive Directors and Key Management Personnel using the pre-defined financial targets of the Company, individual key performance indicators and corporate risk scorecard factor. Their remuneration depends on the degree of the performance criteria being met.

The variable components of the Executive Directors and Key Management Personnel take into account financial performance indicators amongst other factors, the profitability of the Company, loan growth, return on equity and quality of loans. Other non-financial performance indicators include the level of commitment, contribution towards the Company's strategic directions, internal controls and risk management skills, integrity and accountability.

A corporate risk scorecard is added to the remuneration framework to ensure that there is a balance between business and risk taking and to ensure that the structure of the remuneration is aligned with long-term interests and risk management policies of the Company.

Both Executive Directors and Key Management Personnel met the pre-defined performance conditions.

CORPORATE GOVERNANCE STATEMENT

Directors' Remuneration

The remuneration of each director has been disclosed in the exact amount with a breakdown of base salary, variable bonus, directors' fees and other benefits in percentage terms. There are no stock options granted, share-based incentives and awards and other long-term incentives for FY2022.

Other than Mr Lee Sze Leong, the Managing Director/CEO, and Mr Lee Sze Siong, the Deputy Managing Director, the remaining four (4) Board members are Non-Executive Directors. The aggregate Directors' fees are subject to the approval of shareholders at the Company's AGM.

Directors' remuneration with the breakdown of fees is shown in the Directors' Remuneration section in page 164.

Key Management Personnel's Remuneration

Provision 8.1 of the Code states that the company should disclose the names, amounts and breakdown of remuneration of at least the top five (5) key management personnel (who are not directors or the CEO) in bands of S$250,000 and in aggregate the total remuneration paid to them.

For FY2022, the Company identified Mr Lee Sze Leong and Mr Lee Sze Siong as its only Key Management Personnel. There are no other Key Management Personnel who is not a director or the CEO. The remuneration of its Key Management Personnel (i.e. Mr Lee Sze Leong and Mr Lee Sze Siong) is duly captured in this Annual Report.

Remuneration of Employees who are Immediate Family Members of a Director, CEO or Substantial Shareholder

Other than Mr Lee Sze Leong, the Managing Director/CEO, and Mr Lee Sze Siong, the Deputy Managing Director, whose remuneration have been disclosed in the Directors' Remuneration section in page 164, there are no employees of the Company who are immediate family members of a director, the Managing Director/CEO or a substantial shareholder of the Company. Mr Lee Sze Leong and Mr Lee Sze Siong are siblings.

SIF Performance Share Plan

On 20 May 2020, the Company obtained shareholders' approval to implement the Sing Investments & Finance Performance Share Plan 2020 (the "Plan").

The Plan is a share incentive scheme which allows the Company, inter alia, to set specific performance objectives and provide an incentive for participants to achieve these set targets. The Directors believe that the Plan will help the Company achieve the following objectives:

(a) to recognise and reward past contributions and services;
(b) to motivate participants to continue performing and out-perform their standards and efficiency and to maintain a high level of contribution to the Group;
(c) to retain key Group employees whose contributions are important to the long-term growth and success of the Group;
(d) to attract potential employees with relevant skills and talents necessary to enhance the Group's business; and
(e) to align the interests of the participants with the interests of shareholders.

The award of fully-paid shares, free of charge, to the participants of the Plan (the "Award") is intended to give the Company the option and flexibility to pay eligible employees' bonuses in the form of cash, shares or a combination of cash and shares, resulting in a better and more flexible salary and cash-flow management for the Company. In addition, the Plan aims to foster an ownership culture within the Company and align the interests of the participants with the interest of shareholders.

Employees who are eligible to participate in the Plan must be:

(a) Group employees:
(b) Group executive directors;
(c) Non-executive directors who have contributed or will contribute to the success of the Group.

Controlling shareholders or associates of controlling shareholders who meet the criteria as set out above are eligible to participate in the Plan.

CORPORATE GOVERNANCE STATEMENT

The Plan is being administered by the RC. In compliance with the requirements of the Listing Manual, a participant who has been granted an Award and who is a member of the RC shall not be involved in the deliberations in respect of Awards to be granted to or held by him or his associates.

The RC may grant Awards to the participants at any time during the period when the Plan is in force. The Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years from 20 May 2020.

The number of shares which are the subject of each Award to be granted to a participant in accordance with the Plan shall be determined at the absolute discretion of the RC, which shall take into account criteria such as, *inter alia*, the participant's rank, scope of responsibilities, performance, years of service and potential for future development, contributions to the success of the Group, and prevailing market and economic conditions. The performance targets will be set by the RC depending on each individual participant's job scope and responsibilities.

The total number of new shares which may be issued under the Plan, when aggregated with the total number of shares granted under any other share schemes of the Company, shall not exceed fifteen per cent (15%) of the issued shares of the Company (excluding treasury shares) on the day preceding the date of granting the Award.

In accordance with Rule 845 of the Listing Manual, the Company observes that the following limits must not be exceeded:

(a) the aggregate number of shares available under the Plan must not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) on the date preceding the date of an award;
(b) the aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the new shares available under the Plan; and
(c) the number of shares available to each controlling shareholder or his associate must not exceed 10% of the new shares available under the Plan.

Other than this SIF Performance Share Plan, there is no other long-term incentive scheme. No performance shares were granted for FY2022.

To-date, no Awards have been granted under the Plan.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Governance

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. Under the Group's risk governance framework, the Board has overall responsibility for providing leadership, articulating the risk appetite and tolerance levels and ensuring that a robust risk management and compliance culture prevails. The Board is assisted by the RMC to oversee the development of a robust Enterprise Wide Risk Management ("EWRM") system, policies and processes which are aligned with the strategic direction set by the Board, to identify and manage the material business risks as well as to establish KRIs, risk tolerance and internal limits to guide risk-taking activities of the Group.

Risk Management Committee

The RMC is a board risk committee and is chaired by Non-Executive and Independent Director, Mr Michael Lau Hwai Keong, and comprises Ms Quan Wai Yee (Non-Executive and Independent Director), Mr Lee Sze Leong (Managing Director/CEO), Mr Lee Sze Siong (Deputy Managing Director) and Heads of Risk Management, Compliance, Product Management, Finance and Treasury/Branches Departments.

In line with its terms of reference, the RMC assists the Board in identifying the principal risks of the Company's business and to institute a framework of prudential controls to identify, assess, measure, monitor and manage these risks. These risks include credit risk, liquidity risk, market risk, operational risk, technology risk, cybersecurity risk, reputational risk and risks related to asset and liability management, new products, information technology, regulatory compliance, outsourcing and business continuity. The RMC is supported by the Risk Management and Compliance Departments.

CORPORATE GOVERNANCE STATEMENT

Risk Management Department

The Risk Management Department assists the RMC by ensuring that the risk management framework, structure, policies and procedures are aligned to the Company's risk appetite, and business and regulatory requirements, and are appropriate for the management of the Company's risk exposures. The Risk Management Department also assesses the impact of key risks to the business.

The Risk Management Department assists the RMC in providing oversight of the development and implementation of risk models, monitoring limits set by the Board, reporting risk measurements, gap analysis, risk profiling, stress testing and control systems, risk limits breaches, highlighting exceptions and deviations, providing risk assessments, risk strategies and recommendations for deliberations and decision making. The Risk Management Department reports independently to the RMC.

The Board is responsible for approving the appointment, remuneration, resignation or dismissal of the Head of Risk Management Department.

Compliance Department

The Compliance Department assists the RMC by ensuring that the Company, Management and staff continuously observe all policies and guidelines set by the Board and comply with applicable laws, regulations, regulatory guidelines and professional standards, including those for anti-money laundering and countering the financing of terrorism. The Compliance Department also ensures that the Company's internal policies and procedures are aligned with the regulatory requirements. These are achieved through compliance monitoring and testing. The Compliance Department reports independently to the RMC.

Senior Management, Business and Support Units

Senior management is accountable to the Board for ensuring the effective implementation of risk management and adherence to the risk appetite, risk tolerance limits and internal control limits established by the Board. Business and Support units are primarily responsible for managing risk arising from their respective operations while the various independent monitoring and control units provide timely oversight, assessment and reporting of key risk exposures and breaches to senior management.

For FY2022, the Board has received assurance from:

(a) the Managing Director/CEO and Head of Finance Department that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
(b) the Managing Director/CEO and other Key Management Personnel who are responsible for risk management and internal controls that the Company's risk management and internal control systems are adequate and effective.

Enterprise Wide Risk Management (EWRM) Framework

An effective EWRM framework is critical in ensuring the overall financial soundness of the Group's business operations and in creating sustainable growth in shareholders' value. In addition, it encourages sound business practices and decision making that adequately balances risk and reward.

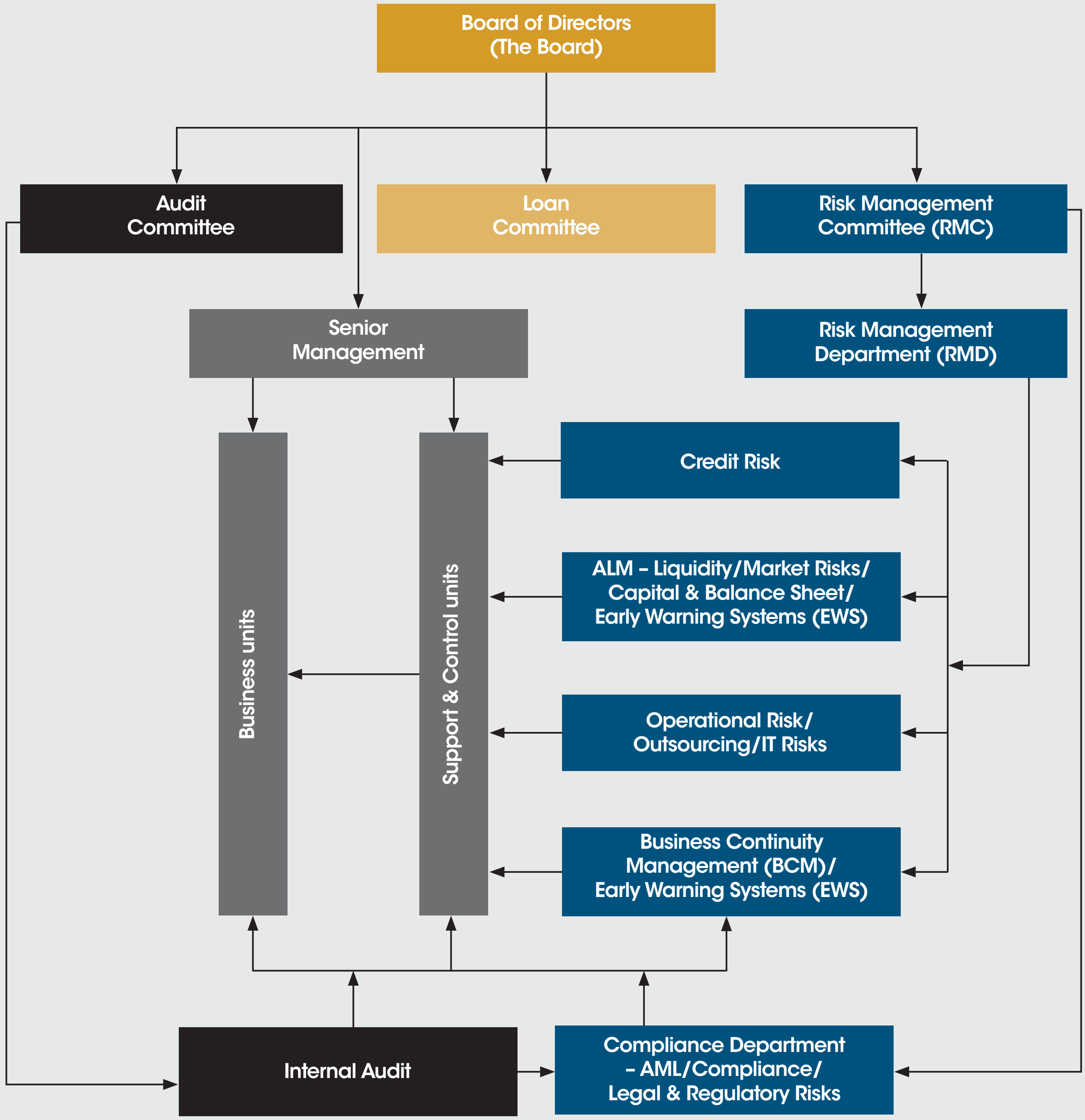
The Group's EWRM framework establishes the governance, accountability, policies and processes to ensure that major risk types and exposures are identified, measured, managed, controlled and reported. The framework provides the Board and Management with the necessary tools to anticipate and manage both the existing and potential risks.

Material business risks relating to the Group can be categorised as: capital and balance sheet management, credit, market, liquidity and operational risks (including regulatory compliance, information technology risk, cybersecurity risk, outsourcing, reputational risk, contagion risk and business continuity management) assumed by the Group in the course of carrying on its business.

In ensuring that risks are managed at the early stage of the risk-taking process, introduction of new products, outsourcing arrangements, new/revision of policies are subject to approval by the RMC. New policies and revision of existing policies are reviewed by the Risk Management and Compliance Departments. They are to ensure issues relating to risk, regulatory compliance and internal controls are addressed before submission to the RMC for approval. The Credit Control Department provides independent inputs on valuations, credit evaluations and recommendations to enable risk to be priced appropriately in relation to returns.

CORPORATE GOVERNANCE STATEMENT

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK



CORPORATE GOVERNANCE STATEMENT

The Board and the RMC reviewed and ranked key material risks, determined the risk tolerance limits for each risk type, set KRI parameters for each risk type and approved the EWRM framework and policies for the year to ensure adequate internal control and management of risks.

Both the Board and the RMC received and reviewed periodic reports on Risk Dashboard, status of each of the KRIs, Asset Liabilities Management, regulatory and internal limits compliance, gap and sensitivity analysis, stress testing, concentration risks, Business Continuity Plan (BCP) exercises, Risk Control Self Assessments (RCSA), Risk Management Attestation statement, and residual risks.

For FY2022, the Board has reviewed the various risk reports, processes, together with the external and internal auditors' reports and is satisfied with the adequacy and effectiveness of the risk management framework, policies and internal control processes that are currently in place.

Financial Reporting, Internal Controls & Compliance with Policies and Regulations

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information used by the Company and in all of its publications are reliable and accurate. In reviewing these controls, the directors have considered the risks to which the business is exposed to, the likelihood of such risks occurring and the costs of safeguarding the Company against such risks.

A system of effective internal controls plays a crucial role as it provides a foundation for the safe and sound operation of the Company's financing operations, thus safeguarding shareholders' investments and the Group's assets. The Board of Directors recognises that it has overall responsibility to ensure accurate financial reporting by the Group and the adequacy and effectiveness of the Group's system of internal controls.

The Board, with the assistance of the AC and RMC, reviews the adequacy and effectiveness of the Group's risk management and internal control systems. In compliance with Rule 1207(10) of the Listing Manual, the Board, with the concurrence of the AC and RMC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

Accountability

The Board provides shareholders with the Group's half yearly and annual financial results. In presenting these statements, the Board aims to provide shareholders with an 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.

The Management provides all directors with detailed reports on the Group's financial performance and related matters prior to each Board meeting. The directors may at any time seek further information from and discuss with the Management on the Group's operations and performance. The Compliance Department with a direct reporting line to the RMC is set up to ensure compliance with legislative and regulatory requirements.

The Board believes in conducting itself in a way that delivers sustainable value to all shareholders.

PRINCIPLE 10
AUDIT COMMITTEE

The AC comprises Mr Joseph Toh Kian Leong (Chairman), Mr Chee Jin Kiong and Ms Quan Wai Yee, all of whom are non-executive and independent.

The Chairman of the AC, Mr Joseph Toh Kian Leong, and another AC member, Mr Chee Jin Kiong, are certified fellow members of Institute of Singapore Chartered Accountants and have strong accounting qualifications. Mr Joseph Toh Kian Leong is professionally qualified under Association of Chartered Certified Accountants. Ms Quan Wai Yee is a retired

CORPORATE GOVERNANCE STATEMENT

senior bank executive with more than 30 years of experience in the financial industry. Her expertise spans across various fields including corporate banking, investment banking and private banking, mainly in risk management. The Board is of the view that the members of the AC have recent and relevant accounting and financial management expertise or experience to discharge the AC's functions.

The AC does not comprise any former partners or directors of the Company's existing external auditors.

The AC is responsible for assisting the Board in its oversight of the reliability and integrity of the accounting policies and financial reporting as well as to scrutinize the adequacy and effectiveness of the internal controls. In discharging its oversight role, the AC is authorised and empowered to investigate any matter within its terms of reference and has full access to and cooperation of the Management.

The AC, together with the Management and the external auditors, reviews the Group's audited financial statements and the accounting principles applied. Through the maintaining and application of appropriate accounting and financial reporting principles and policies and internal controls and procedures, the AC assesses whether the financial statements comply with the accounting standards and applicable laws and regulations.

The AC conducts an annual review of all non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC holds meetings with the internal auditors and external auditors at least once a year without the presence of Management. It examines the audit findings of the external and internal auditors. It also reviews with the Internal Audit Manager on the scope, results and effectiveness of the audits and approves the internal audit plan in consultation with the Management. Any factors that may adversely affect the internal audit function's independence, objectivity or effectiveness will be reviewed by the AC.

In FY2022, the AC's activities, in line with its terms of reference, included:

- Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the Group's financial results and any announcements relating to the Company's financial performance;
- Recommending the unaudited results and related SGXNET announcements for the Board's approval;
- Reviewing the annual audit plan;
- Reviewing the adequacy, effectiveness, scope and results of the external audit;
- Reviewing the independence and objectivity of the external auditors;
- Reviewing the adequacy, effectiveness, independence, scope, quarterly findings and reports of the internal audit function;
- Reviewing and reporting to the Board on the adequacy and effectiveness of SIF's internal controls, risk management systems and internal audit function annually;
- Reviewing the assurance from the CEO and the Head of Finance Department on the financial records and financial statements;
- Considering and recommending the re-appointment of the external auditors, and the remuneration and terms of engagement of the external auditors, to the Board;
- Reviewing related party transactions; and
- Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements by attending relevant training and via meetings with the external auditors who will update the AC on recent developments in accounting standards and other relevant matters.

CORPORATE GOVERNANCE STATEMENT

Financial matters

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 following significant matters were discussed with Management and the external auditors, and were reviewed by the AC:

Significant financial reporting matters	How the AC reviewed these matters
Expected credit loss ("ECL") on non-credit impaired loans and advances	The level of judgements and estimates required in determining the ECL allowances for non-credit impaired loans and advances remained significant in 2022 due to the uncertainties in economic outlook caused by protracted geopolitical tensions, elevated inflation and rising interest rates. The AC together with RMC have given careful consideration to the following significant matters: – The ECL estimates, in particular the key judgements made in relation to the forward economic guidance, underlying economic factors and scenarios, reasonableness of the probability-weighted outcome and their impact to the financial statements; – The post model adjustments, which were applied to account for the limitations in the ECL models. In addition, the AC has discussed the above matters with Management and the external auditors, and was satisfied that the overall loan impairment allowances, the underlying assumptions, the methodologies and the post model adjustments were reasonable and consistently applied.
Loss allowances for Stage 3 credit-impaired loans and advances	The AC reviewed the Company's Loan Policy for classification of impaired loans, in accordance with MAS Notice 811 and the relevant MAS circulars issued, to ensure that a holistic approach was applied in the assessment of the borrower's ability to repay the loan and the likelihood of impairment. The AC also examined the relevant procedures to ascertain the level of allowances, including judgements used in estimating the forced sale value of the applicable collaterals. In addition, the AC has discussed the above matters with Management and the external auditors, and was satisfied that the level of loan allowances for the impaired loans was reasonable and appropriate.

Following the review and discussions, the AC recommended to the Board to approve the audited financial statements for FY2022.

CORPORATE GOVERNANCE STATEMENT

Internal Audit Department

Effective risk management is a vital part of the Company's business strategy. The key role of the internal audit function of the Group is to evaluate the effectiveness of the Group's risk management, control and governance processes. The AC ensures that the internal audit function is adequately resourced and has appropriate standing within the Company. Internal audit activity is primarily directed at improving the Company's internal controls with the objective of improving the effectiveness and efficiency of operations, reliability of financial reporting and compliance with internal policies and processes and laws and regulations. Audit tests are performed by the Internal Audit Department to ensure the integrity of the Group's financial system and operating procedures as well as the soundness of the Group's internal controls. The internal auditors have unfettered access to the AC, the Board and the Management where necessary, as well as the right to seek information and explanations from relevant parties in carrying out their function. Management is responsible for addressing issues identified by the internal auditors.

The Internal Audit Department reports independently to the AC.

The AC is responsible for approving the appointment, remuneration, resignation or dismissal of the Head of Internal Audit function.

The AC has appointed Ernst & Young Advisory Pte Ltd ("EY") to perform the internal audit functions for the Information Technology Department of the Company. Both the in-house internal auditors and EY subscribe to and are guided by the Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors, Inc ("IIA") and have incorporated these standards into its audit practices and meet the standards set by the IIA. The AC is satisfied that the internal audit function is independent, adequately resourced and has appropriate standing within the Company.

External Audit

The AC is responsible for recommending to the Board the proposal to the shareholders on the appointment, re-appointment and removal of the external auditors. The AC evaluates the external auditors based on factors such as the adequacy of the resources and experience of the auditing firm and audit engagement partner assigned to the audit, the firm's time commitment to the audit engagement, the number and experience of supervisory and professional staff assigned to the audit, the performance and quality of their audit and independence of the external auditors. After the evaluation, the AC recommends its decision to the Board for approval. The AC also approves the external auditors' remuneration and terms of engagement.

SIF is in compliance with Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. The AC has reviewed the non-audit services provided during FY2022 and the fees paid for such services. The total fees paid to the external auditors, Deloitte & Touche LLP, are disclosed in Note 22 to the Financial Statements in the Annual Report. Deloitte & Touche LLP is the external auditor for both SIF and SIF Nominees (Pte) Ltd.

The AC is satisfied that the independence of the external auditors has not been impaired and the external auditors have also provided a confirmation of their independence to the AC.

Whistle-blowing Policy

SIF is committed to a high standard of ethical conduct with no tolerance for fraudulent practices. The Company has put in place a Whistle-blowing Policy and procedures which provide employees and members of the public with well-defined and accessible channels within the Company, including a direct channel to the AC, to raise genuine concerns or suspicions about possible improprieties in accounting, auditing and financial reporting or any other fraudulent activities relating to the Company and its officers.

CORPORATE GOVERNANCE STATEMENT

The Whistle-blowing Policy aims to encourage the reporting of such matters in good faith and the Company is committed to ensure that employees or members of the public making such reports will be treated fairly and protected from reprisal. Internal Audit Department and Compliance Department, both with independent reporting line to the board sub-committees are in-charge of investigating whistleblowing reports, if any. The Audit Committee is responsible for oversight and monitoring of whistleblowing matters. The Company will ensure the confidentiality of the whistle-blower and allow disclosures to be made anonymously. On an ongoing basis, the Whistle-blowing Policy is covered during staff training and periodic communication to all staff as part of the Company's efforts to promote awareness of fraud control. Procedures for handling of feedback/complaints received from customers and independent investigations to be conducted have also been established. The Company undertakes to investigate complaints of suspected fraud in an objective manner.

Complaint Handling Procedures

Clear complaint handling procedures are in place and communicated to customers to ensure that all complaints are dealt with professionally, fairly, promptly and diligently.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Shareholder Rights

The Company advocates fair and equitable treatment to all shareholders. All price-sensitive information is disclosed publicly in a timely manner. Shareholders are given the opportunity to participate effectively and vote at general meetings of shareholders and they are informed of the rules, including voting rights and the procedures that govern such general meetings of shareholders.

Shareholders are entitled to attend and vote at the AGM in person or by proxy. The Constitution of the Company allows shareholders to appoint up to two proxies; however, pursuant to Section 181 of the Companies Act, a shareholder who is a relevant intermediary may appoint more than two proxies.

Conduct of Shareholder Meetings

The Company strongly encourages and supports shareholder attendance and participation at its AGMs. The Company publishes the notice of the AGM on SGXNET and on the Company's website at https://www.sif.com.sg/ (the "Corporate Website") on a timely basis to provide ample time for shareholders to receive and review the notice.

All the directors and senior management attend general meetings of shareholders to address queries and concerns about the Company. The Company's external auditors are also invited to attend the AGM to assist the directors to address shareholders' queries that are related to the conduct of the audit and the preparation and content of the auditors' reports. All directors, including the Chairman of the Board and Managing Director/CEO attended the last AGM held in FY2022.

The Company held AGM virtually in the last 2 years due to the COVID-19 pandemic. For this year, the Company will resume to hold the AGM at a central location with convenient access to public transportation. Shareholders are invited to attend physically at the AGM pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. There will be no option for shareholders to participate virtually.

Separate resolutions on each distinct issue are tabled at the general meeting. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

The Company Secretary prepares minutes of general meetings that include responses from the Board and Management to questions from shareholders submitted in advance. The minutes are published on the Corporate Website and the Company will furnish the minutes of the AGM upon request by any shareholder.

CORPORATE GOVERNANCE STATEMENT

For greater transparency, the Company conducts the voting of all the resolutions tabled at the AGM by poll. Shareholders are briefed on the voting process and vote tabulation procedures prior to the meeting. Independent scrutineers are appointed to count and validate the votes at the AGM. Votes cast for and against each resolution and the respective percentages on each resolution are announced and displayed. The results of the AGM are also released via SGXNET on the same day.

Dividend Policy

The Company has in place a general policy on the factors to be considered for payment of dividends. The Board will continue to evaluate and recommend dividends to be paid to shareholders taking into consideration the following factors:

- The Company's financial performance;
- Compliance with regulatory capital requirements;
- Sufficiency of retained earnings and reserves for capital expenditure and business operations and expansion;
- A fair and sustainable return on investment for shareholders;
- The Company's past dividend payment history, economic and market conditions; and
- Regulatory guidance, if any.

The annual dividend proposed for FY2022 is shown in page 167 in the Notice of AGM.

In compliance with Rule 704(24) of the Listing Manual, in the event that the Board decides not to declare or recommend a dividend, the Company will expressly disclose the reason(s) for the decision together with the announcement of the relevant financial statements.

PRINCIPLE 12
ENGAGEMENT WITH SHAREHOLDERS

The Company has in place an Investor Relations Policy which sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. The Company is committed to maintaining high standards of disclosure and corporate transparency. The Company provides consistent, relevant and timely information regarding the Group's performance with the fundamental aim of assisting our shareholders and investors in their investment decision-making.

The Company's financial results are released via SGXNET. These include the half-year and full-year results which are also freely and publicly available at the Company's website at www.sif.com.sg. All relevant and material information are also released to the public and announced in accordance with the applicable laws and regulations. Apart from SGXNET announcements and Annual Reports, the Company updates shareholders with information via its website and during the AGM.

The Company maintains a corporate website to communicate and engage regularly with its shareholders. Feedback mechanisms are in place to solicit the views of shareholders and to address requests and concerns raised by shareholders outside of the AGM. Communication with shareholders is done by the Executive Directors. In addition, all shareholders will receive the Annual Report of the Company upon request and the notice of the AGM which is also published via SGXNET. Meetings with institutional and retail investors may be arranged upon request. Shareholders are also welcome to express their views via email to investor_relations@sif.com.sg. The policy and processes in place allow for exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13
ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach in the management and engagement of its key stakeholders, including customers, investors, employees and regulators to ensure that the best interests of the company are served. The Company has processes in place to identify and engage with its key stakeholder groups which will help to build the relationships and trust necessary for corporate sustainability.

The Company's senior executives are involved in ongoing engagements with stakeholders through various channels. The Company maintains a current corporate website at www.sif.com.sg to communicate and engage with stakeholders.

Please refer to the section on "Stakeholder Engagement" in pages 40 to 41 of the Sustainability Report for more information on the Company's strategy and key areas of focus in engagement with its stakeholders.

CORPORATE GOVERNANCE STATEMENT

ADDITIONAL INFORMATION

RELATED PARTY TRANSACTIONS

The Company has in place policies and procedures governing related party transactions.

The Board has established procedures for approval of all related party transactions to ensure that these transactions with the Company are undertaken on an arm's length basis.

As per the Related Party Transactions procedures, directors who disclose their interests in any related party transactions shall abstain and absent themselves from any discussion and approval of the aforesaid transactions.

Details of directors and their related parties are maintained in the central database. Any transactions with directors or their related parties is captured by the system to facilitate the review and reporting process.

The AC is responsible for reviewing and recommending all related party transactions and any material amendments to the Board of Directors for approval, where a special majority of three-fourths of the Board is required.

During FY2022 the Company had collected deposits from its directors and their related parties. No preferential treatment had been extended to the directors and their related parties for these deposits.

Disclosure of related party transactions during FY2022 is shown in page 148.

INTERESTED PERSON TRANSACTIONS

Details of the interested person transactions required to be disclosed under Rule 907 of the Listing Manual during FY2022 are as follows:

Name of Interested Person	Nature of relationship	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)
Sing Holdings Limited ("SHL")	As Mr Lee Sze Leong, the Managing Director/CEO, and Mr Lee Sze Siong, the Deputy Managing Director, and their immediate family together have an interest of 30% and more (directly and indirectly) in SHL, SHL is an associate of both Mr Lee Sze Leong and Mr Lee Sze Siong and is accordingly an "interested person" under Chapter 9 of the Listing Manual.	$704,160	NIL

CORPORATE GOVERNANCE STATEMENT

The above transaction was in respect of a tenancy agreement for a 3-year lease of office space at SIF Building entered into with the Company in 2022, commencing from 1 January 2023 to 31 December 2025.

Research has been conducted to confirm that the rental rate is reasonable and comparable to what other similar properties in our vicinity are offering. The AC has reviewed the terms of the above transaction and was of the view that the transaction was conducted fairly and on arm's length basis.

MATERIAL CONTRACTS (RULE 1207(8) OF THE LISTING MANUAL)

Except for the 3-year tenancy agreement entered into with Sing Holdings Limited in 2022, there were no material contracts entered into by the Company or its subsidiary involving the interests of the CEO, each director or controlling shareholder during FY2022.

DEALING IN COMPANY'S SHARES

The Company continues to adopt the best practices advocated by the SGX-ST, as set out in Rule 1207(19) of the Listing Manual, for the trading of the Company's shares by its staff and directors.

The Company has established policies in place to ensure that employees do not place themselves in positions where their own interests could conflict with those of the Company.

The following internal human resource policies guide all directors and officers in their dealings in the Company's shares:

- All directors and officers must inform the Management/Board of their dealings in the Company's shares, including dealings by their immediate family members;
- All directors and officers should not deal in the Company's shares on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such shares; and
- All directors and officers must also not deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year and full-year financial results.

BUSINESS AND ETHICAL CONDUCT

The Board of Directors adopts the Directors' Code of Professional Conduct ("Code of Conduct") published by Singapore Institute of Directors ("SID"). The Code of Conduct seeks to ensure that all directors are committed to achieving the highest level of professionalism and integrity in the discharge of their office and is intended to complement the Code.

While the Code sets out the principles of corporate governance to be observed by listed companies, the Code of Conduct amplifies the standards of ethics which should be adopted by individual directors in order to bring out the highest standards of conduct in the discharge of their office.

The Code of Conduct embraces the values of honesty, integrity, personal excellence and accountability which should be the cornerstone of every director's conduct.

The Company continuously exercises prudence in its business dealings and has in place personnel policy that sets out the standards and ethical conduct expected of employees. In addition, all staff members are required to observe the guidelines stated in the Finance Houses Association of Singapore's Code of Conduct. The principles covered in the Code of Conduct include confidentiality of information, conflict of interests, relationships with customers and insider trading. The Company ensures that all staff members continue to observe high standards of professionalism and integrity in their dealings with the customers, business associates and colleagues.

Date: 24 February 2023

CORPORATE GOVERNANCE STATEMENT

SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the Listing Manual requires Singapore-listed companies to describe their corporate governance practices with specific reference to the Code of Corporate Governance issued on 6 August 2018 (the "Code") in their annual reports for the financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

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Board Composition and Guidance

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Chairman and Chief Executive Officer

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REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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Level and Mix of Remuneration

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Disclosure on Remuneration

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ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

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Audit Committee

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SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and Conduct of General Meetings

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Engagement with Shareholders

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MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13

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SUSTAINABILITY REPORT

ABOUT THIS REPORT

REPORTING PERIOD

This is the sixth Sustainability Report (SR) for the Group, which covers the financial year from 1 January 2022 to 31 December 2022, and is reported together with our Annual Report.

SCOPE

This SR covers the operations of Sing Investments & Finance Limited (SIF, the Company) and its fully owned subsidiary, Sing Investments & Finance Nominees (Pte.) Ltd in Singapore. It seeks to provide both internal and external stakeholders with an overview of the Group's strategies, management and monitoring of material factors, in relation to Environmental, Social and Governance (ESG) matters.

The SR supplements the financial and risk performance reported elsewhere in the Annual Report to present a balanced perspective of how the Group strives to build long term values, invest for growth while supporting our stakeholders through changes and valuing our environment.

The contents are designed to provide relevant ESG data and information to all SIF's stakeholders, which are defined broadly to include the people who work for us, transact with us, invest in us, regulate us and live in the same community as us.

The Group's entities included in this SR are equivalent to those disclosed in the Group's financial statements. In consolidating information of the entities of the Group, adjustments were not made to information for minority interests. The Group has not undergone any mergers, acquisitions and disposal of entities this financial year. The consolidation approach taken across the Group's entities and across material topics are consistent and remain unchanged from the prior year.

CONTENTS

REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiative (GRI) 2021 Standards and in conformity with the Singapore Exchange's (SGX) sustainability reporting regime. The GRI Standards were adopted by the Group as the disclosure principles and performance metrics provided by GRI are useful for the Group to communicate the progress and impact of our ESG efforts with our stakeholders. The GRI Content Index is available on page 60.

The climate related disclosures in the SR are guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD Content Index is available on page 63.

SUSTAINABILITY REPORT

BOARD STATEMENT

CLIMATE CHANGE

More frequent and severe climate events globally, and flash flood incidents and unusual weather locally highlight the urgency for climate mitigation and adaptation efforts. The global initiatives to moderate or reverse the negative impacts on climate caused by human activities need to accelerate as the window to avoid extreme weather is rapidly closing.

The Group recognises our responsibilities to do our part in confronting climate change. In 2022, we made significant progress in accelerating our commitment on climate related risks.

In 2022, SIF focused on embedding responsible financing into the Credit Risk Management Policy, integrating environmental risk management into SIF's EWRM, our overall risk management framework, and introducing risk appetite limits to environmentally sensitive sectors. We designed and executed necessary changes to our processes and procedures to foster our portfolio resilience to environment risks and impact.

Kindly refer to Material Factor – Responsible Financing for details.

This report is our first attempt in making disclosures on the Group's approach in managing climate risks and opportunities as guided by the recommendations of the **Task Force on Climate-related Disclosures (TCFD)**. In this report, our analysis is generally qualitative in nature as these are limited by the complexities in quantifying the risks and financial impacts, and the availability of reliable data. Nevertheless, as guided by MAS Guidelines on Environmental Risk Management and the SGX's Practice Note 7.6 Sustainability Reporting Guideline, we will continue to build our capacity and explore pragmatic ways to collate data in a phased approach.

OTHER HIGHLIGHTS

RECORD PROFIT

Following the record net profit in 2021, SIF scaled new heights this year. The Group's net profits for the full year 2022 of $37.2 million is the highest ever record in our history, reflecting our sound business strategies in navigating the rising rate environment and strong business momentum.

GOVERNANCE AND TRANSPARENCY

In the area of governance, we are honoured by the recognition given to our effort in upholding the standards of corporate governance and reporting. We ranked 11th among the 489 listed companies surveyed for the Singapore Governance Transparency Index ("SGTI") in 2022 and remained the top 5% for 9 consecutive years. In addition, we are delighted to receive the "**Best Managed Board – Silver**" award in **Singapore Corporate Awards 2022** (Companies with less than $300 million capitalisation) and both "**Shareholder Communication Excellence – Winner**" and the "**Singapore Corporate Governance – Runner Up**" (Small cap category) of the **Securities Investors Association (Singapore) ("SIAS") Investors Choice Awards 2022**.

CORE ESG METRICS

To assist our stakeholders in assessing our progress on ESG agenda in a structured and consistent format, we disclose our 1st set of **27 Core ESG Metrics**, as proposed by the SGX in its public consultation "Starting with a Common set of Core ESG Metrics", in this report, with 2021's data as comparatives. We will review and revise our ESG disclosures periodically based on the internationally recognised standards and recommendations.

SUSTAINABILITY REPORT

Despite the challenging economic outlook in 2023, we remain committed to our ESG agenda. We will continue to strengthen our capability to mitigate climate-related risks and to seize opportunities arising from Singapore's transition to be a greener economy whilst maintaining our standards in corporate governance and transparency.

OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is to ensure that the ESG issues are well integrated with business operational model and are subject to a strong governance oversight by our management and the Board. We seek to embed the sustainability considerations in our business strategies and lending decisions, and to appraise both the ESG-related risks and opportunities in a holistic and balanced manner.

SUSTAINABILITY GOVERNANCE

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The Board has an overall responsibility for sustainability, provides oversight of ESG matters and has in place a strong governance framework to manage our business effectively and responsibly. The Board determines the material ESG factors, approves the sustainability related policies and the Enterprise Wide Risk Management Framework (EWRM), which now covers the Group's environmental and climate risk management. In addition, the Board is responsible for ensuring that the Group has adequate resources to achieve its ESG aspirations and for allocating resources appropriately through annual budgeting and long term strategic planning.

RISK MANAGEMENT COMMITTEE

To support the Board of Directors on ESG matters, the Risk Management Committee (RMC) oversees the EWRM, reviews and approves risk policies and procedures. This includes defining SIF's risk appetite and setting credit policy to assess ESG risks. RMC meets quarterly, reports and escalates ESG matters to the Board of Directors.

SUSTAINABILITY REPORT

Chaired by an independent director, RMC comprises 2 independent directors, 2 executive directors, Head of Risk Management, Head of Product Management, Head of Finance, Head of Compliance and Head of Treasury/Branches. Besides the 2 independent (non-executive) directors, all other RMC committee members are involved in the day-to-day operations and business of SIF. The independent directors are subject to the tenure requirements for listed company directors imposed by the SGX. Other RMC members are appointed based on their positions as SIF functional heads. RMC consists of 56% females and 44% males as at 31 December 2022 (2021: 44% female and 56% male). The selection criteria in the composition of the RMC includes competencies, experience, diversity and independence.

SUSTAINABILITY STEERING COMMITTEE

The Sustainability Steering Committee (SSC) supports RMC in reviewing, monitoring and managing SIF's sustainability efforts and material ESG factors. The Committee reports regularly to RMC, which in turn reports to the Board on matters and issues relating to sustainability. This includes monthly reporting of SIF's credit exposures to carbon-intensive sectors to RMC.

OTHER FUNCTIONS SUPPORTING SUSTAINABILITY EFFORTS

Supporting the Sustainability Steering Committee (SSC) are the relevant heads of department, who have been delegated with specific sustainability responsibilities, tasks and targets.

The Internal Audit function has performed independent reviews of the design of sustainability policies, compliance with policies, related reporting process and quality of data being produced and reported in the areas of sustainability and in this report. The Internal Audit function has also reviewed this report which has not been externally assured.

INTEGRATING ESG RISK MANAGEMENT INTO DECISION MAKING & OPERATIONS

In 2022, our ESG Risk Assessment Approach was launched and has been incorporated into SIF Credit Risk Management Policy. The relationship account managers and Credit Control Department are required to conduct due diligence on all new and existing borrowers to assess the presence of ESG risks. **Responsible Financing General Checklist** and **Sector Specific Checklist** are customised for customers with different levels of inherent ESG risks.

In addition, **SIF ESG Risk Classification Approach** was put in place to better monitor and manage ESG risk exposures. At the customer level, ESG inherent risks are assessed based on their business activities and industry classification. Their respective residual risk levels are determined by using the ESG checklists to understand the customers' track records, ESG management and risk mitigating efforts.

To limit ESG risk exposures, quantifiable risk appetites were set up for SIF exposures to the 8 industries with elevated ESG risks identified by the ABS Guidelines on Responsible Financing. The risk appetites and limits are being monitored on a monthly basis.

With the progress made in 2022, the environmental risk considerations are now factored into the firm-wide and functional decision making and operational processes.

STAKEHOLDER ENGAGEMENT

The Group's stakeholders are the entities or individuals that can be reasonably expected to be significantly impacted by our activities, products and services. Engagement with our stakeholders is essential for us to receive feedback and understand their expectations, in order to better focus and prioritise our ESG efforts.

SUSTAINABILITY REPORT

The table below provides a summary of our key stakeholders, our engagement methods with them, as well as their expectations and our corresponding responses.

ENGAGEMENT CHANNELS

Stakeholders	Engagement Channels	Areas of Interest	Our Responses
Customers	– Interactions at branches & face-to-face meetings; – Regular engagements with relationship managers; – Customer service hotline; – Feedback via SIF mobile apps & website.	– Digitally enabled services & products; – Fair dealing; – Competitive pricing & innovative product features; – Data privacy & security; – Prompt service & resolution of complaints.	– SIF Retail & Corporate e-services apps, & company website; – Active listening; – Professional and ethical standards in business conduct; – Strong data security; – Good customer service, prompt resolution of feedback & complaints.
Regulators	– Regular dialogues, updates & consultation; – Industry-wide initiatives to strengthen soundness of financial industry; – Compliance reviews, surveys for insights & dialogues.	– Transparent, timely data and insights; – Company, industry financial & operational stability; – Key regulatory issues, including cyber security, financial crime, money laundering, operational resilience.	– Participation in dialogues, surveys & consultation with regulators; – Strong governance and controls over financial & operational risks; – Compliance to regulatory requirements and guidelines in letter & spirit; – Strong capital and adequate liquidity.
Employees	– One-to-one sessions; – Feedbacks in the course of work and appraisals; – Staff satisfaction survey and survey follow-ups; – Communication and updates from management.	– Personal & professional development; – Opportunities for career progression; – Work-life balance; – Mutual trust & respect.	– Fair and progressive HR policies; – Support for flexible working arrangement; – Training opportunities & career development; – Talent management and retention.
Investors	– Annual general and other shareholder meetings; – Annual reports & result announcements; – Updates & broadcasts through SIF website.	– Stable, sustainable growth & returns; – Sound funding & strong capital; – Strong corporate governance & transparency.	– Competent & independent Board of Directors & management; – Financial prudence & sustainable dividend pay-out; – Robust corporate & risk governance; – Timely disclosure & reporting.
Community	– Community engagement programs; – Partnership with charity & social service agencies; – Sustainability reporting.	– Good corporate citizenship; – Financial support and donations in kind; – Positive impact on the environment.	– Responsible financing; – Giving back through corporate social responsibility activities; – Effort to reduce environmental footprints.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

The Sustainability Steering Committee (SSC), which comprises senior management and key managerial staff of SIF, identifies and assesses the material ESG factors, based on internal relevance and external expectations, for the Risk Management Committee's endorsement before recommending them to the Board for approval. The material ESG factors are reviewed on an annual basis to ensure that they remain relevant to the Group in the fast-evolving landscape.

SUSTAINABILITY PILLARS

Our sustainability priorities centre around 3 pillars to focus our efforts in creating impact on ESG matters.

In our 2021 report, the ESG material factors were aligned under 3 Sustainability Pillars in the 2021 report. We have continued to fine-tune the framework and in 2022, the new environmental factors are added to accelerate our climate commitment and to place greater focus on our responsible financing practices.

	Creating Values	Upholding Values	Valuing Environment
Pillars	We aim to create values for all our stakeholders, including shareholders, customers and community.	We strive to uphold our corporate values in our conduct of business with internal and external stakeholders.	We act as a responsible agent of change for our customers and ourselves to transition to a more sustainable environment.
Material Factors	Economic Value	Corporate Governance	Responsible Financing
	Service Digitisation	Risk Culture	Environmental Footprint
	Community Contribution	Talent Management	

POLICY COMMITMENTS & TARGETS

The Group reports our policy commitments to each material factor identified by the Board of Directors and communicate these commitments to all relevant stakeholders, including our employees, shareholders and customers, through various engagement channels.

Targets and risk appetites are set up to help us fulfil the policy commitments and our progress on key targets is reported in this report on an annual basis.

The Group is committed to address any complaints and to take remedial actions where appropriate and in accordance with our policies. We have processes and mechanisms in place to identify and address grievances and complaints from our stakeholders.

SUSTAINABILITY REPORT

SUSTAINABILITY PILLAR – CREATING VALUE

MATERIAL FACTOR – ECONOMIC VALUE

Sustainability Pillar	Material Factor
Creating Values	Economic Value

WHY IS THIS MATERIAL

Sustainable growth and creation of long-term value to all our stakeholders have always been the Group's goals. We recognise that creating long-term economic value requires satisfying expectations of all stakeholders and attaining our ESG values. We ensure that the economic values created are appropriately distributed to our shareholders, our employees, our service providers and the government.

PROFITABILITY & RETURN

To our shareholders, the Group seeks to provide sustainable dividend returns within the regulatory guidance. In recommending annual dividends, the Board of Directors seeks to balance dividend pay-outs to shareholders, and earnings retention to support business growth, sustain strong capital and ensure financial resilience.

Following the record profit in 2021, the Group registered another high-water mark with net profit after tax of $37.2 million in 2022, 18% higher compared to a year ago. In addition, the Group has surpassed $2.4 billion of customer loans as at 31 December 2022, with the highest ever lending volume achieved during the year. With the strong financial performance, the Board is pleased to recommend a first and final dividend of 10 cents per share for the financial year 2022, 2 cents higher than last year. The proposed dividends are subject to approval by shareholders at the coming Annual General Meeting.

In addition, on 24 February 2023, SIF announced the proposal of a bonus issue to increase its issued share capital base to reflect the growth and expansion of its business, and to give due recognition to its shareholders for their continuing support. The proposed bonus issue will comprise 78,812,882 bonus shares to its shareholders on the basis of 1 bonus share to be credited at nil consideration without capitalisation of reserve and as fully paid for every 2 existing shares in the capital of the Company as at the record date to be determined by the directors for the purpose of determining the entitlements of shareholders. The bonus shares will not be entitled to the first and final dividend proposed for the year 2022. The proposed bonus issue is subject to the approval of its shareholders at the coming Annual General Meeting.

Table 1 – Direct Economic Value created and distributed

$'000	2022	2021	2020
Total Income	65,565	64,969	55,053
Staff Cost	18,634	18,096	15,975
Operating Costs (Excluding Depreciation)	6,932	6,488	8,088
Income Tax Expense	6,867	5,886	3,640
Profit After Tax	37,203	31,433	19,602
Dividend*	15,763	12,610	5,675
Retained in the Business	21,440	18,823	13,927

* Dividend for 2022 is subject to shareholders' approval

Apart from generating sustainable returns, being a well-capitalised and trusted financial institution is just as important to SIF. Hence our objective is also to ensure steady growth in the shareholders' equity and maintain a prudential buffer against the regulatory capital requirement.

SUSTAINABILITY REPORT

Table 2 – Shareholders' Equity and Capital Adequacy Ratio

	2022	2021	2020
Total Shareholders' equity ($'000)	414,819	405,765	387,464
Capital Adequacy Ratio (%)	15.6	17.0	16.3

With sound business strategies and strong execution, we continue to deliver robust financial results in 2022. We will strive for sustainable long-term growth and be inclusive in sharing the value created among our stakeholders.

2023 Targets
Sustainable Value Creation
Sustainable growth & long-term values for all stakeholders
Strong Capital & Trust
Capital growth with comfortable buffer above regulatory capital requirements

MATERIAL FACTOR – SERVICE DIGITISATION

Sustainability Pillar	Material Factor
Creating Values	Service Digitisation

WHY IS THIS MATERIAL

We aim to stay relevant and competitive in the irreversible trend of digitisation. We seek to connect with the younger and more tech-savvy customers through technology in order to build future generations of customers to sustain our long term growth.

Digitalisation is no longer an optional or good-to-have feature in our services and products. An increasing number of our customers expect us to leverage and harness digital technology to provide seamless, efficient and uninterrupted services. The Covid-19 pandemic has also accelerated the pace of digital adoption across the spectrum of our customers, including the seniors. Hence, improving our digital capability and products is of paramount importance to SIF.

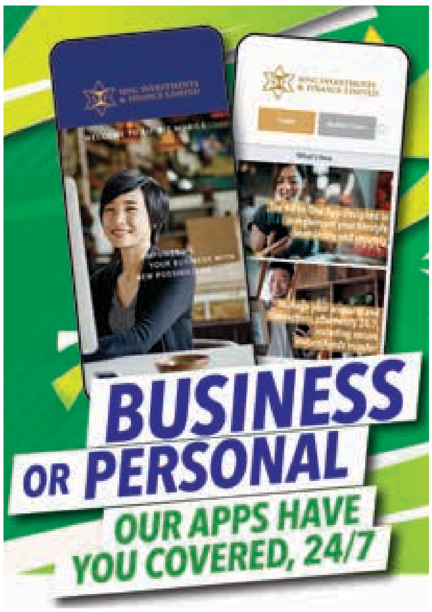
RETAIL & CORPORATE E-SERVICES APP

SIF was the first finance company in Singapore to introduce our retail mobile app in 2019, **SIF Mobile**. Following its success, **SIF Corporate E-services App or SIF BIZ**, our corporate mobile apps, was launched in 2022 to allow our corporate customers to conduct their financial services digitally. SIF BIZ is another milestone in our digital roadmap to use technology as an enabler to deliver efficient, convenient and innovative financial services for better customer experience.

In the Year 2022, the number of customers using SIF e-services apps increased by 50%. With more users, we aim to grow the business volume conducted through these digital channels and target to garner more deposits from on-line customers, in particular the balances of conveyancing, current and savings accounts (CASA).

+50%

INCREASE IN NUMBER OF CUSTOMERS USING E-SERVICES APPS



SUSTAINABILITY REPORT

2023 Targets
E-Services apps ramp-up
Higher penetration of apps among customers and higher deposit balances placed through digital channels

MATERIAL FACTOR – COMMUNITY CONTRIBUTION

Sustainability Pillar	Material Factor
Creating Values	Community Contribution

WHY THIS IS MATERIAL

Giving back to the community has always been a key element of our corporate values. We believe in building strong bonds with the community we belong to. In particular, we are committed to supporting vulnerable groups in the community and constantly seek opportunities and causes where we can contribute.

DAY-OUT AT THE ZOO

Moving into the COVID new-normal phase, we organized our first Corporate Social Responsibility (CRS) event in more than 2 years. Our volunteers spent a memorable day out with close to 40 children and teachers from Care Corner at the Singapore Zoo. Care Corner is a social service agency which focuses on serving children with special learning needs or from disadvantaged backgrounds. Even though ART testing, mask wearing (when outdoors) and safe distancing were no longer mandatory, we adhered to all these measures in order to keep the event safe. Through fun and games played in teams, the goal was to learn about the urgent need to protect our animals and their habitats. At the end of the event, each member of the winning team was given the privilege to choose an animal from the Zoo's adoption programme, to which SIF made a monetary contribution towards its upkeep and well-being.

OTHER CONTRIBUTIONS

In 2022, the Group has also made donations to Queenstown Multi-Service Centre, Ren Ci Hospital and other local associations to support their worthy causes.

2023 Targets
Giving back to the community
Sustainable giving back and community services with strong staff participation

SUSTAINABILITY REPORT

SUSTAINABILITY PILLAR – UPHOLDING VALUES

MATERIAL FACTOR – CORPORATE GOVERNANCE

Sustainability Pillar	Material Factor
Upholding Values	Corporate Governance

WHY THIS IS MATERIAL

We believe that strong and effective corporate governance is vital to protect the interests of all stakeholders of the Group and to enhance long-term shareholder value. Having effective corporate governance is essential for us to be a good steward of our resources and, to build and retain trust from our stakeholders.

For these reasons, the Group always commits to the highest standards of integrity in our business conduct.

AWARDS & ACCOLADES

We have set high standards of corporate governance and ethics in conducting our business, as guided by the Code of Corporate Governance. Our corporate governance policies and practices are reviewed regularly to continually factor in changes in corporate governance best practices.

In 2022, we are proud to rank 11th among the companies surveyed for the Singapore Governance and Transparency Index, a leading index for assessing corporate governance practices for Singapore listed companies. In fact, we have been among the top 5% of the listed companies surveyed for the acclaimed index for multiple years.

11th

RANKED AMONG 489 SINGAPORE LISTED COMPANIES SURVEYED FOR SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX 2022

Top 5%

FOR 9 CONSECUTIVE YEARS

AMONG SINGAPORE LISTED COMPANY SURVEYED FOR SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX

In addition, SIF has received awards and accolades that acknowledge our efforts in ensuring high standards of corporate governance and transparency in corporate disclosures.

The awards and accolades won by SIF in 2022 are as follows:

Singapore Corporate Award 2022

Best Managed Board – Silver

Companies with less than $300m market capitalisation

SIAS Investors' Choice Awards 2022

Shareholder Communication Excellence Award – Winner

Singapore Corporate Governance Award – Runner-Up

Small Cap Category

SUSTAINABILITY REPORT

OTHER RECOGNITION AND VOLUNTARY COMPLIANCE PROGRAMME

Since 30 Sep 2022, Sing Investments and Finance Limited has attained the **Cyber Essentials** mark certification as part of an ongoing initiative to strengthen our cyber resilience.

The Cyber Essentials mark is a cybersecurity certification, developed by Cyber Security Agency of Singapore (CSA) for the purpose of assessing the security protection of IT assets and personnel for small and medium-sized enterprises. It serves to recognise that the organisation has put in place good cyber hygiene practices to protect their operations and their customers against common cyber-attacks.

The attainment of the CSA Cyber Security Essentials Certification has affirmed our commitment to adopting the necessary measures to secure our IT ecosystem and to protect our customers' interests.

We will continue to maintain our cyber readiness to sustain the trust and confidence reposed in us by our customers.

In 2022, the Group continued to be included in the **SGX Fast Track** programme since its commencement. This programme recognises companies with high corporate governance standards and a good track record of quality submission by allowing them to enjoy prioritised response on selected corporate action submissions to SGX RegCo.

Since 2014, SIF has attained Premium status under the **GST-Assisted Compliance Assurance Programme** ("**ACAP**"), a compliance initiative by IRAS for businesses that have set up robust GST controls. The Company's premium status has been renewed for up till 9 June 2025.

2023 Targets
Governance & transparency
Continued excellence in corporate governance, investor communication and reporting transparency

MATERIAL FACTOR – RISK CULTURE

Sustainability Pillar	Material Factor
Upholding Values	Risk Culture

WHY THIS IS MATERIAL

We believe that a strong risk culture is vital to the success of the Group's business strategy. We strive to balance the risk and return by ensuring profit optimisation within the risk appetite defined and set by the Board and the Risk Management Committee.

In addition, internal control lapses, fraudulent cases, data breaches and financial crimes in the form of money laundering, financing of terrorism can result in financial losses and reputational damage to the Group and the overall financial system. Hence, we need to always be vigilant in mitigating risks and safeguarding the trust in us from our stakeholders.

SUSTAINABILITY REPORT

CODE OF CONDUCT AND ETHICS POLICIES

Our code of conduct and ethics policies set out the expected standards of behaviour with zero tolerance for all forms of bribery and corruption.

We have put in place a whistle blowing policy which provides an avenue for all staff and the public to raise concerns and possible wrongdoings by staff, in confidence and without fear of reprisal, for appropriate investigation and action. We ensure the confidentiality of the whistle blowers and allow disclosures to be made anonymously.

For more information, please refer to Principle 10 "Audit Committee" for Whistle Blowing Policy and Complaints Handling Procedures in the Corporate Governance Statement.

FINANCIAL CRIMES

To combat financial crimes, SIF has implemented an Anti Money Laundering Policy and Framework that complies with applicable laws, regulations and professional standards.

Our efforts to raise employee awareness on the risk of financial crimes and to increase their level of knowledge on suspicious activities and transactions include:

- Annual compulsory refresher training on anti-money laundering for all employees;
- Regular training relating to anti-money laundering and counter-financing of terrorism for relevant employees;
- Annual confirmation in writing by all employees that the Finance Houses Association of Singapore's Code of Conduct was read and understood;
- Annual acknowledgement in writing by all employees that SIF's Human Resource ("HR") Personnel Manual was read and understood; and
- Annual e-learning course on data security, cyber threats and anti-corruption & bribery.

The anti-corruption and bribery e-learning course was launched in 2022 and attended by all employees who were required to attend the mandatory training (152 staff).

Both the Finance Houses Association of Singapore's Code of Conduct and SIF's HR Personnel Manual manuals contain sections on "Abuse of Position", "Conflict of Interest" and our stance on anti-corruption, to which all staff must adhere. Our staff are reminded regularly to observe the code of conduct in dealing with our business partners, in particular our zero tolerance towards corruption and bribery.

Our Board of Directors stay up to date with the key developments and knowledge necessary to discharge their duties. This includes anti-money laundering, anti-corruption and other governance matters.

We also place great emphasis on staff training programmes, which cover areas such as cyber and fraud risk, anti-money laundering and compliance, and ethics, in order to equip our employees with relevant and updated skillsets and mind-sets to enforce internal controls and to prevent fraud.

For more information, please refer to Principle 9 "Risk Management and Internal Controls" for Compliance Department under the Corporate Governance Statement.

In 2022, there were no cases of significant non-compliance with laws and regulations or incidents of misconduct by our employees.

There were also no cases of substantiated complaints concerning breaches of customer privacy and loss of customer data at SIF during the year.

SUSTAINABILITY REPORT

2023 Targets
Control excellence
Continued excellence in sustaining high quality internal controls
Transparency & accountability
Disclosure on significant non-compliance with laws and regulations, and incidents of misconduct of our employees
Training
Adequate staff training to raise awareness on importance of proper control

MATERIAL FACTOR – TALENT MANAGEMENT

Sustainability Pillar	Material Factor
Upholding Values	Talent Management

WHY THIS IS MATERIAL

Being able to attract and retain talents while maximising each person's potential is an essential strategy for our continued success. Our employees are our key assets and we endeavour to continue to attract, develop and retain the best talents in order to be future ready.

In addition, we have a responsibility to the talents we hire to provide a workplace that is progressive, safe and supportive of their wellbeing, for them to have fulfilling work lives.

DIVERSITY & EQUAL OPPORTUNITIES

When there is diversity within the workforce and equal opportunities for all employees, it engenders a trusting and respectful working environment. It also helps foster greater teamwork, creativity and innovation. When recruiting, we practise merit-based hiring and offer equal opportunity to job seekers without discrimination against age, gender and other characteristics.

Our total headcount and workforce mix by various diversity measures have remained stable through the years, with all employees being employed in Singapore. Notably, around 12% of our employees have been with the Company for more than 20 years. There is also no lack of female talents in our Management Team, which comprises Senior Management and the various heads of department. In 2022 and 2021, more than 50% of the Management Team was made up of female leaders.

Table 3.1 – 3.8: Information on employees

There were no retrenchments or significant fluctuations in the number of employees in 2022.

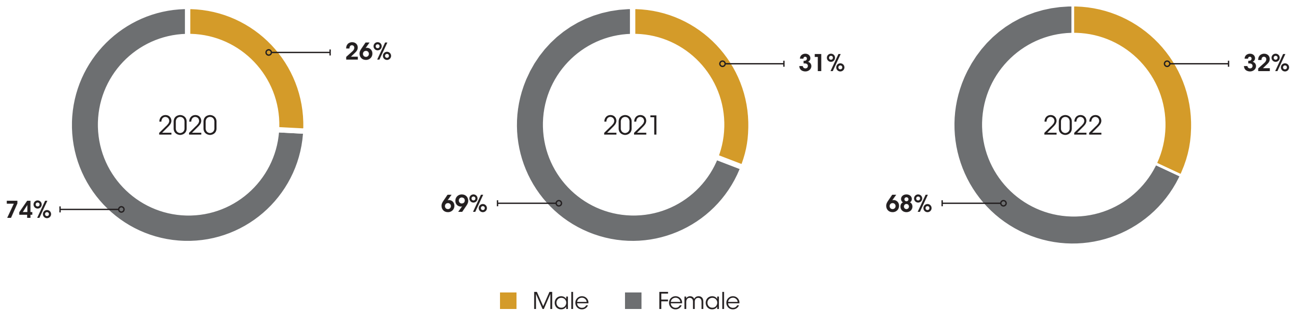
SUSTAINABILITY REPORT

3.1 Employee by employment type

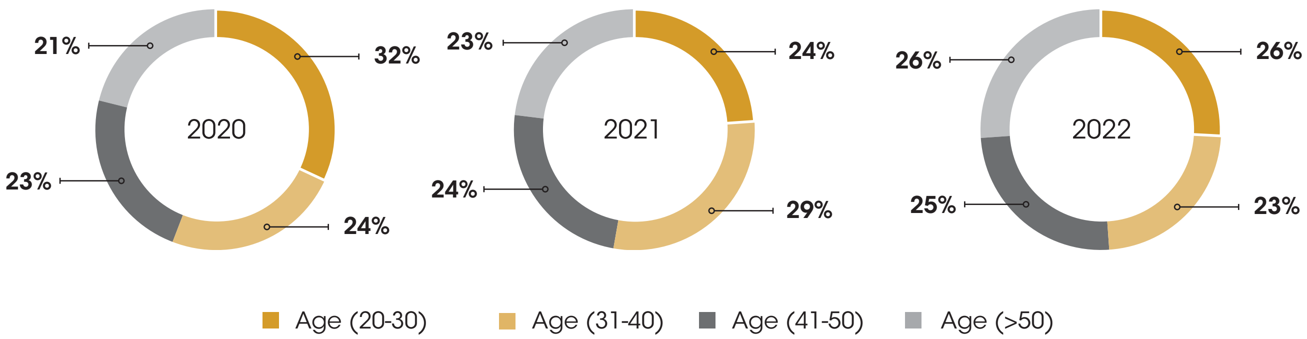
2020 (as at 31 Dec 2020)	Full Time	^Temporary	Total*
Male	44	0	44
Female	118	5	123
Total	162	5	167
2021 (as at 31 Dec 2021)			
Male	47	1	48
Female	101	6	107
Total	148	7	155
2022 (as at 31 Dec 2022)			
Male	53	0	53
Female	107	5	112
Total	160	5	165

Notes:
^ Temporary employees include those on Re-employment Contract (renewable on an annual basis)
* Non-Guaranteed Hour employees and Interns are not included in Total Headcount figures

3.2 Employee gender diversity



3.3 Employee age diversity



SUSTAINABILITY REPORT

3.4 Management by gender

Year	Male	Female
2020	40%	60%
2021	45%	55%
2022	45%	55%

Note: Management includes Senior Management and Heads of Departments. Prior years' data has been restated due to the update of definition of Management.

3.5 New hire by gender

Year	Male	Female	Total
2020	48%	52%	100%
2021	63%	37%	100%
2022	42%	58%	100%

3.6 Resignation by gender

Year	Male	Female	Total
2020	32%	68%	100%
2021	36%	64%	100%
2022	40%	60%	100%

3.7 New hire by age

Year	Age (20-30)	Age (31-40)	Age (41-50)	Age (>50)	Total
2020	41%	22%	37%	0%	100%
2021	30%	17%	20%	33%	100%
2022	47%	18%	23%	12%	100%

3.8 Resignation by age

Year	Age (20-30)	Age (31-40)	Age (41-50)	Age (>50)	Total
2020	27%	24%	32%	17%	100%
2021	41%	17%	21%	21%	100%
2022	36%	30%	19%	15%	100%

Notes:
1. None of our staff is eligible for collective bargaining under the Memorandum of Understanding.
2. Employee data is collected from our HR system and compiled at the end of the reporting period.
3. Prior years' employee data has been restated due to refinement of our data collection and calculation methodology, such as excluding non-guaranteed hours employees and interns from the full time headcounts of the Company.

SUSTAINABILITY REPORT

In addition to the full time employees reported above, there were 2 interns attached to the Group and no non-guaranteed hours employees as at 31 December 2022 (2021: No intern and 1 non-guaranteed hours employee; 2020: 3 interns and no non-guaranteed hours employees). There were no other workers who are not employees involved in the Group's operations at 31 December 2022, 2021 and 2020.

ANNUAL TOTAL COMPENSATION RATIO

We are committed to compensating our employees with fair and appropriate remuneration in forms of salaries and other benefits. In addition, we operate in Singapore where the labour market is highly competitive and the competition for talents in the financial services industry is keen.

The compensation for our staff is dependent on their skill-sets, qualifications, experience, performance and other factors. In our organization, there is a broad range of talents across different roles and functions. However, with the relatively small number of total headcounts in our organisation, the compensation of median employee changes significantly over time. We will continue to explore ways to present useful and relevant compensation data in future reports.

LEARNING AND DEVELOPMENT

With the evolving landscape and changing demands of financial products and services, employee training and development are crucial elements of the Group's people strategy. We believe that the continued effort to train and develop our human capital serves not only as a performance motivator, but helps ensure that the workforce is equipped with the relevant skillsets to support our business operations and growth.

In 2022, we exceeded the target of 15 hours of training per staff on average. Compared to 2021, the average training hour per staff increased significantly for the employee category of Assistant Managers and below. This was in part due to more staff making use of the resources on the e-learning platform that the Company subscribes to. With such self-directed learning initiatives, employees enjoy greater flexibility in choosing the topics that are relevant to them or which interest them. The staff also have flexibility in scheduling their training. Our goal is to promote employee development not only on a professional level, but also on a personal one, centred on their total well-being.

Table 4: Average Hours of Training by Gender

Average training hours by gender	Male	Female	All staff
2020	18	15	15
2021	19	13	15
2022	18	17	17

Table 5: Average Hours of Training by Employee Category

Average training hours by employee category	AM & below	AVP to EVP	MD and DMD
2020	10	27	37
2021	11	23	16
2022	16	18	24

Note:

1. Prior years' employee data has been restated due to refinement of our data collection and calculation methodology, such as excluding non-guaranteed hours employees and interns from the full time headcounts of the Company.

SUSTAINABILITY REPORT

EMPLOYEE ENGAGEMENT

Entering into the COVID new normal phase in 2022, we have resumed and set in motion a series of staff engagement activities. The key events are as follows:

LISTENING TO STAFF

Responding to the latest results from our Employee Pulse Survey, we have been implementing changes progressively, to address the evolving needs and aspirations of our staff. Some of these changes include Flexi-Work Arrangement – an initiative that has benefitted employees, especially those with care-giving needs. We are heartened that the participation rate for our employee surveys has also shown significant improvement over time and we remain committed to engaging our people as an important stakeholder.

EMPLOYEE WELL-BEING

Post-pandemic, the health and safety of our people remain a key priority. All permanent full-time employees have access to an in-house Medi-care programme where they are covered under group medical insurance for hospitalization and major medical bills. Looking beyond safeguarding the physical health and safety of our employees, mental wellness and creating work-life harmony have also become increasingly important. Even as technology has allowed us to collaborate online, the desire for physical interaction was keenly felt when we resumed in-person activities to engage with staff.

The highlights included the following:

Department-level Bonding (October 2022)

Since returning to the office in full force, everyone has had the opportunity to interact physically and collaborate more at work. Riding on this positive momentum, we supported each department in organising activities to help employees bond beyond their daily scope of work. Many teams took the time to get to know one another better through fun, games and good food.

Cultural Exchange (November 2022)

In building a vibrant and inclusive workplace, we took the opportunity to share the unique cultures and festivals celebrated by our colleagues during Deepavali (Diwali). We organized mini activities for everyone to participate in, like dressing up in traditional costumes, getting a henna tattoo and tasting traditional sweets and drinks.

Dinner & Dance (November 2022)

In celebrating SIF's 58th Anniversary, it was also a time to thank staff for their resilience and hard work throughout the years. Among them, 12 staff who have been with the company for 10 – 30 years were presented with Long Service Awards. Everyone enjoyed themselves thoroughly in the first Dinner & Dance since the COVID-19 pandemic, with good food, staff performances, fun and games.

SUSTAINABILITY REPORT

Durian Party (November 2022)

An all-time favourite event making its come back after 2 years was our Durian Party, where Management and staff bonded over their love for durian. Staff also got into the act of making their own popiahs (spring rolls) and sharing in this food tradition with colleagues of different ethnicities.

HUMAN RIGHTS

SIF promotes a work environment that is fair and respectful, and free from discrimination, bullying and harassment. We support internationally accepted human rights principles, including those relating to non-discrimination, child labour and forced labour.

2023 Targets
Equal opportunity
Diversity in the workforce with balanced mix of gender, age and other characteristics
Personal development
Average training hours per staff of 15 hours annually
Well being
Sustained progress to harness technology to improve workflows
Feedback
Annual Employee Pulse Survey

SUSTAINABILITY REPORT

SUSTAINABILITY PILLAR – VALUING ENVIRONMENT

MATERIAL FACTOR – RESPONSIBLE FINANCING

Sustainability Pillar	Material Factor
Valuing Environment	Responsible Financing

WHY IS THIS MATERIAL

We recognise that SIF is exposed to ESG-related risks through our lending activities via our loans to customers, which operate in ESG sensitive sectors. The Group believes that proper management of our financing business will yield positive results and reputational gain for our business and brand.

SIF ESG RISK MANAGEMENT

Our ESG risk policies and processes focus on the lending to the industries with elevated ESG risks and are guided by the ABS Guidelines on Responsible Financing (ABS Guidelines) and MAS' Guidelines on Environmental Risk Management. ABS Guidelines cover 8 industries with elevated ESG risks, namely Agricultural, Chemicals, Defence, Energy from Fossil Fuels, Forestry, Infrastructure, Mining & Metals and Waste Management.

0.2%

OF TOTAL LOAN PORTFOLIO AT 31 DEC 2022
EXPOSURES TO SECTORS WITH ELEVATED ESG RISKS

Agricultural	Foresty
Chemical	Infrastructure
Defence	Mining & Metals
Energy from Fossil Fuels	Waste Management

ESG RISK APPETITE

We seek to protect our assets by limiting our risk appetite for ESG sensitive assets. Our credit exposures to customers with elevated ESG risks constituted only 0.2% of our total loan portfolio at 31 December 2022. We resolve to keep the exposures low in order to sustain the climate resilience of our portfolio and assets. Our risk appetite is defined as a cap of 5% of our total loan portfolio to each of the 8 sectors with elevated risks identified by ABS Guidelines.

SIF ESG RISK ASSESSMENT APPROACH

In supporting our customers through their transitions to greener technologies and business models, we believe in prior assessment of ESG and climate risks before on-boarding new customers to avoid disruption to their financing and operations, and impairment of our assets caused by abrupt termination of relationship subsequently.

All new and existing customers will be subject to our ESG due diligence and risk assessment. The review for all borrowers classified with "Low & Medium Inherent ESG Risk" will be based on the SIF General ESG Checklist. Customers with "High Inherent ESG Risk" will be assessed with enhanced due diligence based on one of the 8 SIF Sector Specific ESG Checklists. The assessment will take into consideration adverse news and information about the customers in the public domain. We will factor in the risk mitigating criteria to determine the residual risk rating.

Our ESG due diligence for high inherent risk customers is now fully integrated into SIF Credit Risk Management Policy which guides our lending decisions.

2023 Targets
ESG sensitive exposures
Low exposures to ESG sensitive industries and well below risk appetite

SUSTAINABILITY REPORT

MATERIAL FACTOR – ENVIRONMENTAL FOOTPRINT

Sustainability Pillar	Material Factor
Valuing Environment	Environment Footprint

WHY IS THIS MATERIAL

A healthy environment is needed to thrive and grow in every society and community. Hence as a responsible corporate citizen, we are committed to do our part by reducing our own environmental footprint to protect the vital ecosystems that support life on our planet.

REDUCE, RECYCLE, REPLACE

To fulfil our commitment to minimise our environmental footprint, the three-pronged approach via **Reducing, Recycling and Replacing** has been put in place. We seek to reduce the consumption of electricity and water, and the use of paper through e-statements to customers and implementing paperless processing internally.

We continue to embark on recycling programmes on paper and e-waste, and replacing electrical appliances with eco-friendlier options.

ELECTRICITY AND WATER CONSUMPTION

The Group's electricity consumption in total and the average per staff has increased by 3% and 6% respectively compared to 2021 due to the full return of employees to our office premises in the year 2022. The saving from the replacement of the florescent lights for all the floors in SIF Building provided offset to the higher electricity consumption caused by resumption of full activities in our offices.

Table 6.1 & 6.2: Electricity & water consumption – Total & per staff

Table 6.1 Electricity Consumption

Energy Consumption	MWh (group wide)	MWh/staff
2020	1,144	6.57
2021	1,088	6.64
2022	1,124	7.02

Table 6.2 Water Consumption

Water Consumption	M3 (group wide)	M3/staff
2020	5,325	30.60
2021	5,246	31.99
2022	6,369	39.81

Notes:

1. The data for prior years' energy and water consumption in some of our SIF's premises was on a best estimate basis as some data was not available. This has no material impact on the total consumption of energy and water by SIF.
2. The consumption intensity data for prior years has been restated due to the refinement of our full time employee data collection and calculation methodology, such as excluding non-guaranteed hours employees and interns from the full time headcounts of the Company.

SUSTAINABILITY REPORT

GHG EMISSION

As part of our on-going effort to manage the Group's environmental footprint, we measure Scope 1 and Scope 2 GHG emission of our entire operations. We are exploring pragmatic ways to measure Scope 3 GHG emission in order to capture the climate impact created by us more comprehensively.

Table 7.1 – Scope 1 & 2 GHG Emissions

GHG Emissions	Scope 1 (tCO2e)	Scope 2 (tCO2e)
2021	4.73	434.52
2022	11.64	448.70

Notes:
1. The GHG emissions for electricity consumed by the Group for the year 2022 are calculated based on the Average Operating Margin of the Electricity Grid Emission Factor for 2021 published by Energy Market Authority of Singapore as the 2022 data is not yet available.
2. The GHG emissions for the Group's company cars are calculated based on GHG Protocol methodology.
3. We started tracking some elements of the GHG emission data from 2021 onwards. At least 2 years of comparatives will be provided in future reports.

RECYCLING PROGRAMME

SIF Recycling Programme was launched in September 2019 and serves to encourage our staff and tenants to be mindful in sorting the trash for effective recycling. We consistently create awareness of the importance of recycling through circulars and monthly e-newsletters. While the programme was also partly disrupted by the pandemic, we rose above the challenge and successfully recycled 2,240 kg of waste paper in 2022 (2021: 2,017 kg), 11% more than a year ago.

Table 7.2 – Recycled Waste

Recycled Waste	2022	2021	2020
Paper (Kg)	2,240	2,017	1,604

Our recycling effort has saved 38 trees in the year 2022.

Paperless
In a bid to reduce waste, we have also ceased the mailing of printed hardcopy annual reports since 2019. Shareholders can refer to our Company's website for the annual report in softcopy. In 2022, we leveraged on paperless processing through digitalisation and encouraged our customers to switch to e-statements in order to help reduce our paper consumption.

38 TREES

SAVED THROUGH SIF RECYCLING EFFORT IN 2022

SUSTAINABILITY REPORT

SUSTAINABLE SOURCING

The Group's sourcing policy requires due diligence checks on our suppliers in four areas as follows:

- Human rights,
- Health and safety,
- Environment sustainability and
- Business integrity and ethics.

The sourcing policy ensures that we only procure supplies from vendors who are ethical and place emphasis on limiting environmental impact in their business conduct and activities. For example, we procure all our paper supplies only from Green Label certified vendors.

2023 Targets
Utility consumption
Lower energy and water consumption per staff
GHG emission
Lower GHG emission through technology change and efficiency

SUSTAINABILITY REPORT

ESG CORE METRICS

No	Topic	SGX Core Metric	Unit	Metric	2022	2021
A Environment						
1	Greenhouse Gas Emissions ("GHG")	Absolute emissions by: a. Total b. Scope 1 & 2	tCO_2e	Scope 1 GHG emission in tCO_2e	11.64	4.73
				Scope 2 GHG emission in tCO_2e	448.70	434.52
2		Emission intensities by: a. Scope 1 & 2	tCO_2e/organisation-specific metrics (SIF: Headcount)	Scope 1 & 2 GHG emission per staff in tCO_2e	2.88	2.68
3	Energy Consumption	Total energy consumption	MWhs or GJ	Energy consumed in megawatt hours	1,124	1,088
4		Energy consumption intensity	MWhs or GJ/organisation-specific metrics (SIF: Headcount)	Energy consumed per staff in megawatt hours	7.02	6.64
5	Water Consumption	Total water consumption	ML or M^3	Water in M^3	6,369	5,246
6		Water consumption intensity	ML or M^3/unit of organisation-specific metrics (SIF: Headcount)		39.81	31.99
7	Waste Generation	Total waste generated	t		2.20	1.99
B Social						
8	Gender Diversity	Current employees by gender	%	Male in %	32%	31%
				Female in %	68%	69%
9	Gender Diversity	New hires and turnover by gender	%	New Hires – Male %	42%	63%
				New Hires – Female %	58%	37%
				Turnover – Male %	40%	36%
				Turnover – Female %	60%	64%
10	Age-based diversity	Current employees by age groups	%	20 - 30 year old	26%	24%
				31 - 40 year old	23%	29%
				41 - 50 year old	25%	24%
				Over 50 year old	26%	23%
11		New hires and turnover by age groups	%	New Hires: 20 - 30 year-old	47%	30%
				New Hires: 31 - 40 year-old	18%	17%
				New Hires: 41 - 50 year-old	23%	20%
				New Hires: Over 50 year-old	12%	33%
				Resignation: 20 - 30 year-old	36%	41%
				Resignation: 31 - 40 year-old	30%	17%
				Resignation: 41 - 50 year-old	19%	21%
				Resignation: Over 50 year-old	15%	21%
12	Employment	Total turnover	Number & %	Turnover – Number	47	42
				Turnover – %	29%	26%
13		Total number of employees	Number	Total employees - Number	165	155
14	Development & training	Average training hours per employee	Hours/No of employees		17	15
		Average training hours per employee by gender	Hours/Male employees		18	19
15			Hours/Female employees		17	13
16	Occupational Health & Safety	Fatalities	Number of cases	Fatalities	0	0
17		High-consequence injuries	Number of cases	High-consequence injuries	0	0
18		Recordable injuries	Number of cases	Recordable injuries	0	0
19		Recordable work-related ill health cases	Number of cases	Recordable work-related ill health cases	0	0
C Governance						
20	Board Composition	Board independence	%	Board Independence – %	67%	67%
21		Women on the board	%	Women On The Board – %	17%	17%
22	Management Diversity	Women in the management team	%	Women In The Management Team – %	55%	55%
23	Ethical Behaviour	Anti-corruption disclosures	Disclosure based on GRI	Anti-Corruption Disclosures – Disclosure based on GRI	0 case	0 case
24		Anti-corruption training for employees	Number & %	Anti-Corruption Training For Employees – Number & %	1 & 100%	1 & 100%
25	Certifications	List of relevant certifications	List	List Of Relevant Certifications – List	1 - Cyber Essential	0
26	Alignment with frameworks	Alignment with frameworks and disclosure practices		Alignment With Frameworks And Disclosure Practices –	GRI 2021	GRI 2016
27	Assurance	Assurance of sustainability report	Internal/external/none	Assurance Of Sustainability Report – Internal/external/none	Internal	Internal

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI 2: General Disclosures 2021		
GRI Reference	**Disclosure requirements**	**Reference and response**
2-1	Organizational details	"About Us" of Annual Report
2-2	Entities included in the organisation's sustainability reporting	"About This Report"
2-3	Reporting period, frequency and contact points	This report covers the period 1 January to 31 December 2022 and is aligned to the reporting period of the financial reporting. Annual reporting The report was published on 27 March 2023. investor_relations@sif.com.sg
2-4	Restatements of information	Restatements of information, where applicable, the reasons for and the effects of the restatements are noted within the relevant data sets.
2-5	External assurance	"Sustainability Governance"
2-6	Activities, value chain and other business relationships	"About Us" of Annual Report and "Sustainable Sourcing" No significant changes in the nature of the Group's value chain and business relationship compared to the prior year.
2-7	Employees	"Talent Management"
2-8	Workers who are not employees	"Talent Management"
2-9	Governance structure and composition	"Sustainability Governance"
2-10	Nomination and selection of the highest governance body	"Corporate Governance Statement" of Annual Report and "Sustainability Governance"
2-11	Chair of the highest governance body	"Corporate Governance Statement" of Annual Report and "Sustainability Governance"
2-12	Role of the highest governance body in overseeing the management of impacts	"Sustainability Governance"
2-13	Delegation of responsibility for managing impacts	"Sustainability Governance"
2-14	Role of the highest governance body in sustainability reporting	"Sustainability Governance"
2-15	Conflicts of interest	"Corporate Governance Statement" of Annual Report and "Sustainability Governance"

SUSTAINABILITY REPORT

GRI 2: General Disclosures 2021		
GRI Reference	Disclosure requirements	Reference and response
2-16	Communication of critical concerns	"Sustainability Governance". No critical concerns were escalated to Board of Directors and Risk Management Committee.
2-17	Collective knowledge of the highest governance body	All directors of SIF undergo training on sustainability matters as prescribed by SGX in Chapter 7 Continuing Obligations of its Mainboard Rules. "Board of Directors" of Annual Report
2-18	Evaluation of the highest governance body	"Corporate Governance Statement" of Annual Report and "Sustainability Governance"
2-19	Remuneration policies	"Corporate Governance Statement"
2-20	Process to determine remuneration	"Corporate Governance Statement"
2-21	Annual total compensation ratio	"Talent Management"
2-22	Statement on sustainability development strategy	"Board Statement"
2-23	Policy commitments	"Materiality Assessment"
2-24	Embedding policy commitments	"Sustainability Governance" and "Our Approach to Sustainability"
2-25	Processes to remediate negative impacts	"Materiality Assessment" and "Our Approach to Sustainability"
2-26	Mechanisms for seeking advice and raising concerns	2-16 above, "Stakeholder Engagement" and "Risk Culture"
2-27	Compliance with laws and regulations	No cases of significant non-compliance with laws and regulations during the year 2022. "Upholding Values"
2-28	Membership associations	Our key memberships include: – Hire Purchase, Finance and Leasing Association of Singapore (Chairman) – Finance Houses Association of Singapore (Honorary Treasurer) – Singapore Chinese Chamber of Commerce & Industry (SCCCI) – Singapore Business Federation
2-29	Approach to stakeholder engagement	"Stakeholder Engagement"
2-30	Collective bargaining agreements	"Talent Management"

GRI 3: Material Topics 2021		
3-1	Process to determine material topics	"Our Approach to Sustainability"
3-2	List of material topics	"Materiality Assessment"
3-3	Management of material topics	8 "Material Factors" under 3 "Sustainability Pillars"

SUSTAINABILITY REPORT

GRI 201: Economic Performance 2016		
GRI Reference	**Disclosure requirements**	**Reference and response**
201-1	Direct economic value generated and distributed	"Economic Value"

GRI 201: Economic Performance 2016		
203-2	Significant indirect economic impacts	"Community Contribution" & "Service Digitisation"

GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	"Risk Culture"

GRI 302: Energy 2016		
302-1	Energy consumption within the organization	"Environmental Footprint"

GRI 403: Occupational Health and Safety 2018		
403-6	Promotion of worker health	"Talent Management"

GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	"Talent Management"
404-3	Percentage of employees receiving regular performance and career development reviews	100% of eligible employees received regular performance and career development reviews in 2022

GRI 413: Local Community 2016		
413-1	Operations with local community engagement, impact assessment, and development programs	"Community Contribution" and "Stakeholder Engagement"

GRI 417: Marketing and Labelling 2016		
417-3	Incidents of non-compliance concerning marketing communications	"Risk Culture"

GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	"Risk Culture"

SUSTAINABILITY REPORT

TCFD CONTENT INDEX

Recommended disclosures, including supplemental guidance for financial sector (banks)

Pillars	Recommended disclosures	Reference and response
Governance	a. Describe the board's oversight of climate-related risks and opportunities	"Sustainability Governance"
Governance	b. Describe management's role in assessing and managing climate-related risks and opportunities	"Sustainability Governance"
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Refer to Responsible Financing for climate-related risks. Further analysis is in progress.
Strategy	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Refer to Responsible Financing for climate-related risks. Further analysis is in progress.
Strategy	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	"Board Statement" and "Sustainability Pillar – Valuing Environment" Scenario analysis is not included in the report as it is being developed.
Risk Management	a. Describe the organisation's processes for identifying and assessing climate-related risks	"Our Approach to Sustainability" and "Sustainability Pillar – Valuing Environment"
Risk Management	b. Describe the organisation's processes for managing climate-related risks	"Our Approach to Sustainability" and "Sustainability Pillar – Valuing Environment"
Risk Management	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	"Our Approach to Sustainability"
Metrics & Targets	a. Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	"Our Approach to Sustainability" and "Sustainability Pillar – Valuing Environment"
Metrics & Targets	b. Describe Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks	"Environmental Footprint"
Metrics & Targets	c. Describe the targets used by the organisation to managing climate-related risks and opportunities and perform against targets	"Sustainability Pillar – Valuing Environment". Further analysis is in progress.

PERFORMANCE REVIEW

1. PERFORMANCE REVIEW

	2022 $'000	2021 $'000	Variance +/(-) (%)
Selected Income Statement Items			
Net interest income	**60,833**	58,819	3.4
Non-interest income	**4,732**	6,150	(23.1)
Total income	**65,565**	64,969	0.9
Operating expenses	**(27,990)**	(26,813)	4.4
Profit from operations before allowances	**37,575**	38,156	(1.5)
Bad debts recovered/(Allowances) for credit losses	**6,495**	(837)	NM
Profit before income tax	**44,070**	37,319	18.1
Profit after tax attributable to equity holders of the Company	**37,203**	31,433	18.4
Selected Balance Sheet Items			
Total equity	**414,819**	405,765	2.2
Total assets	**3,109,956**	2,920,103	6.5
Loans and advances	**2,405,641**	2,140,813	12.4
Deposits and balances of customers	**2,601,466**	2,293,465	13.4
Key Financial Ratios (%)			
Net interest margin	**2.2**	2.1	
Non-interest income-to-total income	**7.2**	9.5	
Cost-to-income ratio	**42.7**	41.3	
Loans-to-deposits ratio	**92.5**	93.3	
Non-performing loans ratio	**1.1**	1.7	
Return on equity(1)	**9.0**	7.7	
Return on total assets(2)	**1.2**	1.1	
Capital adequacy ratio	**15.6**	17.0	
Per Ordinary Share			
Basic earnings per share (cents)	**23.6**	19.9	
Net asset value per share ($)	**2.6**	2.6	

(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.

NM: Not meaningful

EARNINGS FOR THE YEAR

For the second consecutive year, the Group posted record profit, with net profit after tax growing 18.4% year-on-year to $37.2 million. The performance was driven by write-back from loan recovery, net interest margin expansion and record lending volume. Total income remained little changed at $65.6 million whilst operating expenses increased by $1.2 million or 4.4% compared to the preceding year. $6.5 million of net write-back from loan recovery was recorded in the year 2022, compared to $0.8 million allowance set aside in the prior year.

Net interest income ("NII") grew by $2 million or 3.4% to $60.8 million compared to $58.8 million in 2021. The rise in loan yield outpaced the increase in cost of deposit. Net interest margin ("NIM") widened to 2.19% from 2.10%. Non-interest income decreased by $1.4 million or 23%, primarily due to lower government grants, fees and commissions. Total income remained little changed at $65.6 million as the growth in NII was offset by the decline in non-interest income.

PERFORMANCE REVIEW

Operating expenses increased by $1.2 million or 4.4%, mainly attributable to increase in staff remuneration in a tight labour market and higher operating costs due to business cost inflation. Cost-to-income ratio increased by 1% to 43%.

$6.5 million of net loan recovery was written back mainly from non-performing loans to a corporate customer. The Group continues to maintain adequate loss allowances in respect of its loan portfolio and other assets.

LOANS AND DEPOSITS

Total loans and advances increased by $264.8 million or 12.4% to $2.41 billion as at 31 December 2022, representing the highest ever loan book. The increase was in line with the strong credit demand in Singapore in 2022. In tandem with the loan growth, deposits and balances of customers grew by $308 million or 13.4% to $2.6 billion at the end of 2022. Loan-to-deposit ratio was 92.5% at the end of 2022 compared with 93.3% a year ago.

SHAREHOLDERS' EQUITY AND DIVIDENDS

Total shareholders' funds rose 2.2% to $414.8 million as the strong earnings were offset by the net deficit in other comprehensive income. With rising interest rates, the valuation of our bond portfolio, which comprised Singapore Government Securities held for regulatory liquidity requirements, declined by $19.1 million. This was the key driver for the net deficit in other comprehensive income.

Total assets increased by 6.5% or $189.9 million to $3.1 billion at the end of 2022 primarily due to loan growth.

In line with higher earnings in comparison to last year, return on equity improved to 9.0% in 2022 from 7.7% a year ago. Net asset value per share was $2.63 as at 31 December 2022, marginally higher than a year ago.

The Group's capital adequacy ratio remained healthy at 15.6%, 3.6% points above the regulatory minimum, and 1.4% points lower than 2021 as capital was successfully deployed to support loan growth. The strong capital position will enable the Company to tap on opportunities to grow its business in future.

In line with the Group's record performance for FY2022, the Board of Directors is pleased to recommend a first and final dividend of 10 cents per share one-tier tax exempt in respect of the financial year 2022 for approval by the shareholders at the forthcoming Annual General Meeting. This is 2 cents per share higher than the dividend for FY2021.

In addition, the Company has proposed a bonus issue comprising 78,812,882 bonus shares to its shareholders on the basis of 1 bonus share to be credited at nil consideration without capitalisation of the Company's reserves and as fully paid for every 2 existing shares in the capital of the Company as at the record date to be determined by the directors for the purpose of determining the entitlements of shareholders. The bonus shares will not be entitled to the first and final dividend proposed for the year 2022.

The bonus shares will be issued pursuant to a general mandate obtained at the forthcoming Annual General Meeting.

PERFORMANCE REVIEW

2. NET INTEREST INCOME

INTEREST-EARNING ASSETS & INTEREST-BEARING LIABILITIES

	2022			2021		
	Average Balance $'000	Interest $'000	Average Rate %	Average Balance $'000	Interest $'000	Average Rate %
Interest-Earning Assets						
Loans and advances	2,234,763	72,180	3.2	2,220,409	66,586	3.0
Singapore Government Securities	330,525	7,250	2.2	297,611	5,085	1.7
Other interest-earning assets	210,234	2,798	1.3	284,564	1,722	0.6
Total	**2,775,522**	**82,228**	**3.0**	**2,802,584**	**73,393**	**2.6**
Interest-Bearing Liabilities						
Deposits and balances of customers	2,268,997	21,099	0.9	2,301,391	14,237	0.6
Enterprise Singapore loans (unsecured)	1,399	116	8.3	2,691	148	5.5
MAS Funding Loan	145,135	145	0.1	185,920	186	0.1
Other liabilities	1,140	35	3.1	64	3	4.7
Total	**2,416,671**	**21,395**	**0.9**	**2,490,066**	**14,574**	**0.6**
Net interest income/margin as a percentage of interest-earning assets		**60,833**	**2.2**		**58,819**	**2.1**

Net interest income grew by $2.0 million or 3.4% from a year ago to $60.8 million as the rise in loan yield outpaced the increase in cost of deposit. Net interest margin improved by 9 basis points to 2.19% for 2022.

VOLUME AND RATE ANALYSIS

The table below shows the changes in interest income and interest expenses in 2022 over 2021 attributable to changes in volume and rates. The increase in interest income, which is driven primarily by higher loan rates, was more than adequate to compensate the rise in the cost of deposit, resulting in the net favourable variance of $2.0 million.

		2022	
Increase/(Decrease) for 2022 over 2021	Volume $'000	Rate $'000	Total $'000
Interest Income			
Loans and advances	430	5,164	5,594
Singapore Government Securities	562	1,603	2,165
Other assets	(450)	1,526	1,076
Total	**542**	**8,293**	**8,835**
Interest Expense			
Deposits and balances of customers	(200)	7,062	6,862
Enterprise Singapore loans (unsecured)	(71)	39	(32)
MAS Funding Loan	(41)	–	(41)
Other liabilities	51	(19)	32
Total	**(261)**	**7,082**	**6,821**
Net interest income	**803**	**1,211**	**2,014**

PERFORMANCE REVIEW

3. NON-INTEREST INCOME

	2022 $'000	2021 $'000	Variance +/(-) %
Fees and commissions	1,648	2,163	(23.8)
Dividends	234	171	36.8
Rental income from investment properties	2,659	2,896	(8.2)
Government Grant	145	401	(63.8)
Others	46	519	(91.1)
Total non-interest income	**4,732**	**6,150**	**(23.1)**

Non-interest income decreased by $1.4 million or 23.1% mainly attributable to lower government grants, fees and commissions during the year.

4. OPERATING EXPENSES

	2022 $'000	2021 $'000	Variance +/(-) %
Staff costs	18,634	18,096	3.0
Depreciation of property, plant and equipment	2,022	1,823	10.9
Depreciation of investment properties	378	378	–
Depreciation of right of use assets	24	28	(14.3)
Other expenses	6,932	6,488	6.8
Total operating expenses	**27,990**	**26,813**	**4.4**

Operating expenses increased by $1.2 million or 4.4% in 2022.The higher cost base is attributable to the increase in staff remuneration and higher operating costs due to business cost inflation. Cost-to-income ratio increased to 42.7% from 41.3% in the previous year.

5. ALLOWANCES FOR CREDIT LOSSES ON LOANS AND OTHER ASSETS

	2022 $'000	2021 $'000	Variance +/(-) %
Bad debts recovered	(5,787)	–	NM
Allowances for impaired loans	(708)	3,357	NM
Allowance for non-impaired assets	–	(2,520)	NM
Total allowances on loan losses	**(6,495)**	**837**	**NM**

NM: Not meaningful

$5.8 million of bad debts was recovered from a corporate customer and $0.7 million of specific allowance for credit losses was written back during the year 2022 compared to net charge of $0.8 million in the preceding year. In view of the uncertain economic outlook in 2023, the Company has maintained its general allowance.

5 YEARS FINANCIAL SUMMARY

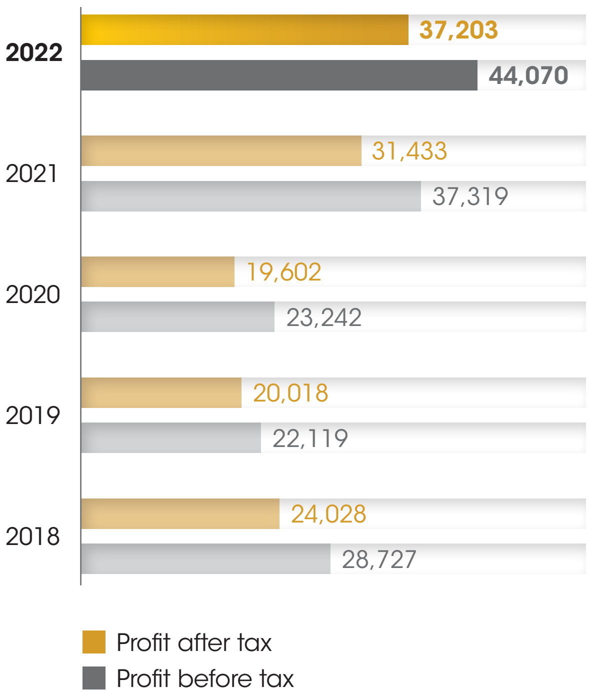
	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Total Income	**65,565**	64,969	55,053	50,464	51,824
Profit					
Profit before tax	**44,070**	37,319	23,242	22,119	28,727
Profit after tax	**37,203**	31,433	19,602	20,018	24,028
Share Capital					
Issued and Fully Paid	**180,008**	180,008	180,008	180,008	180,008
Capital Employed					
Total Assets	**3,109,956**	2,920,103	2,850,450	2,915,796	2,814,039
Net Assets	**414,819**	405,765	387,464	372,981	363,005
Volume of Business					
Loans	**2,405,641**	2,140,813	2,077,683	2,186,617	2,081,004
Deposits	**2,601,466**	2,293,465	2,278,708	2,497,637	2,402,886
Dividend And Earnings Per Share					
Dividend (net)	**15,763**	12,610	5,675	9,458	11,034
Dividend per share (cents)*	**10.00**	8.00	3.60	6.00	7.00
Earnings per share (cents)**	**23.60**	19.94	12.44	12.70	15.24
Return After Tax On Total Assets (%)	**1.20**	1.08	0.69	0.69	0.85
Return After Tax On Net Assets (%)	**8.97**	7.75	5.06	5.37	6.62
Net Tangible Asset Per Share ($)	**2.63**	2.57	2.46	2.37	2.30
Number of Employees	**165**	155	167	181	174

* One-tier tax exempt dividend.

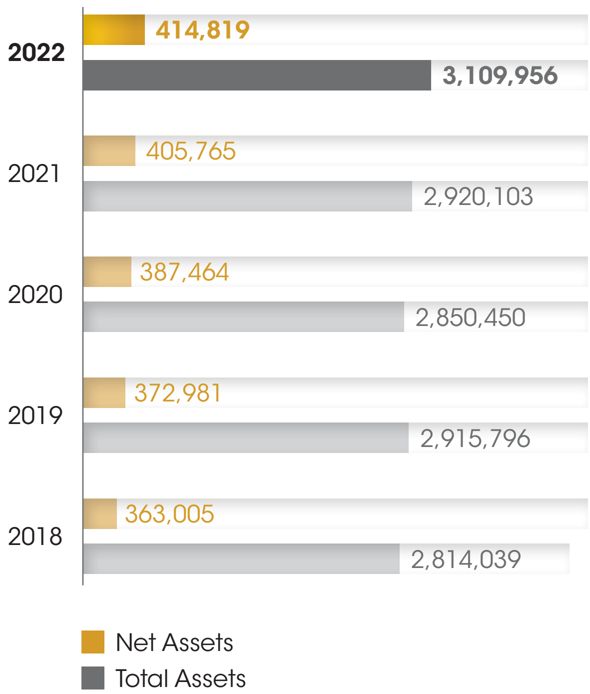
** Earnings per share is calculated based on the weighted average number of ordinary shares in issue during the year (FY 2018 to FY 2022: 157,625,764 shares).

5 YEARS FINANCIAL SUMMARY

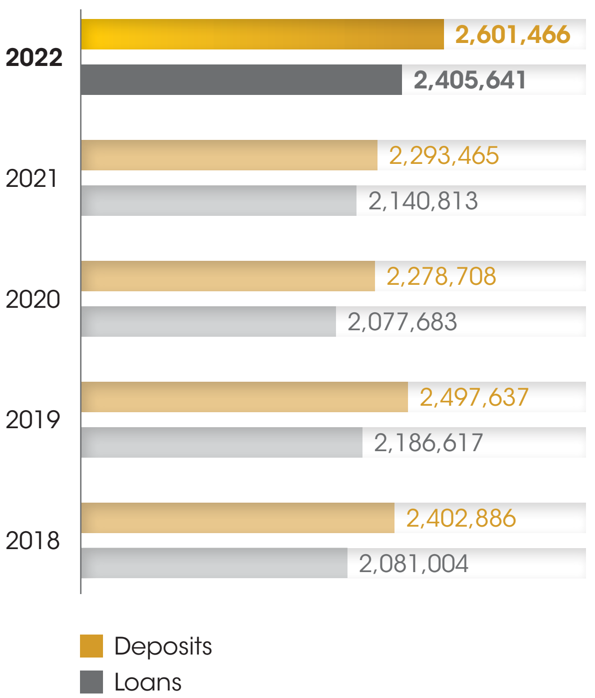
PROFIT ($'000)



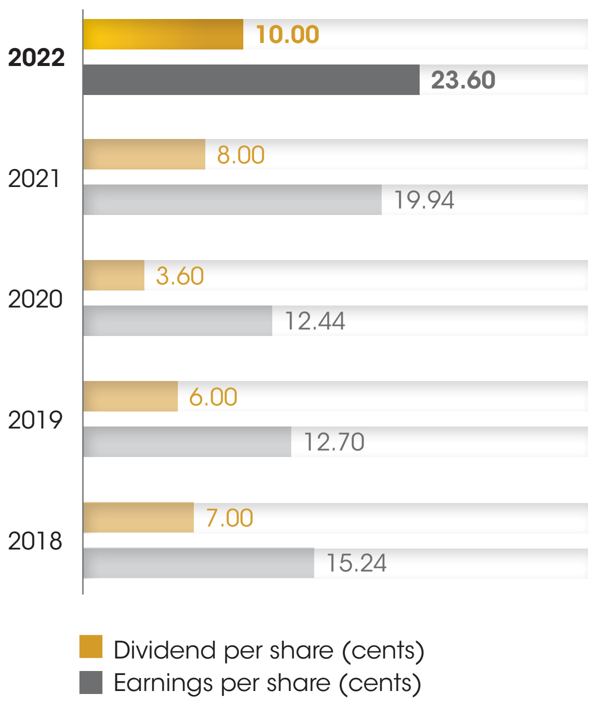
CAPITAL EMPLOYED ($'000)



VOLUME OF BUSINESS ($'000)



DIVIDEND AND EARNINGS PER SHARE (CENTS)



FINANCIAL REPORTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 80 to 163 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 2022, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Mr. Chee Jin Kiong
Mr. Lee Sze Leong
Mr. Lee Sze Siong
Mr. Joseph Toh Kian Leong
Mr. Michael Lau Hwai Keong
Ms. Quan Wai Yee

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967 (the "Act") except as follows:

	Shareholdings in the name of the directors or nominee		Shareholdings in which the directors is deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Sing Investments & Finance Limited (Ordinary shares)				
Mr. Lee Sze Leong	636,131	651,131	47,426,868	47,426,868
Mr. Lee Sze Siong	681,142	681,142	47,426,868	47,426,868
Ms. Quan Wai Yee	–	–	15,800	15,800

By virtue of Section 7 of the Act, Messrs Lee Sze Leong and Lee Sze Siong are deemed to have an interest in the subsidiary of the Company at the beginning and at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 24 February 2023.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or its subsidiary were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or its subsidiary issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or its subsidiary under options.

5 AUDIT COMMITTEE

The members of the Audit Committee at the date of this statement are:

Mr. Joseph Toh Kian Leong (Chairman)
Mr. Chee Jin Kiong
Ms. Quan Wai Yee

All members are non-executive independent directors.

The Audit Committee performs the functions specified by Section 201B of the Act, the Listing Manual and the Best Practices Guide of the Singapore Exchange, and the Code of Corporate Governance.

The Audit Committee has held 4 meetings during the financial year. In performing its functions, the Audit Committee met with the Company's executive directors, 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 reviewed the following:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the audit plan of the external auditor;

d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONTINUED)

e) the financial statements announcements as well as the related press releases on the results and financial position of the Company and the Group;

f) the co-operation and assistance given by the management to the Group's external auditor; and

g) the re-appointment of the external auditor of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has full discretion to invite any director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to directors the nomination of Deloitte & Touche LLP for re-appointment as external auditor of the Group at the forthcoming Annual General Meeting of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

Mr. Chee Jin Kiong
Chairman

Mr. Lee Sze Leong
Director

24 February 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sing Investments & Finance Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 80 to 163.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967, 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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the 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 Auditor's 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 ("ACRA") 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Expected credit loss on non-credit impaired loans and advances Refer to Note 2.4 for the Group's accounting policy on impairment of loans and advances, Note 3 on critical judgements and estimation uncertainty and Note 4(b)(i) for the Group's credit risk disclosures. Loans and advances constitute approximately 77.4% of the Group's total assets. SFRS(I) 9 Financial Instruments requires the Group to recognise Expected Credit Losses ("ECL") on these loans and advances. As at 31 December 2022, the expected credit losses on non-credit-impaired loans and advances was $3.58 million. The determination of ECL involves the use of significant judgement and estimates including: forward looking macro-economic factors, criteria used to determine the significant increase in credit risk, probability of default, loss given default, and post model adjustments to account for limitations in the ECL models. Given the significant judgements and high degree of estimation uncertainty involved in the determination of ECL arising from the matters described above, and the size of the loan and advances, we have identified the expected credit losses on non-credit-impaired loans and advances to be a matter of significance in the audit, and therefore a key audit matter.	Our audit procedures include the following: • We tested the design, implementation and operating effectiveness of key controls over the determination of ECL which includes the following: i. Accuracy of data inputs in the ECL model ii. Identification of significant increases in credit risk iii. Review and approval over post model adjustments by Risk Management Committee. • We involved our internal credit modelling specialist to assist us in understanding and evaluating the appropriateness of the Group's ECL methodology against the requirements of SFRS(I) 9 *Financial Instruments.* • We tested the accuracy of key inputs into the ECL model by comparing against source systems and documents. • We assessed the basis and appropriateness of management's post model adjustments. • For selected samples, we re-computed the ECL to test the mathematical accuracy of the ECL model.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Loss allowances for Stage 3 credit-impaired loans and advances Refer to Note 2.4 for the Group's accounting policy on impairment of loans and advances, Note 3 on critical judgements and estimation uncertainty and Note 4(b)(i) for the Group's credit risk disclosures. As at 31 December 2022, the loss allowances for impaired loans was $7.87 million. The determination of stage 3 credit-impaired loans and advances and the resultant loss allowances involves the use of significant judgement and estimates including: identification of impairment indicators, classification of loan grading, and estimation of recoverable cash flows. Given the significant judgements and high degree of estimation uncertainty involved in determining the amount of impairment, we have identified the loss allowances for stage 3 credit impaired loans and advances to be a matter of significance in the audit, and therefore a key audit matter.	Our audit procedures include the following: • We tested the design, implementation and operating effectiveness of key controls over allowances for credit-impaired loans and advances, which includes the following: i. Oversight of credit risk by Risk Management Committee ii. Classification of loan grading and monitoring iii. Identification of impairment indicators iv. Existence and valuation of collaterals • We tested selected loan files and credit reviews performed by the Group to assess the appropriateness of the classification of loan grading and challenged management's evaluations and conclusions on the credit worthiness, and classification of the selected loans. • For selected credit-impaired loans, we evaluated management's estimation of recoverable cash flows, including amount and timing of repayments, recoverable values of collaterals and other sources of repayment.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Corporate Information, Performance Review, 5 Years Financial Summary, and Directors' Statement, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Board of Directors, Additional Information, Chairman's Statement, Corporate Governance Statement, Sustainability Report, and Statistics of Shareholdings, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's 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 Chairman's Statement, Corporate Governance Statement, Sustainability Report, and Statistics of Shareholdings, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Auditor's 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 auditor's 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:

(a) 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 control.

(b) Obtain an understanding of internal control 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 control.

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

(d) 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) 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.

(f) 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SING INVESTMENTS & FINANCE LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 control 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 the subsidiary corporation 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 auditor's report is Jeremy Phua.

Public Accountants and
Chartered Accountants
Singapore

24 February 2023

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")		**243,061**	298,623	**242,984**	298,572
Statutory deposit with the MAS		**69,587**	60,848	**69,587**	60,848
Singapore Government Securities and MAS bills	7	**335,017**	363,856	**335,017**	363,856
Investment in equity securities	7	**6,015**	5,669	**5,783**	5,404
Loans and advances	8	**2,405,641**	2,140,813	**2,405,641**	2,140,813
Other receivables, deposits and prepayments	6	**5,227**	4,921	**5,227**	4,921
Subsidiary	11	**–**	–	**25**	25
Property, plant and equipment	9	**22,722**	23,564	**22,722**	23,564
Investment properties	10	**21,431**	21,809	**21,431**	21,809
Deferred tax assets	12	**1,255**	–	**1,284**	–
Total assets		**3,109,956**	2,920,103	**3,109,701**	2,919,812
LIABILITIES AND EQUITY					
Deposits and balances of customers	13	**2,601,466**	2,293,465	**2,602,243**	2,294,240
Other liabilities	14	**29,501**	20,635	**28,999**	20,159
Borrowings from MAS	15	**55,484**	190,806	**55,484**	190,806
Borrowings from Enterprise Singapore (unsecured)	16	**1,576**	1,118	**1,576**	1,118
Provision for employee benefits	17	**170**	248	**170**	248
Current tax payable		**6,940**	6,100	**6,940**	6,100
Deferred tax liabilities	12	**–**	1,966	**–**	1,932
Total liabilities		**2,695,137**	2,514,338	**2,695,412**	2,514,603
Equity attributable to equity holders of the Company					
Share capital	18	**180,008**	180,008	**180,008**	180,008
Reserves	19	**234,811**	225,757	**234,281**	225,201
Total equity		**414,819**	405,765	**414,289**	405,209
Total liabilities and equity		**3,109,956**	2,920,103	**3,109,701**	2,919,812
OFF-BALANCE SHEET ITEMS					
Undrawn loan commitments	26	**770,180**	777,080	**770,180**	777,080
Guarantees issued	27	**8,740**	7,730	**8,740**	7,730
Total off-balance sheet items		**778,920**	784,810	**778,920**	784,810

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue			
Interest income and hiring charges	22	**82,228**	73,392
Interest expense	22	**(21,395)**	(14,573)
Net interest income and hiring charges		**60,833**	58,819
Fees and commissions		**1,648**	2,163
Dividends	22	**234**	171
Rental income from investment properties		**2,659**	2,896
Other income	22	**191**	920
Income before operating expenses		**65,565**	64,969
Staff costs	22	**(18,634)**	(18,096)
Depreciation of property, plant and equipment	9	**(2,022)**	(1,823)
Depreciation of investment properties	10	**(378)**	(378)
Depreciation of right-of-use assets	6	**(24)**	(28)
Other operating expenses	22	**(6,932)**	(6,488)
Total operating expenses		**(27,990)**	(26,813)
Profit from operations before allowances		**37,575**	38,156
Bad debts recovered/(Allowances) for credit losses on loans and other assets		**6,495**	(837)
Profit before income tax		**44,070**	37,319
Income tax expense	23	**(6,867)**	(5,886)
Profit for the year attributable to equity holders of the Company		**37,203**	31,433
Earnings per share (cents)			
– Basic/Diluted	24	**23.60**	19.94

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	2021
	$'000	$'000
Profit for the year	**37,203**	31,433
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Gain on disposal of equity investments at FVOCI	**–**	147
Net change in fair value of equity investments at FVOCI	**345**	768
Income tax relating to items that will not be reclassified subsequently to profit or loss	**(59)**	(131)
	286	784
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of debt investments at FVOCI	**(19,067)**	(9,929)
Income tax relating to items that may be reclassified subsequently to profit or loss	**3,242**	1,688
	(15,825)	(8,241)
Other comprehensive income for the year, net of tax	**(15,539)**	(7,457)
Total comprehensive income for the year	**21,664**	23,976

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Statutory reserve $'000	Regulatory Loss Allowance Reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000
Group							
Balance at 1 January 2022		**180,008**	**128,723**	**11,716**	**6,167**	**79,151**	**405,765**
Total comprehensive income for the year:							
Profit for the year		**–**	**–**	**–**	**–**	**37,203**	**37,203**
Other comprehensive income for the year – net		**–**	**–**	**–**	**(15,539)**	**–**	**(15,539)**
Total		**–**	**–**	**–**	**(15,539)**	**37,203**	**21,664**
Transfer to Regulatory Loss Allowance Reserve		**–**	**–**	**2,994**	**–**	**(2,994)**	**–**
Transfer from accumulated profits to statutory reserve		**–**	**9,300**	**–**	**–**	**(9,300)**	**–**
Transactions with owners, recognised directly in equity:							
Final one-tier tax exempt dividend paid for financial year 2021 of 8 cents per share	25	**–**	**–**	**–**	**–**	**(12,610)**	**(12,610)**
Balance at 31 December 2022		**180,008**	**138,023**	**14,710**	**(9,372)**	**91,450**	**414,819**
Group							
Balance at 1 January 2021		180,008	120,864	9,940	13,771	62,881	387,464
Total comprehensive income for the year:							
Profit for the year		–	–	–	–	31,433	31,433
Other comprehensive income for the year – net		–	–	–	(7,604)	147	(7,457)
Total		–	–	–	(7,604)	31,580	23,976
Transfer to Regulatory Loss Allowance Reserve		–	–	1,776	–	(1,776)	–
Transfer from accumulated profits to statutory reserve		–	7,859	–	–	(7,859)	–
Transactions with owners, recognised directly in equity:							
Final one-tier tax exempt dividend paid for financial year 2020 of 3.6 cents per share	25	–	–	–	–	(5,675)	(5,675)
Balance at 31 December 2021		180,008	128,723	11,716	6,167	79,151	405,765

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Statutory reserve $'000	Regulatory Loss Allowance Reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000
Company							
Balance at 1 January 2022		**180,008**	**128,723**	**11,716**	**5,996**	**78,766**	**405,209**
Total comprehensive income for the year:							
Profit for the year		**–**	**–**	**–**	**–**	**37,201**	**37,201**
Other comprehensive income for the year – net		**–**	**–**	**–**	**(15,511)**	**–**	**(15,511)**
Total		**–**	**–**	**–**	**(15,511)**	**37,201**	**21,690**
Transfer to Regulatory Loss Allowance Reserve		**–**	**–**	**2,994**	**–**	**(2,994)**	**–**
Transfer from accumulated profits to statutory reserve		**–**	**9,300**	**–**	**–**	**(9,300)**	**–**
Transactions with owners, recognised directly in equity:							
Final one-tier tax exempt dividend paid for financial year 2021 of 8 cents per share	25	**–**	**–**	**–**	**–**	**(12,610)**	**(12,610)**
Balance at 31 December 2022		**180,008**	**138,023**	**14,710**	**(9,515)**	**91,063**	**414,289**
Company							
Balance at 1 January 2021		180,008	120,864	9,940	13,580	62,494	386,886
Total comprehensive income for the year:							
Profit for the year		–	–	–	–	31,435	31,435
Other comprehensive income for the year – net		–	–	–	(7,584)	147	(7,437)
Total		–	–	–	(7,584)	31,582	23,998
Transfer to Regulatory Loss Allowance Reserve		–	–	1,776	–	(1,776)	–
Transfer from accumulated profits to statutory reserve		–	7,859	–	–	(7,859)	–
Transactions with owners, recognised directly in equity:							
Final one-tier tax exempt dividend paid for financial year 2020 of 3.6 cents per share	25	–	–	–	–	(5,675)	(5,675)
Balance at 31 December 2021		180,008	128,723	11,716	5,996	78,766	405,209

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000
Operating activities			
Profit before income tax		**44,070**	37,319
Adjustments for:			
Impact of accrual of interest income		**(672)**	2,305
Impact of accrual of interest expense		**5,504**	(5,922)
Interest expense on lease liabilities		**2**	3
Depreciation of property, plant and equipment	9	**2,022**	1,823
Depreciation of investment properties	10	**378**	378
Depreciation of right-of-use assets	6	**24**	28
Allowances for credit losses on loans and other assets		**(708)**	837
Gain on disposal of property, plant and equipment		**-**	(187)
Dividends		**(234)**	(171)
Operating cash flows before movements in working capital		**50,386**	36,413
Changes in working capital			
Deposits and balances of customers		**308,001**	14,757
Other liabilities		**3,388**	2,731
Borrowings from MAS		**(135,322)**	43,638
Borrowings from Enterprise Singapore		**458**	(3,552)
Statutory deposit with the MAS		**(8,738)**	(1,012)
Singapore Government Securities and MAS bills		**9,313**	(90,093)
Loans and advances		**(264,121)**	(64,569)
Other assets		**801**	309
Provision for employee benefits		**(79)**	(148)
Cash used in operating activities		**(35,913)**	(61,526)
Income taxes paid		**(6,065)**	(4,481)
Net cash used in operating activities		**(41,978)**	(66,007)
Investing activities			
Purchase of property, plant and equipment	9	**(1,180)**	(811)
Dividends received		**234**	113
Proceeds from disposal of property, plant and equipment		**-**	187
Proceeds from disposal of equity securities		**-**	227
Net cash used in investing activities		**(946)**	(284)
Financing activities			
Cash payments of lease liabilities		**(28)**	(31)
Dividends paid	25	**(12,610)**	(5,675)
Net cash used in financing activities		**(12,638)**	(5,706)
Net decrease in cash and cash equivalents		**(55,562)**	(71,997)
Cash and cash equivalents at beginning of the year		**298,623**	370,620
Cash and cash equivalents at end of the year		**243,061**	298,623

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

1 GENERAL

The Company (Registration Number 196400348D) is incorporated in the Republic of Singapore and has its principal place of business and registered office at 96 Robinson Road, #01-01 SIF Building, Singapore 068899. The Company is listed on the Main Board of Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars, which is the functional currency of the Company.

The principal activities of the Company are those of a licensed finance company. The principal activities of the subsidiary are those of a nominee service company.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 24 February 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of *SFRS(I) 1-16 Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in *SFRS(I) 1-36 Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.2 Adoption of new or revised standards

On 1 January 2022, the Group and Company adopted all the new and revised SFRS(I) pronouncements that are relevant to their operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and an entity controlled by the Company (its subsidiary). Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group balances, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.4 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Financial assets

Financial assets are recognised and de-recognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVOCI"):

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

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Revenue-interest income" line item.

Debt instruments classified as at FVOCI

The debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Equity instruments designated as at FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group has designated all investments in equity instruments that are not held for trading as at FVOCI on initial recognition.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on the following financial assets that are not measured at FVTPL:

- cash on deposit with banks;
- loans and advances, as well as on loan commitments and financial guarantee contracts;
- debt instruments at FVOCI; and
- other receivables.

No impairment loss is recognised on equity investments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Impairment of financial assets (Continued)

Financial instruments are classified into the three stages based on the changes in credit quality since the initial recognition as summarised below:

- ECL measurement for Stage 1 financial instrument will be based on a 12-month horizon, while those in the Stage 2 and 3 categories will be measured on based on the lifetime of the instruments.

- Financial instruments that are non-credit impaired on initial recognition are classified in "Stage 1" and its credit risk is continuously monitored by the Group.

- If a significant increase in credit risk since initial recognition is identified, the financial instrument will be transferred to "Stage 2" and remain as non-credit impaired. Further details on "significant increase in credit risk" is described below.

- If financial instrument is credit impaired, the financial instrument will be transferred to "Stage 3".

<u>Measurement of ECL</u>

The measurement of ECL is a function of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The 12-month PDs and lifetime PDs respectively represent the PD occurring over the next 12 months and the remaining maturity of the instrument. These inputs are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.4 **Financial instruments** (Continued)

Impairment of financial assets (Continued)

Measurement of ECL (Continued)

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see Note 4).

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or

- the borrower is unlikely to pay its credit obligations to the Group in full.

This definition of default is used by the Group for accounting purposes as well as for internal credit risk management purposes and is aligned to the regulatory definition of default.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.4 **Financial instruments** (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases, the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. The exposures are monitored and the credit risk grades are updated to reflect the current information.

The Group calibrates and sets specific threshold for the downgrade of credit grading in the respective credit quality range of "Strong", "Satisfactory", "Higher Risk" and "Impaired" to determine whether the financial instrument has experienced a significant increase in credit risk.

Other qualitative factors that indicate there has been a significant increase in credit risk include the following staging triggers, which may also potentially result in a change in the borrower's credit rating:

- Actual or expected significant change in operating results of the borrowers;
- Adverse changes in business, financial or economic conditions;
- News of borrowers defaulting on other loans;
- Breach of financial covenant in the terms of the loan; or
- Actual or expected forbearance or restructuring.

Backstop:

A backstop is applied and the financial instrument is assessed to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets (Continued)

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve; and
- where a financial instrument includes both a drawn and undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debts and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(b) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.4 **Financial instruments** (Continued)

Financial liabilities and equity instruments (Continued)

Classification as debt or equity (Continued)

Financial liabilities measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented under "Other liabilities" in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

The Group as lessee (Continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented under "Other receivables, deposits, and prepayment" in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.8.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leases (Continued)

The Group as lessors

The Group enters its lease agreements as a lessor with respect to its investment property. Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of SFRS(I) 9, recognising an allowance for expected credit losses on the lease receivables.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Freehold land	–	no depreciation
Leasehold land	–	remaining life of the lease
Buildings	–	shorter of 50 years or remaining life of the lease
Furniture and office equipment	–	5 years
Motor vehicles	–	5 years
Renovation	–	5 years
Computers	–	3 to 8 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment property

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. It is measured initially at its cost, including transaction costs.

Investment property is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

No depreciation is provided on freehold land classified as investment properties. Depreciation on leasehold land and freehold and leasehold buildings classified as investment properties is recognised in the profit or loss on a straight-line basis over the estimated useful lives as follows:

Freehold land	–	no depreciation
Leasehold land	–	remaining life of the lease
Buildings	–	shorter of 50 years or remaining life of the lease

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Fully depreciated assets still in use are retained in the financial statements.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

2.9 Prepaid commission on loans and advances

Commission paid on loans and advances are deferred and recognised as an expense over the tenor of the loans and advances.

For early settlement of loans, the remaining portion of the prepaid commission is expensed immediately to the profit or loss on the date of settlement.

2.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.12 Revenue recognition

(a) Interest income and expense

Interest income and expense are recognised in the profit or loss as they accrue, taking into account the effective yield of the asset or liability or an applicable fixed or floating rate. Where charges are added to the principal financed at the commencement of the period, the general principle adopted for crediting income to the 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:

Income earned on hire purchase

Term charges on hire purchase 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.

Income earned on loans, factoring accounts and debt securities

Interest income is recognised in the profit or loss using the effective interest rate method.

Income from bank deposits

Interest income from bank deposits is accrued on a time-apportioned basis using the effective interest rate method.

(b) Fee and commission income

Fee and commission income are recognised in the profit or loss on an accrual basis when the services are rendered.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Revenue recognition (Continued)

(d) Rental income

Rental income receivable under operating leases is recognised in the profit or loss on a straight-line basis over the term of the lease.

2.13 Employee benefits

(a) Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision 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.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.14 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in Singapore where the Company and subsidiary operate by the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Income tax expense (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity).

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Management discussed with the Audit Committee the development, selection, disclosure, and application of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

(a) Critical judgements in applying the entity's accounting policies

Management is of the opinion that the application of judgement is not expected to have a significant effect on the amounts recognised in the financial statements, except as follows:

<u>Significant increase of credit risk</u>

As explained in Note 2, ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 and Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. SFRS(I) 9 does not define what constitutes a significant increase in credit risk, including considerations relating to Covid-19 impact.

In assessing whether the credit risk of an asset has significantly increased, the Group takes into account reasonable and supportable qualitative and quantitative factors and forward looking information. In line with regulatory guidelines, customer's utilisation of relief measures due to economic impact does not automatically result in significant increase in credit risk and a transfer to Stage 2. The assessment of customer's risk of default continues to be performed holistically, taking into account the customer's ability to make payments based on the rescheduled payments and their creditworthiness in the long term. Refer to Note 2 for more details.

<u>Models and assumptions used</u>

The Group uses credit rating models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in the model, including post model adjustments and assumptions that relate to key drivers of credit risk. See Note 2 for more details on ECL.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Calculation of loss allowance

The following are key estimations that the management has used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/customer segment and determining the forward-looking information relevant to each scenario: When measuring ECL and considering the COVID 19 economic impact, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The economic uncertainties has imposed a greater degree of judgement in estimating the ECL. As there is uncertainty as to how containment and support measures will evolve, our allowances have a higher than usual degree of uncertainty and the inputs used are inherently subject to change, which may materially change our estimate of Stage 1 and Stage 2 allowance for credit losses in future periods.

To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in our modelled results, we applied expert credit judgement in determining significant increases in credit risk since origination and our probability weighted allowance for credit losses. We applied quantitative and qualitative adjustments for the impacts of the macroeconomic scenarios.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets				
At amortised cost:				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	**243,061**	298,623	**242,984**	298,572
Statutory deposit with the MAS	**69,587**	60,848	**69,587**	60,848
Loans and advances	**2,405,641**	2,140,813	**2,405,641**	2,140,813
Other receivables, deposits and prepayments	**3,543**	2,413	**3,543**	2,413
At FVOCI:				
Singapore Government Securities and MAS bills	**335,017**	363,856	**335,017**	363,856
Investment in equity securities	**6,015**	5,669	**5,783**	5,404
Financial liabilities				
At amortised cost:				
Deposits and balances of customers	**2,601,466**	2,293,465	**2,602,243**	2,294,240
Other liabilities	**29,501**	20,635	**28,999**	20,159
Borrowings from MAS	**55,484**	190,806	**55,484**	190,806
Enterprise Singapore loans	**1,576**	1,118	**1,576**	1,118

(b) Financial risk management policies and objectives

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

- credit risk;
- liquidity risk;
- market risk (including interest rate risk and equity price risk); and
- operational risk.

The Group's operations are denominated in Singapore dollars. Hence, the Group is not exposed to material foreign exchange movements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

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 risks, and the Group's management of capital.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures such risks.

Risk governance

Under the Group's risk governance framework, the Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board delegates its authority to the Risk Management Committee ("RMC") to oversee the Group's risk management framework, policies, processes and guidelines.

The RMC is chaired by a non-executive independent director and is tasked to oversee the development of robust enterprise-wide risk management policies and processes. In addition, to credit risk, liquidity risk, market risk, capital and balance sheet management, the RMC also oversees the management of operational risk, information technology risk, outsourcing risk, reputational risk, compliance and business continuity management. The RMC meets at least quarterly.

The RMC reviews and approves the implementation of the Group's policies, risk appetite, tolerance limits and key risk indicators to guide risk taking. A Risk Dashboard is set up in which responsible departments regularly compute and update the predefined risk indicators, allowing the RMC members to monitor the level of risks and be alerted of any breach of thresholds. The Risk Management Department ("RMD") assists the RMC in developing risk management measurements and control systems, monitoring limits set by the Board and reporting breaches, exceptions, and deviations. The RMD furnishes RMC with periodical reports and recommendations to enable RMC to make decisions on risk management issues. Compliance testing and internal audits are conducted on an on-going basis to confirm that these policies are being implemented effectively.

Senior management is accountable to the Board for ensuring the implementation of risk management policies. The business units are responsible for managing the risks of their respective activities and for ensuring compliance with the Group's policies. Credit Control Department assists senior management in providing checks and controls as well as independent risk assessments. Credit Collection Department assists in the proactive management and follow up of past due payments and recovery efforts for non-performing loans.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk

Credit risk is one of the primary risks in the Group's lending activities. It is the risk of financial loss to the Group if a borrower or counter party to a credit exposure fails to meet its contractual obligations. Credit exposures also include the debt securities held by the Group. The performance of such debt securities may be impacted to varying degrees by any developments in the global financial markets.

Except for fund placements with banks, investment in Singapore Government Securities ("SGS") and Enterprise Singapore loans with 70% to 90% risk sharing with Enterprise Singapore, credit risk exposure of the Group is primarily secured and is concentrated in Singapore.

The Group assesses all credit risk exposures, including off balance sheet items and potential exposures using both internal information and information from external credit bureau, consolidating all elements of credit risk exposure including the default risk of the individual obligor, security risk, industry risk, market/interest rate risk and repayment behaviour.

Credit policies are formulated covering concentration risk limits, collateral requirements, credit assessment, risk grading, stress testing, reporting, documentary and legal procedures and compliance with regulatory and statutory requirements. All credit facilities, majority fully secured, require the approval by management or the Loan Committee as appropriate. All collateral assets provided by obligors must be tangible and accessible or marketable in Singapore.

The Group has in place a monitoring system to identify early symptoms of problematic loan accounts. A risk grading system is used in determining whether impairment allowances may be required against specific credit exposures. Risk grades are subject to regular review and credit exposures take into consideration stress testing of the fair value of collateral and other security enhancements held against the loans and advances.

Environmental, social and governance risk

The Group is exposed to environmental, social and governance ("ESG") related risk through its lending activities via the loans to customers, which operate in sectors with elevated ESG risk. The Group has established its ESG risk policies and processes based on the Association of Banks in Singapore's Guidelines on Responsible Financing and the Monetary Authority of Singapore's Guidelines on Environmental Risk Management. These policies and processes are embedded into the Group's Credit Risk Management Policy and Enterprise-wide Risk Management Framework.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) **Credit risk** (Continued)

Internal credit risk grading

The estimation of credit risk loss is complex and requires the use of credit grading model, as the exposure varies with changes in market conditions, expected cash flows, and the passage of time. The key assessment of the rating model entails estimations as to the likelihood of defaults occurring.

In order to better measure the credit risk exposure, the management has tasked the Risk Management team to develop, monitor and maintain the Group's credit risk gradings, which seek to reflect its assessment of the probability of default (PD) of the individual counterparties. The Group uses internal rating models tailored to various categories of counterparties. The Group's credit risk grading framework currently comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. Borrower and loan specific information collated at the initial application (such as disposable income, type and level of collateral as well as financial information and industry sector for corporate borrowers) is fed into the credit model. This is also supplemented with external data such as credit bureau scoring information on individual borrowers. All exposures are monitored and the credit risk grade is updated to reflect current information obtained.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group measures credit risk using a similar approach that is used to measure ECL under SFRS(I) 9.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for analysis and planning. The Group uses a three -scenario model to calculate ECL. The baseline scenario, one adverse scenario (Downturn) and one favourable scenario (Growth) are derived, with the associated probability weightage. The weightage given to the three scenarios are determined by management and the risk management team.

Measurement of ECL

The key inputs used for measuring ECL are:

- Probability of default ("PD");
- Loss given default ("LGD");
- Exposure at default ("EAD").

As explained above, these figures are generally derived from internally developed statistical models and other historical data and are adjusted to reflect probability-weight forward looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures.

These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

Measurement of ECL (Continued)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non- performing status). The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilization of undrawn commitments and credit mitigation actions taken before default.

Finance companies are required to maintain the Minimum Regulatory Loss Allowances ("MRLA") of at least 1.5% of the gross carrying amount of selected credit exposures net of collaterals per MAS Notice 811. For periods when Stage 1 and 2 ECL fall below MRLA, the shortfall is appropriated from retained earnings in the shareholders' funds into a non-distributable Regulatory Loss Allowance Reserve ("RLAR") account.

Maximum exposure to credit risk

As at 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed as Contingent Liabilities. The related loss allowance is disclosed in the respective notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) **Credit risk** (Continued)

Maximum exposure to credit risk (Continued)

The tables and paragraphs below detail the maximum exposure to credit risk of the Group's financial assets as well as the value of the collateral held against the respective exposure. Stage 3 credit-impaired assets with corresponding collateral is disclosed separately:

	Gross carrying amount $'000	**Loss allowance $'000**	**Net carrying amount $'000**
Group			
31 December 2022			
At amortised cost:			
Cash and deposit with banks and MAS	**243,221**	**160**	**243,061**
Other receivables, deposits and prepayments	**3,543**	**–**	**3,543**
Loans and advances	**2,417,086**	**11,445**	**2,405,641**
Statutory deposit with MAS	**69,587**	**–**	**69,587**
At FVOCI:			
Singapore Government Securities and MAS bills	**335,017**	**–**	**335,017**
Off Balance Sheet:			
Contingent liabilities	**8,740**	**–**	**8,740**
Undrawn commitment	**770,180**	**–**	**770,180**
31 December 2021			
At amortised cost:			
Cash and deposit with banks and MAS	299,196	573	298,623
Other receivables, deposits and prepayments	2,413	–	2,413
Loans and advances	2,152,715	11,902	2,140,813
Statutory deposit with MAS	60,848	–	60,848
At FVOCI:			
Singapore Government Securities and MAS bills	363,856	–	363,856
Off Balance Sheet:			
Contingent liabilities	7,730	–	7,730
Undrawn commitment	777,080	–	777,080

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) **Credit risk** (Continued)

Maximum exposure to credit risk (Continued)

	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Company			
31 December 2022			
At amortised cost:			
Cash and deposit with banks and MAS	**243,144**	**160**	**242,984**
Other receivables, deposits and prepayments	**3,543**	**–**	**3,543**
Loans and advances	**2,417,086**	**11,445**	**2,405,641**
Statutory deposit with MAS	**69,587**	**–**	**69,587**
At FVOCI:			
Singapore Government Securities and MAS bills	**335,017**	**–**	**335,017**
Off Balance Sheet:			
Contingent liabilities	**8,740**	**–**	**8,740**
Undrawn commitment	**770,180**	**–**	**770,180**
31 December 2021			
At amortised cost:			
Cash and deposit with banks and MAS	299,145	573	298,572
Other receivables, deposits and prepayments	2,413	–	2,413
Loans and advances	2,152,715	11,902	2,140,813
Statutory deposit with MAS	60,848	–	60,848
At FVOCI:			
Singapore Government Securities and MAS bills	363,856	–	363,856
Off Balance Sheet:			
Contingent liabilities	7,730	–	7,730
Undrawn commitment	777,080	–	777,080

Included in the gross carrying amount are the stage 3 credit-impaired assets amounting to $25,984,000 (2021: $35,645,000).

An estimate of the financial effect of collateral and other security enhancements held against loans and advances to customers on maximum credit risk exposure amounted to $5,819,930,000 (2021: $5,064,982,000). The Group's claim against collateral is limited to the obligations of the respective obligors.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

Maximum exposure to credit risk (Continued)

The maximum amount the Group could be forced to settle under the financial guarantee contract in Note 27, if the full guaranteed amount is claimed by the counterparty to the guarantee is $8,740,000 (2021: $7,730,000). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Collaterals

The Group holds collateral against loans and advances to customers. The main types of collateral obtained by the Group are as follows:

- for personal housing loans, mortgages over residential properties and HDB flats;
- for commercial property loans, charges over the properties being financed;
- for land and construction loans, charges over the developing properties being financed;
- for motor vehicles loans and block discounting loans, charges over the vehicles financed;
- for share loans, listed securities of Singapore; and
- for other loans, charges over business assets such as premises, barges and vessels, machineries, trade receivables or deposits.

All financial instruments in the Group subjected to the impairment requirements and recognition of loss allowance has been covered under the Group's expected credit loss model with no exception to the types of collateral held as at 31 December 2022 and 31 December 2021.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) **Credit risk** (Continued)

Possession of collateral held

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	
	2022	2021
	$'000	$'000
Properties	**–**	19,400

Credit quality of assets

The Group manages the credit quality of deposits and placements with banks and financial institutions, loans and advances, loan commitments and financial guarantee contracts using internal credit ratings. The credit quality of financial assets exposed to credit risk is graded as "Strong, Satisfactory, Higher Risk and Impaired" as described below and shown in the following table:

Category	Description
Strong	The counterparty has very low risk of default and very high likelihood of assets being recovered in full as per the terms of the loan agreement.
Satisfactory	The counterparty has low risk of default and high likelihood of full repayment and is subjected to standard monitoring.
Higher Risk	There is evidence indicating potential credit weakness and concern over the counterparty's ability to make payments when due that warrant close monitoring.
Impaired	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

The tables below analyse the significant changes in gross carrying amount of each class of financial assets during the year by credit quality.

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Cash and deposit with banks and MAS at amortised cost				
Group				
31 December 2022				
Strong	**243,221**	**–**	**–**	**243,221**
Satisfactory	**–**	**–**	**–**	**–**
Higher Risk	**–**	**–**	**–**	**–**
Impaired	**–**	**–**	**–**	**–**
Total gross carrying amount	**243,221**	**–**	**–**	**243,221**
Loss allowance	**(160)**	**–**	**–**	**(160)**
Carrying amount	**243,061**	**–**	**–**	**243,061**
31 December 2021				
Strong	299,196	–	–	299,196
Satisfactory	–	–	–	–
Higher Risk	–	–	–	–
Impaired	–	–	–	–
Total gross carrying amount	299,196	–	–	299,196
Loss allowance	(573)	–	–	(573)
Carrying amount	298,623	–	–	298,623

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Cash and deposit with banks and MAS at amortised cost				
Company				
31 December 2022				
Strong	**243,144**	**-**	**-**	**243,144**
Satisfactory	**-**	**-**	**-**	**-**
Higher Risk	**-**	**-**	**-**	**-**
Impaired	**-**	**-**	**-**	**-**
Total gross carrying amount	**243,144**	**-**	**-**	**243,144**
Loss allowance	**(160)**	**-**	**-**	**(160)**
Carrying amount	**242,984**	**-**	**-**	**242,984**
31 December 2021				
Strong	299,145	–	–	299,145
Satisfactory	–	–	–	–
Higher Risk	–	–	–	–
Impaired	–	–	–	–
Total gross carrying amount	299,145	–	–	299,145
Loss allowance	(573)	–	–	(573)
Carrying amount	298,572	–	–	298,572

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (CONTINUED)

(b) **Financial risk management policies and objectives** (Continued)

(i) **Credit risk** (Continued)

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Singapore Government Securities ('SGS') and MAS bills				
31 December 2022				
Group & Company				
Strong	**335,017**	**–**	**–**	**335,017**
Satisfactory	**–**	**–**	**–**	**–**
Higher Risk	**–**	**–**	**–**	**–**
Impaired	**–**	**–**	**–**	**–**
Total gross carrying amount	**335,017**	**–**	**–**	**335,017**
Loss allowance	**–**	**–**	**–**	**–**
Carrying amount	**335,017**	**–**	**–**	**335,017**
31 December 2021				
Group & Company				
Strong	363,856	–	–	363,856
Satisfactory	–	–	–	–
Higher Risk	–	–	–	–
Impaired	–	–	–	–
Total gross carrying amount	363,856	–	–	363,856
Loss allowance	–	–	–	–
Carrying amount	363,856	–	–	363,856

No loss allowances is provided for the SGS and MAS bills as they are 'AAA' rated with no history of default.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Loans and advances at amortised cost				
31 December 2022				
Group & Company				
Strong	**173,224**	**12,427**	**–**	**185,651**
Satisfactory	**1,690,879**	**415,832**	**–**	**2,106,711**
Higher Risk	**31,896**	**66,844**	**–**	**98,740**
Impaired	**–**	**–**	**25,984**	**25,984**
Total gross carrying amount	**1,895,999**	**495,103**	**25,984**	**2,417,086**
Loss allowance	**(1,972)**	**(1,607)**	**(7,866)**	**(11,445)**
Carrying amount	**1,894,027**	**493,496**	**18,118**	**2,405,641**
31 December 2021				
Group & Company				
Strong	58,697	15,301	–	73,998
Satisfactory	1,504,548	423,037	–	1,927,585
Higher Risk	31,807	83,680	–	115,487
Impaired	–	–	35,645	35,645
Total gross carrying amount	1,595,052	522,018	35,645	2,152,715
Loss allowance	(2,251)	(915)	(8,736)	(11,902)
Carrying amount	1,592,801	521,103	26,909	2,140,813

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

The tables below analyse the movement of the loss allowance during the year per class of assets.

	12-months ECL Stage 1 $'000	Lifetime ECL Stage 2 $'000	Lifetime ECL Stage 3 $'000	Total $'000
Loss allowance – Cash and deposit with banks and MAS at amortised cost				
<u>**Group & Company**</u>				
Loss allowance as at 1 January 2021	474	–	–	474
New financial assets originated	574	–	–	574
Financial assets that have been derecognised	(474)	–	–	(474)
Changes due to the exposure and risk parameters	–	–	–	–
Total net P&L charge	100	–	–	100
Loss allowance as at 31 December 2021	574	–	–	574
New financial assets originated	160	–	–	160
Financial assets that have been derecognised	(574)			(574)
Changes due to the exposure and risk parameters	–	–	–	–
Total net P&L charge	(414)	–	–	(414)
Loss allowance as at 31 December 2022	**160**	**-**	**-**	**160**

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (CONTINUED)

(b) **Financial risk management policies and objectives** (Continued)

(i) **Credit risk** (Continued)

	12-month ECL Stage 1 $'000	Lifetime ECL Stage 2 $'000	Lifetime ECL Stage 3 $'000	Total $'000
Loss allowance – Loans and advances				
Group & Company				
Loss allowance as at 1 January 2021	3,203	2,583	5,535	11,321
Movements with P&L impact				
Transfer:				
Transfer from Stage 1 to Stage 2	(191)	191	–	–
Transfer from Stage 1 to Stage 3	(16)	–	16	–
Transfer from Stage 2 to Stage 3	–	(5)	5	–
Transfer from Stage 2 to Stage 1	854	(854)	–	–
Transfer from Stage 3 to Stage 2	–	57	(57)	–
Net remeasurement from stage changes	(600)	215	116	(269)
New financial assets originated/ downgraded	323	37	–	360
Financial assets derecognised	(312)	(188)	(776)	(1,277)
Changes due to the exposure and risk parameters	(1,011)	(1,121)	4,055	1,923
Total net P&L charge	(953)	(1,668)	3,357	737
Write-offs	–	–	(156)	(156)
Loss allowance as at 31 December 2021	2,251	915	8,736	11,902
Movements with P&L impact				
Transfer:				
Transfer from Stage 1 to Stage 2	(77)	77	–	–
Transfer from Stage 1 to Stage 3	(17)	–	17	–
Transfer from Stage 2 to Stage 3	–	(24)	24	–
Transfer from Stage 2 to Stage 1	169	(169)	–	–
Transfer from Stage 3 to Stage 2	–	225	(225)	–
Net remeasurement from stage changes	(155)	(33)	464	276
New financial assets originated/ downgraded	127	34	159	320
Financial assets derecognised	(77)	(20)	(1,202)	(1,299)
Changes due to the exposure and risk parameters	(249)	602	55	408
Total net P&L charge	(279)	692	(708)	(295)
Write-offs	–	–	(162)	(162)
Loss allowance as at 31 December 2022	**1,972**	**1,607**	**7,866**	**11,445**

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (CONTINUED)

(b) **Financial risk management policies and objectives** (Continued)

(i) **Credit risk** (Continued)

More information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance, is provided at the table below:

	12-month ECL Stage 1 $'000	**Lifetime ECL Stage 2 $'000**	**Lifetime ECL Stage 3 $'000**	**Total $'000**
Loans and advances at amortised cost				
Group & Company				
Gross carrying amount as at 1 January 2021	1,581,728	448,871	58,405	2,089,004
Transfer from Stage 1 to Stage 2	(220,882)	220,882	–	–
Transfer from Stage 1 to Stage 3	(5,239)	–	5,239	–
Transfer from Stage 2 to Stage 3	–	(3,927)	3,927	–
Transfer from Stage 2 to Stage 1	48,203	(48,203)	–	–
Transfer from Stage 3 to Stage 2	–	478	(478)	–
Net change in exposures	(81,069)	(54,857)	(16,647)	(152,573)
New financial assets originated/ downgraded	589,574	56,909	–	646,483
Financial assets derecognised during the period	(317,263)	(98,135)	(14,645)	(430,043)
Write-offs	–	–	(156)	(156)
Gross carrying amount as at 31 December 2021	1,595,052	522,018	35,645	2,152,715
Transfer from Stage 1 to Stage 2	(81,391)	81,391	–	–
Transfer from Stage 1 to Stage 3	(4,743)	–	4,743	–
Transfer from Stage 2 to Stage 3	–	(2,371)	2,371	–
Transfer from Stage 2 to Stage 1	28,151	(28,151)	–	–
Transfer from Stage 3 to Stage 2	–	2,143	(2,143)	–
Net change in exposures	(33,712)	(29,104)	(5,631)	(68,447)
New financial assets originated/ downgraded	672,133	14,000	1,646	687,779
Financial assets derecognised during the period	(279,491)	(64,823)	(10,485)	(354,799)
Write-offs	–	–	(162)	(162)
Gross carrying amount as at 31 December 2022	**1,895,999**	**495,103**	**25,984**	**2,417,086**

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) **Credit risk** (Continued)

	12-month ECL Stage 1 $'000	Lifetime ECL Stage 2 $'000	Lifetime ECL Stage 3 $'000	Total $'000
Total net loss allowance charge to P&L				
Group & Company				
Deposits, balances with and loans to bankers, agents and other financial institutions	100	–	–	100
Loans and advances	(953)	(1,668)	3,357	737
Total (recovered)/charged in 2021	(853)	(1,668)	3,357	837
Bad debts recovered	–	–	(5,787)	(5,787)
Deposits, balances with and loans to bankers, agents and other financial institutions	(414)	–	–	(414)
Loans and advances	(279)	692	(708)	(295)
Total (recovered)/charged in 2022	**(692)**	**692**	**(6,495)**	**(6,495)**

Loans with terms being renegotiated

As at 31 December 2022, included in the stage 3 credit-impaired assets, the Group has loans and advances of $10,736,000, which the terms have been renegotiated (2021: $14,265,000). As at 31 December 2022, the loans were graded as individually impaired, for which impairment of $3,767,000 was provided in respect of the loans (2021: $3,767,000).

Regulatory Grading

Apart from internal credit grading, the Group also categorises its loans and advances in accordance with MAS Notice to Finance Companies No. 811 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore (MAS).

(a) Performing loans

Pass grade indicates that the timely repayment of the outstanding credit facilities is not in doubt.

Special mention grade indicates that the credit facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the Group.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk (Continued)

(b) Non-performing loans

Substandard grade indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardise repayment on existing terms.

Doubtful grade indicates that the credit facilities exhibit severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.

Loss grade indicates that the amount of loan recovery is assessed to be insignificant.

Bad debts will be written off when debt recovery is remote, e.g. borrower has been made bankrupt, or all recovery actions have been exhausted. Approval of the Managing Director or Loan Committee as appropriate is obtained for write off of bad debts above certain amounts. Any proposal for write off of director and director-related loans must be accepted by the Board of Directors and approved by the MAS.

Concentration of credit risk

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

	Loans and advances	
	2022	2021
	$'000	$'000
Carrying amount	**2,405,641**	2,140,813
Concentration by sector		
Hire purchase/block discounting	**580,359**	510,454
Housing loans secured by property under finance	**68,981**	56,234
Other loans and advances:		
Building and construction	**478,091**	534,124
Financial institutions, and investment and holding companies	**666,230**	442,988
Professional and individuals	**165,366**	138,311
General commerce	**249,431**	183,932
Transport, storage and communication	**104,538**	127,143
Manufacturing	**6,802**	11,828
Others	**97,288**	147,701
	2,417,086	2,152,715
Less: Loss allowance	**(11,445)**	(11,902)
Total	**2,405,641**	2,140,813

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the present and future (both anticipated and unanticipated) without incurring substantial cost or damage to the Group's reputation. The Group's principal source of funds is from deposit collections in Singapore which is mainly utilised for funding loans and maintenance of reserves in compliance with statutory requirements.

The daily liquidity position is closely managed by Treasury and independently monitored by the RMD via daily report covering the next 30 days' funding needs. In addition, projected fund flow positions for the next 1 and 6 months are reviewed on a monthly basis. The RMC also reviews the Monthly Liquidity Gap Analysis (contractual and behavioural) and the Liquidity Stress Test to ensure that liquidity risk is managed within established tolerance levels and mismatch limits. Early Warning System and contingency funding plans are in place, with monitoring and triggering mechanisms to alert management of potential liquidity risk.

The Group's liquidity risk is mitigated by its maintenance of the minimum cash balances and minimum liquid assets balance as required by MAS, the latter being the key measure for liquidity risk.

Liquidity risk is also mitigated through the large number of customers in the Group's diverse loan and deposit bases and the close monitoring of exposures to avoid any undue concentration.

At 31 December 2022 and 2021, the Group has available funds from undrawn committed credit lines and will be able to raise funds from the public via Medium Term Note ("MTN") Programme which allow the Group to use the funds in the event of liquidity shortfall.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

The following table analyses the assets and liabilities of the Group and the Company into maturity time bands based on the remaining time to contractual maturity as at end of the reporting period:

	Total $'000	Up to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 5 years $'000	Over 5 years $'000
Group						
31 December 2022						
Assets						
Cash and deposit with banks and MAS	243,061	127,157	29,975	85,929	–	–
Statutory deposit with the MAS	69,587	69,587	–	–	–	–
Singapore Government Securities and MAS bills	335,017	69,831	29,829	14,913	110,944	109,500
Investment in equity securities	6,015	6,015	–	–	–	–
Loans and advances to customers	2,405,641	352,984	112,217	243,390	769,080	927,970
Other receivables, deposits and prepayments	3,543	11	273	1,255	842	1,162
Total assets	3,062,864	625,585	172,294	345,487	880,866	1,038,632
Liabilities						
Deposits and balances of customers	2,601,466	478,382	354,502	1,531,110	237,472	–
Borrowings from MAS	55,484	12,375	10,975	32,134	–	–
Other liabilities	29,501	7,749	2,060	17,690	2,002	–
Enterprise Singapore loans	1,576	13	30	270	1,263	–
Total liabilities	2,688,027	498,519	367,567	1,581,204	240,737	–
Net Liquidity Surplus/ (Gap)	374,837	127,066	(195,273)	(1,235,717)	640,129	1,038,632
Off-balance sheet						
Undrawn loan commitments	770,180	770,180	–	–	–	–
Guarantees issued	8,740	8,740	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

	Total $'000	Up to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 5 years $'000	Over 5 years $'000
Group						
31 December 2021						
Assets						
Cash and deposit with banks and MAS	298,623	256,766	3,986	37,871	–	–
Statutory deposit with the MAS	60,848	60,848	–	–	–	–
Singapore Government Securities and MAS bills	363,856	58,985	59,631	37,927	56,110	151,203
Investment in equity securities	5,669	5,669	–	–	–	–
Loans and advances to customers	2,140,813	192,067	52,222	138,224	878,669	879,631
Other receivables, deposits and prepayments	2,413	163	21	432	314	1,483
Total assets	2,872,222	574,498	115,860	214,454	935,093	1,032,317
Liabilities						
Deposits and balances of customers	2,293,465	476,214	388,861	1,224,228	204,162	–
Borrowings from MAS	190,806	–	–	136,090	54,716	–
Other liabilities	20,635	6,003	1,396	12,079	1,157	–
Enterprise Singapore loans	1,118	254	117	432	315	–
Total liabilities	2,506,024	482,471	390,374	1,372,829	260,350	–
Net Liquidity Surplus/ (Gap)	366,198	92,027	(274,514)	(1,158,375)	674,743	1,032,317
Off-balance sheet						
Undrawn loan commitments	777,080	777,080	–	–	–	–
Guarantees issued	7,730	7,730	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

	Total $'000	Up to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 5 years $'000	Over 5 years $'000
Company						
31 December 2022						
Assets						
Cash and deposit with banks and MAS	242,984	127,080	29,975	85,929	–	–
Statutory deposit with the MAS	69,587	69,587	–	–	–	–
Singapore Government Securities and MAS bills	335,017	69,831	29,829	14,913	110,944	109,500
Investment in equity securities	5,783	5,783	–	–	–	–
Loans and advances to customers	2,405,641	352,984	112,217	243,390	769,080	927,970
Other receivables, deposits and prepayments	3,543	11	273	1,255	842	1,162
Total assets	3,062,555	625,276	172,294	345,487	880,866	1,038,632
Liabilities						
Deposits and balances of customers	2,602,243	478,903	354,502	1,531,366	237,472	–
Borrowings from MAS	55,484	12,375	10,975	32,134	–	–
Other liabilities	28,999	7,247	2,060	17,690	2,002	–
Enterprise Singapore loans	1,576	13	30	270	1,263	–
Total liabilities	2,688,302	498,538	367,567	1,581,460	240,737	–
Net Liquidity Surplus/ (Gap)	374,253	126,738	(195,273)	(1,235,973)	640,129	1,038,632
Off-balance sheet						
Undrawn loan commitments	770,180	770,180	–	–	–	–
Guarantees issued	8,740	8,740	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

	Total $'000	Up to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 5 years $'000	Over 5 years $'000
Company						
31 December 2021						
Assets						
Cash and deposit with banks and MAS	298,572	256,715	3,986	37,871	–	–
Statutory deposit with the MAS	60,848	60,848	–	–	–	–
Singapore Government Securities and MAS bills	363,856	58,985	59,631	37,927	56,110	151,203
Investment in equity securities	5,404	5,404	–	–	–	–
Loans and advances to customers	2,140,813	192,067	52,222	138,224	878,669	879,631
Other receivables, deposits and prepayments	2,413	163	21	432	314	1,483
Total assets	2,871,906	574,182	115,860	214,454	935,093	1,032,317
Liabilities						
Deposits and balances of customers	2,294,240	476,734	388,861	1,224,483	204,162	–
Borrowings from MAS	190,806	–	–	136,090	54,716	–
Other liabilities	20,159	5,527	1,396	12,079	1,157	–
Enterprise Singapore loans	1,118	254	117	432	315	–
Total liabilities	2,506,323	482,515	390,374	1,373,084	260,350	–
Net Liquidity Surplus/ (Gap)	365,583	91,667	(274,514)	(1,158,630)	674,743	1,032,317
Off-balance sheet						
Undrawn loan commitments	777,080	777,080	–	–	–	–
Guarantees issued	7,730	7,730	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

The following is the expected contractual undiscounted cash outflow of financial liabilities, including interest payments:

	Carrying amount $'000	Gross nominal outflow $'000	Up to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 5 years $'000
Group						
31 December 2022						
Deposits and balances of customers	**2,601,466**	**(2,645,613)**	**(478,879)**	**(356,156)**	**(1,565,977)**	**(244,601)**
Borrowings from MAS	**55,484**	**(55,595)**	**(12,400)**	**(10,997)**	**(32,198)**	**–**
Other liabilities	**29,501**	**(29,501)**	**(7,748)**	**(2,060)**	**(17,690)**	**(2,003)**
Enterprise Singapore loans	**1,576**	**(1,612)**	**(13)**	**(32)**	**(278)**	**(1,289)**
Total liabilities	**2,688,027**	**(2,732,321)**	**(499,040)**	**(369,245)**	**(1,616,143)**	**(247,893)**
Undrawn loan commitments	**770,180**	**(770,180)**	**(770,180)**	**–**	**–**	**–**
	3,458,207	**(3,502,501)**	**(1,269,220)**	**(369,245)**	**(1,616,143)**	**(247,893)**
31 December 2021						
Deposits and balances of customers	2,293,465	(2,302,239)	(476,303)	(389,251)	(1,229,300)	(207,385)
Borrowings from MAS	190,806	(193,871)	–	–	(138,276)	(55,595)
Other liabilities	20,635	(20,635)	(6,003)	(1,396)	(12,079)	(1,157)
Enterprise Singapore loans	1,118	(1,154)	(257)	(122)	(451)	(324)
Total liabilities	2,506,024	(2,517,899)	(482,563)	(390,769)	(1,380,106)	(264,461)
Undrawn loan commitments	777,080	(777,080)	(777,080)	–	–	–
	3,283,104	(3,294,979)	(1,259,643)	(390,769)	(1,380,106)	(264,461)

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Liquidity risk (Continued)

	Carrying amount $'000	Gross nominal outflow $'000	Up to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 5 years $'000
Company						
31 December 2022						
Deposits and balances of customers	**2,602,243**	**(2,646,390)**	**(479,400)**	**(356,156)**	**(1,566,233)**	**(244,601)**
Borrowings from MAS	**55,484**	**(55,595)**	**(12,400)**	**(10,997)**	**(32,198)**	**–**
Other liabilities	**28,999**	**(28,999)**	**(7,246)**	**(2,060)**	**(17,690)**	**(2,003)**
Enterprise Singapore loans	**1,576**	**(1,612)**	**(13)**	**(32)**	**(278)**	**(1,289)**
Total liabilities	**2,688,302**	**(2,732,596)**	**(499,059)**	**(369,245)**	**(1,616,399)**	**(247,893)**
Undrawn loan Commitments	**770,180**	**(770,180)**	**(770,180)**	**–**	**–**	**–**
	3,458,482	**(3,502,776)**	**(1,269,239)**	**(369,245)**	**(1,616,399)**	**(247,893)**
31 December 2021						
Deposits and balances of customers	2,294,240	(2,303,015)	(476,823)	(389,251)	(1,229,556)	(207,385)
Borrowings from MAS	190,806	(193,871)	–	–	(138,276)	(55,595)
Other liabilities	20,159	(20,159)	(5,527)	(1,396)	(12,079)	(1,157)
Enterprise Singapore loans	1,118	(1,154)	(257)	(122)	(451)	(324)
Total liabilities	2,506,323	(2,518,199)	(482,607)	(390,769)	(1,380,362)	(264,461)
Undrawn loan Commitments	777,080	(777,080)	(777,080)	–	–	–
	3,283,403	(3,295,279)	(1,259,687)	(390,769)	(1,380,362)	(264,461)

Actual maturity dates may differ from contractual maturity dates due to behavioural patterns such as premature redemption of deposits and savings accounts of customers.

The negative net liquidity gap for the maturity band for up to 12 months as at 31 December 2022 (2021: up to 12 months) is due to the fact that most of the fixed deposits constituting the main liability on the Group's statement of financial position have relatively shorter maturity periods of up to 12 months as at 31 December 2022 (2021: up to 12 months), as compared to the tenures of loans and advances which constitute the Group's main asset. In addition, the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

On a quarterly basis, the Quarterly Liquidity Stress Test is done based on varying renewal rates to evaluate if the net liquidity gap is at an acceptable level. The stress test as at 2022 concluded that the liquidity gap was at an acceptable level.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) **Market risk**

(1) Interest rate risk

The Group's core operations are deposit taking and extension of credit facilities.

The Group's exposure to interest rate risk results from potential changes in value of these assets and liabilities as a result of movements in interest rates in the financial market in which it operates.

As interest rates changes over time, the Group may be exposed to a loss in earnings due to effects of fixed and floating interest rates of these assets and liabilities. As such, the interest rate spread between these two activities is monitored closely on an on-going basis to optimise its yields and manage its risk within the risk tolerance levels set by the RMC and the Board.

The Interest Rate Working Committee ("IRWC") is tasked to track market interest rate trends, plan and manage product mix, product pricing and re-pricing strategies.

The RMC meets periodically to review the interest rate repricing gap report and interest rate sensitivity analysis to ensure that they are within risk tolerance and limits set, and to make decisions on appropriate mitigation actions to be taken in anticipation of changes in market trends.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective weighted average interest rates at the end of the reporting period and the periods in which they reprice, or if earlier, the dates on which the instruments mature.

	Effective weighted average interest %	Non-interest bearing $'000	0 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Group							
31 December 2022							
Financial assets							
Cash and deposit with banks and MAS	2.09%	3,213	153,919	85,929	–	–	243,061
Statutory deposit with the MAS	–	69,587	–	–	–	–	69,587
Singapore Government Securities and MAS bills	1.99%	–	99,660	14,913	110,944	109,500	335,017
Investment in Equity Securities	–	6,015	–	–	–	–	6,015
Loans and advances to customers	2.92%	–	1,037,140	626,600	578,861	163,040	2,405,641
Other receivables, deposits and prepayments	–	3,543	–	–	–	–	3,543
		82,358	1,290,719	727,442	689,805	272,540	3,062,864
Financial liabilities							
Deposits and balances of customers	2.59%	98,663	734,221	1,531,110	237,472	–	2,601,466
Other liabilities	–	29,501	–	–	–	–	29,501
Enterprise Singapore loans	2.28%	–	43	270	1,263	–	1,576
Borrowings from MAS	0.10%	–	23,350	32,134	–	–	55,484
		128,164	757,614	1,563,514	238,735	–	2,688,027

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

	Effective weighted average interest %	Non-interest bearing $'000	0 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Group							
31 December 2021							
Financial assets							
Cash and deposit with banks and MAS	0.30	98,209	162,543	37,871	–	–	298,623
Statutory deposit with the MAS	–	60,848	–	–	–	–	60,848
Singapore Government Securities and MAS bills	1.80	–	118,616	37,927	56,110	151,203	363,856
Investment in Equity Securities	–	5,669	–	–	–	–	5,669
Loans and advances to customers	2.88	–	831,807	578,093	573,282	157,631	2,140,813
Other receivables, deposits and prepayments	–	2,413	–	–	–	–	2,413
		167,139	1,112,966	653,891	629,392	308,834	2,872,222
Financial liabilities							
Deposits and balances of customers	0.56	116,481	748,594	1,224,228	204,162	–	2,293,465
Other liabilities	–	20,635	–	–	–	–	20,635
Enterprise Singapore loans	3.25	–	371	432	315	–	1,118
Borrowings from MAS	0.10	–	–	136,090	54,716	–	190,806
		137,116	748,965	1,360,750	259,193	–	2,506,024

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

	Effective weighted average interest %	Non-interest bearing $'000	0 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Company							
31 December 2022							
Financial assets							
Cash and deposit with banks and MAS	2.09%	3,136	153,919	85,929	–	–	242,984
Statutory deposit with the MAS	–	69,587	–	–	–	–	69,587
Singapore Government Securities and MAS bills	1.99%	–	99,660	14,913	110,944	109,500	335,017
Investment in Equity Securities	–	5,783	–	–	–	–	5,783
Loans and advances to customers	2.92%	–	1,037,140	626,600	578,861	163,040	2,405,641
Other receivables, deposits and prepayments	–	3,543	–	–	–	–	3,543
		82,049	1,290,719	727,442	689,805	272,540	3,062,555
Financial liabilities							
Deposits and balances of customers	2.59%	98,663	734,742	1,531,366	237,472	–	2,602,243
Other liabilities	–	28,999	–	–	–	–	28,999
Enterprise Singapore loans	2.28%	–	43	270	1,263	–	1,576
Borrowings from MAS	0.10%	–	23,350	32,134	–	–	55,484
		127,662	758,135	1,563,770	238,735	–	2,688,302

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(1) Interest rate risk (Continued)

	Effective weighted average interest %	Non-interest bearing $'000	0 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Company							
31 December 2021							
Financial assets							
Cash and deposit with banks and MAS	0.30	98,158	162,543	37,871	–	–	298,572
Statutory deposit with the MAS	–	60,848	–	–	–	–	60,848
Singapore Government Securities and MAS bills	1.80	–	118,616	37,927	56,110	151,203	363,856
Investment in Equity Securities	–	5,404	–	–	–	–	5,404
Loans and advances to customers	2.88	–	831,807	578,093	573,282	157,631	2,140,813
Other receivables, deposits and prepayments	–	2,413	–	–	–	–	2,413
		166,823	1,112,966	653,891	629,392	308,834	2,871,906
Financial liabilities							
Deposits and balances of customers	0.56	116,481	749,114	1,224,483	204,162	–	2,294,240
Other liabilities	–	20,159	–	–	–	–	20,159
Enterprise Singapore loans	3.25	–	371	432	315	–	1,118
Borrowings from MAS	0.10	–	–	136,090	54,716	–	190,806
		136,640	749,485	1,361,005	259,193	–	2,506,323

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (CONTINUED)

(b) **Financial risk management policies and objectives** (Continued)

(iii) **Market risk** (Continued)

(1) Interest rate risk (Continued)

Interest rate sensitivity analysis

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 December 2022, a 100 basis points increase/(decrease) in the interest rate at the end of the reporting period would increase/(decrease) profit by $856,000 (2021: increase/(decrease) profit by $277,000) and (decrease)/increase fair value reserves by $3,350,000 (2021: (decrease)/increase fair value reserves by $3,639,000) mainly a result of the changes in the fair value of FVOCI fixed rate instruments.

(2) Equity price risk on investments

Market risk is the risk that the value of a portfolio will decrease due to the change in value of the market risk factors. The market risk factors are credit spreads, interest rates, equity prices, foreign exchange rates, commodity prices and their associated volatility.

The objective of market risk management is to manage and control the Group's market risk exposures within acceptable parameters, while optimising the return on its investments. The Group adopts a prudent investment policy to generate a stable yearly return with minimal downside in capital loss. In addition, as these investments are held for a long term basis, the risk of price fluctuation is mitigated.

The Group's investment portfolio comprises mainly Singapore Government Securities and securities listed on the Singapore Exchange Securities Trading Limited (SGX).

Singapore Government Securities ("SGS") & MAS bills

The Group purchases SGS and MAS bills as part of its liquid assets for purpose of maintaining the minimum liquid assets required under the Finance Companies Act 1967.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) Market risk (Continued)

(2) Equity price risk on investments (Continued)

Securities listed on the SGX

Acceptable securities include stocks and shares, bonds and such other financial derivative instruments of any companies which are listed on the SGX.

The Board of Directors is responsible for formulating investment policy, strategies and guidelines and periodically reviews the investment portfolio. The Group adopts a prudent investment policy and invests in reputable companies with substantial market capitalisation, acceptable valuation, good operating track record and consistent dividend payout. These investments are held generally for dividend income and capital appreciation.

The Group is exposed to equity risks arising from equity investments classified as FVOCI. Equity investments are not held for trading purposes. The Group does not actively trade FVOCI investments.

As at 31 December 2022, a 10% increase/(decrease) in the equity prices at the end of the reporting period would increase/(decrease) fair value reserves by $601,000 (2021: increase/(decrease) by $567,000). The Group's net profit for the year ended 31 December 2022 would have been unaffected as the quoted equity securities are classified as FVOCI and any gain on disposal would not be recycled to profit or loss.

(iv) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact the Group's credibility and ability to transact, maintain liquidity and develop new businesses.

The Operational Risk Framework uses several tools, including operational risk event management and key risk indicator monitoring to manage and control operational risk. To pro-actively manage operational risk, the Group uses risk control self-assessment and process risk mapping to identify and resolve material weaknesses in existing operations. In addition, all policy changes, new products, and outsourcing arrangements are subjected to approval by the RMC to ensure checks and controls are adequate and risks are adequately mitigated.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Operational risk (Continued)

The RMC reviews all material outsourcing arrangements before the appointment of the vendors to ensure due diligence is carried out to determine the vendor's viability, capability, reliability, track record and financial position. Periodical reviews of existing material outsourcing arrangements are also subject to the RMC's approval.

The RMC reviews and approves all Business Continuity Plans ("BCPs") to ensure that they cover reasonably estimated and probable events that could significantly impact the normal operations of the Group. RMD makes recommendations to the RMC to enhance the Business Continuity Management ("BCM") policies and procedures and carries out periodical BCP tests and ensures Disaster Recovery ("DR") arrangements and tests are adequate.

All units and operations of the Group are subjected to compliance testing by the Compliance Department and inspection by the Internal Auditors who prioritise their audit tasks by developing a risk-based audit plan. The compliance testing and internal audit plans for the year are approved by the RMC and the Group's Audit Committee respectively.

The objectives of such periodic reviews undertaken by the Internal Auditor and the Compliance Department are to assist the management in assessing and evaluating the internal controls of the Group. The findings of the Internal Audit and the Compliance teams are discussed with the Heads of the business and operation units and submitted to the Group's management for information and action. The Internal Auditor's independent summary reports are tabled for the deliberation of the Group's Audit Committee before any recommendation of follow up action is made to the Board of Directors.

(v) Fair value of financial assets and financial liabilities

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 the end of each reporting period.

Although the management has employed its 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 transaction as at 31 December 2022.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and financial liabilities (Continued)

Methodologies

The methodologies and assumptions used depend on the terms and risk characteristics of the various instruments and include the following:

(1) Liquid assets

The carrying values of certain on-balance sheet financial instruments approximate fair values. These include statutory deposit with the Monetary Authority of Singapore, cash on deposit, at banks and in hand, and other receivables, deposits and prepayments. These financial instruments are short-term in nature or are receivable on demand and the related amounts approximate fair value.

(2) Investments

The fair values of quoted debt and equity securities are determined based on bid prices at the end of the reporting period without any deduction for transaction costs.

(3) Loans and advances

The fair value of loans and advances that reprice within six months from the end of the reporting period approximates the carrying value. The fair value of all other loans and advances were calculated using discounted cash flow techniques based on the maturity of the loans. The discount rates are based on market related rates for similar types of loans at the end of the reporting period.

(4) Deposits and other borrowings

The fair value of non-interest bearing deposits, saving accounts, Enterprise Singapore loans and fixed deposits which mature within six months is estimated to be the carrying value at the end of the reporting period. The fair value of the remaining interest bearing deposits and Enterprise Singapore loans were calculated using discounted cash flow techniques, based on its related maturity. The discount rates are based on market related rates of Enterprise Singapore loans at the end of the reporting period.

The fair value of the borrowings from MAS were calculated using discounted cash flow techniques, based on its related maturity. The discount rates are based on market related rates of prevailing bank loans at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and financial liabilities (Continued)

(5) Guarantees and commitments to extend credit

These financial instruments are generally not sold nor traded. Fair value of these items is considered insignificant for the following reasons:

- commitments extending beyond six months that would commit the Company to a predetermined rate of interest are insignificant;
- the fees attached to these commitments are the same as those currently charged to enter into similar arrangements; and
- the quantum of fees collected under these agreements, upon which a fair value would be based, is insignificant.

Summary

The following table provides an analysis of carrying and fair values for each item discussed above, where applicable, and the categories of financial instruments:

	Carrying amount 2022 $'000	Fair value 2022 $'000	Carrying amount 2021 $'000	Fair value 2021 $'000
Group				
Financial assets				
Amortised costs:				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	**243,061**	**243,061**	298,623	298,623
Statutory deposit with the MAS	**69,587**	**69,587**	60,848	60,848
Loans and advances	**2,405,641**	**2,359,616**	2,140,813	2,175,377
Other receivables, deposits and prepayments	**3,543**	**3,543**	2,413	2,413
At FVOCI:				
Singapore Government Securities and MAS bills	**335,017**	**335,017**	363,856	363,856
Investments in Equity Securities	**6,015**	**6,015**	5,669	5,669
	3,062,864	**3,016,839**	2,872,222	2,906,786
Financial liabilities				
Amortised costs:				
Deposits and balances of customers	**2,601,466**	**2,644,722**	2,293,465	2,298,161
Other liabilities	**29,501**	**29,501**	20,635	20,635
Borrowings from MAS	**55,484**	**55,484**	190,806	190,806
Enterprise Singapore loans	**1,576**	**1,576**	1,118	1,118
	2,688,027	**2,731,283**	2,506,024	2,510,720

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and financial liabilities (Continued)

	Carrying amount 2022 $'000	Fair value 2022 $'000	Carrying amount 2021 $'000	Fair value 2021 $'000
Company				
Financial assets				
Amortised costs:				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	**242,984**	**242,984**	298,572	298,572
Statutory deposit with the MAS	**69,587**	**69,587**	60,848	60,848
Loans and advances	**2,405,641**	**2,359,616**	2,140,813	2,175,377
Other receivables, deposits and prepayments	**3,543**	**3,543**	2,413	2,413
At FVOCI:				
Singapore Government Securities and MAS bills	**335,017**	**335,017**	363,856	363,856
Investments in Equity Securities	**5,783**	**5,783**	5,404	5,404
	3,062,555	**3,016,530**	2,871,906	2,906,470
Financial liabilities				
Amortised costs:				
Deposits and balances of customers	**2,602,243**	**2,645,501**	2,294,240	2,298,936
Other liabilities	**28,999**	**28,999**	20,159	20,159
Borrowings from MAS	**55,484**	**55,484**	190,806	190,806
Enterprise Singapore loans	**1,576**	**1,576**	1,118	1,118
	2,688,302	**2,731,560**	2,506,323	2,511,019

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and financial liabilities (Continued)

The table below provides an analysis of categorisation of fair value measurements into the different levels of the fair value hierarchy:

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group				
2022				
Financial instruments measured at FVOCI				
Financial assets				
Quoted equity securities	**6,015**	**–**	**–**	**6,015**
Singapore Government Securities and MAS bills	**335,017**	**–**	**–**	**335,017**
Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis				
Financial assets				
Loans and advances	**–**	**2,359,616**	**–**	**2,359,616**
Financial liabilities				
Deposits and savings accounts of customers	**–**	**2,644,722**	**–**	**2,644,722**
2021				
Financial instruments measured at FVOCI				
Financial assets				
Quoted equity securities	5,669	–	–	5,669
Singapore Government Securities and MAS bills	363,856	–	–	363,856
Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis				
Financial assets				
Loans and advances	–	2,175,377	–	2,175,377
Financial liabilities				
Deposits and savings accounts of customers	–	2,298,161	–	2,298,161

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and financial liabilities (Continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2022				
Financial instruments measured at FVOCI				
Financial assets				
Investments at FVOCI:				
Quoted equity securities	**5,783**	**–**	**–**	**5,783**
Singapore Government Securities and MAS bills	**335,017**	**–**	**–**	**335,017**
Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis				
Financial assets				
Loans and advances	**–**	**2,359,616**	**–**	**2,359,616**
Financial liabilities				
Deposits and savings accounts of customers	**–**	**2,645,501**	**–**	**2,645,501**
2021				
Financial instruments measured at FVOCI				
Financial assets				
Investments at FVOCI:				
Quoted equity securities	5,404	–	–	5,404
Singapore Government Securities and MAS bills	363,856	–	–	363,856
Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis				
Financial assets				
Loans and advances	–	2,175,377	–	2,175,377
Financial liabilities				
Deposits and savings accounts of customers	–	2,298,936	–	2,298,936

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(c) Capital risk management policies and objectives

The Group maintains a capital adequacy ratio ("CAR") in excess of the prescribed minimum regulatory requirement. CAR is the percentage of adjusted core capital to total risk-weighted assets.

(i) The Group's adjusted core capital includes share capital, statutory reserves, fair value reserve relating to unrealised losses on equity securities classified as FVOCI and retained earnings.

(ii) Risk-weighted assets are determined according to specified requirements by MAS that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business as well as to generate an optimal return on its assets.

The Group has complied with all externally imposed capital requirements throughout the year and there have been no material changes in the management of capital during the year.

The Group's capital position at 31 December was as follows:

	Group	
	2022	2021
	$'000	$'000
Capital element		
Core capital		
Share capital	**180,008**	180,008
Disclosed reserves	**229,374**	207,782
	409,382	387,790
Risk weighted assets	**2,626,395**	2,279,886
Capital adequacy ratio:		
Core capital/risk weighted assets (%)	**15.59**	17.01

(iii) **Capital allocation**

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each activity is based primarily on the regulatory capital. The Group sets the internal guidelines for monitoring the mix of assets and liabilities. The RMC reviews the assets portfolio and the compliance to the guidelines on a quarterly basis.

The Board of Directors monitors the Group's performance and recommends the level of dividends to shareholders.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS

Related company in these financial statements refer to the Company's subsidiary. Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed in this note.

Transactions entered into by the Group and the Company with other related parties incurred in the ordinary course of business from time to time and at market value, primarily comprise loans, provision of professional services, management services, incidental expenses and/or other transactions relating to the business of the Group and the Company.

Other than disclosed elsewhere in the financial statements, the transactions with directors of the Company and other related parties are as follows:

	Group and Company	
	2022	2021
	$'000	$'000
At 31 December		
(a) Deposits	**83,465**	17,601
For the year ended 31 December		
(b) Profit or loss transactions		
– Interest expenses on deposits	**812**	33
– Professional Fee	**4**	13
– Rental income	**233**	232

6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group and Company	
	2022	2021
	$'000	$'000
Accrued interest receivables	**3,543**	2,413
Prepaid commission	**797**	836
Prepayments, deposits and other receivables	**757**	1,626
Right-of-use ("ROU") assets	**130**	46
	5,227	4,921

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Right-of-use assets

	Group and Company	
	2022	2021
	$'000	$'000
Cost:		
At 1 January	**132**	132
Additions	**128**	–
Adjustments	**(119)**	–
At 31 December	**141**	132
Accumulated depreciation:		
At 1 January	**86**	58
Depreciation	**24**	28
Adjustments	**(99)**	–
At 31 December	**11**	86
Carrying amount:		
At 31 December	**130**	46

The Company leases assets of office equipment with an average lease term of 5 years (2021: 5 years).

7 FINANCIAL ASSETS AT FVOCI

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Debt Instruments at FVOCI:				
Singapore Government Securities and MAS bills	**335,017**	363,856	**335,017**	363,856

The Singapore Government Securities and MAS bills are not held for trading. Instead, they are held for medium to long-term. Accordingly, the management has elected to designate these instruments as at FVOCI as they believe that recognising short-term fluctuations in these instruments' fair value in profit or loss would not be consistent with the Group's strategy of holding these instruments for liquidity purposes.

	Group		Company	
	2022	2021	**2022**	2021
Equity Securities at FVOCI:				
Quoted equity securities	**6,015**	5,669	**5,783**	5,404
Unquoted equity investments	**121**	121	**121**	121
Net change in fair value of unquoted investments at FVOCI	**(121)**	(121)	**(121)**	(121)
	6,015	5,669	**5,783**	5,404

These investments in equity securities are not held for trading. Instead, they are held for medium to long-term, with unquoted equity securities being held only for long term. Accordingly, the management has elected to designate these investments as at FVOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

8 LOANS AND ADVANCES

	Group and Company	
	2022	2021
	$'000	$'000
Housing, factoring receivables and other loans	**1,837,010**	1,655,550
Hire purchase receivables	**629,415**	552,902
Unearned interests and charges	**(49,339)**	(55,737)
Allowances for impairment on loans and advances	**(11,445)**	(11,902)
	2,405,641	2,140,813
Due within 12 months	**708,591**	385,370
Due after 12 months	**1,697,050**	1,755,443
	2,405,641	2,140,813

Movements in allowances for impairment on loans and advances are as follows:

	Group and Company	
	2022	2021
	$'000	$'000
Stage 3 loss allowance		
At 1 January	**8,736**	5,535
(Write back)/Allowances for impairment losses during the year	**(708)**	3,357
Receivables written off against allowances	**(162)**	(156)
At 31 December	**7,866**	8,736
Stage 1 and 2 loss allowance		
At 1 January	**3,166**	5,786
(Write back)/Allowances for impairment losses during the year	**413**	(2,620)
At 31 December	**3,579**	3,166
Total allowances for impairment on loans and advances		
At 1 January	**11,902**	11,321
At 31 December	**11,445**	11,902

The hire purchase receivables are as follows:

	Group and Company		
	Gross	**Interest**	**Principal**
	$'000	**$'000**	**$'000**
31 December 2022			
Within 1 year	**31,636**	**249**	**31,387**
After 1 year but within 5 years	**460,710**	**29,796**	**430,914**
After 5 years	**137,069**	**17,205**	**119,864**
	629,415	**47,250**	**582,165**
31 December 2021			
Within 1 year	32,791	680	32,111
After 1 year but within 5 years	386,835	24,584	362,251
After 5 years	133,276	16,342	116,934
	552,902	41,606	511,296

The Group's and Company's leasing arrangements comprise hire purchase contracts mainly for motor vehicles and equipment.

NOTES TO FINANCIAL STATEMENTS

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9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $'000	Freehold land and buildings $'000	Furniture and office equipment $'000	Motor vehicles $'000	Renovation $'000	Computers $'000	Total $'000
Group and Company							
Cost:							
At 1 January 2021	15,321	8,530	530	999	2,746	8,646	36,772
Additions	–	–	17	507	93	194	811
Transfer	–	–	–	–	–	(41)	(41)
Disposal/Write off	–	–	–	(436)	–	(6)	(442)
At 31 December 2021	15,321	8,530	547	1,070	2,839	8,793	37,100
Additions	–	–	62	–	7	1,111	1,180
Disposal/Write off	–	–	(26)	–	–	(12)	(38)
At 31 December 2022	**15,321**	**8,530**	**583**	**1,070**	**2,846**	**9,892**	**38,242**
Accumulated depreciation:							
At 1 January 2021	2,761	2,279	435	901	2,450	3,329	12,155
Depreciation for the year	140	218	35	107	128	1,195	1,823
Disposal/Write off	–	–	–	(436)	–	(6)	(442)
At 31 December 2021	2,901	2,497	470	572	2,578	4,518	13,536
Depreciation for the year	140	218	41	127	133	1,363	2,022
Disposal/Write off	–	–	(26)	–	–	(12)	(38)
At 31 December 2022	**3,041**	**2,715**	**485**	**699**	**2,711**	**5,869**	**15,520**
Carrying amount:							
At 31 December 2022	**12,280**	**5,815**	**98**	**371**	**135**	**4,023**	**22,722**
At 31 December 2021	12,420	6,033	77	498	261	4,275	23,564

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

10 INVESTMENT PROPERTIES

	Group and Company	
	2022	2021
	$'000	$'000
At cost:		
At 1 January and 31 December	**28,794**	28,794
Accumulated depreciation:		
At 1 January	**6,985**	6,607
Depreciation charge for the year	**378**	378
At 31 December	**7,363**	6,985
Carrying amount:		
At 31 December	**21,431**	21,809

The investment properties relate to the office spaces at the head office and part of the premise at the Bedok Branch which are leased to a related party and third parties for rental. Each of the leases contains an initial non-cancellable period of 2 to 3 years. Subsequent renewals are negotiated with the lessee.

Fair value measurement of the Group's leasehold land and buildings

The Group's land and buildings are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's leasehold land and buildings as at 31 December 2022 and 31 December 2021 were performed by independent valuers not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations.

The fair value of the leasehold land and building of 17-storey office building at 96 Robinson Road, Singapore 068899, as at 31 December 2022 was determined based on the direct comparison method, which makes comparison with transactions of similar properties in the comparable localities.

The fair value of the leasehold land and building of Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, as at 31 December 2022 were determined based on the direct comparison method. The fair value was cross-checked using the income capitalisation method, which is based on capitalisation of estimated annual market rent after deducting property tax and other relevant expenses.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Management considers that certain inputs used in the fair value measurement of the Group's leasehold land and buildings are sensitive to the fair value measurement. A change in these inputs will have a corresponding increase/decrease in the fair valuation.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

10 **INVESTMENT PROPERTIES** (CONTINUED)

Details of the Group's leasehold land and buildings and information about the fair value hierarchy as at 31 December 2022 are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Fair value as at 31 December 2022** **$'000**	Fair value as at 31 December 2021 $'000
A 17-storey office building at 96 Robinson Road, Singapore, 068899, on freehold and leasehold land, with an estimated gross floor area of 7,844.38 square metres. Approximately 38.23% (2021: 38.23%) of the lettable space is used as the head office of the Company and the remaining area is for rental. Tenure of lease is 99 years commencing 1 October 1996.	–	105,009	–	**105,009**	98,832
A shop at Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, with a floor area of approximately 267 square metres on leasehold land. Approximately 50% (2021: 50%) of the lettable space is used as branch premises of the Company and the remaining area is for rental. Tenure of lease is 86 years commencing 1 July 1992.	–	2,500	–	**2,500**	2,200
	–	107,509	–	**107,509**	101,032

The fair value of the entire 17-storey office building at 96 Robinson Road, Singapore 068899, is $170,000,000 (2021: $160,000,000). The fair value of the shop at Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, is $5,000,000 (2021: $4,400,000).

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

11 SUBSIDIARY

	Company	
	2022	2021
	$'000	$'000
Unquoted equity investments, at cost	**25**	25

Details of the subsidiary are as follows:

Name of subsidiary	Sing Investments & Finance Nominees (Pte.) Ltd.
Principal activity	Nominee services
Country of incorporation/business	Singapore
Proportion of ownership interest	100% (2021: 100%)

The subsidiary is audited by Deloitte & Touche LLP, Singapore.

12 DEFERRED TAX ASSET/(LIABILITIES)

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

	At 1 January 2021 $'000	Recognised in profit or loss for the year $'000	Recognised in other comprehensive income $'000	At 31 December 2021 $'000	Recognised in profit or loss for the year $'000	Recognised in other comprehensive income $'000	**At 31 December 2022 $'000**
Group							
Deferred tax assets (liabilities)							
Employee benefits	67	(25)	–	42	(14)	–	**28**
Property, plant and equipment	(915)	170	–	(745)	52	–	**(693)**
Investments	(2,821)	–	1,558	(1,263)	–	3,183	**1,920**
	(3,669)	145	1,558	(1,966)	38	3,183	**1,255**
Company							
Deferred tax assets (liabilities)							
Employee benefits	67	(25)	–	42	(14)	–	**28**
Property, plant and equipment	(915)	170	–	(745)	52	–	**(693)**
Investments	(2,782)	–	1,553	(1,229)	–	3,178	**1,949**
	(3,630)	145	1,553	(1,932)	38	3,178	**1,284**

13 DEPOSITS AND BALANCES OF CUSTOMERS

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Fixed deposits	**2,370,233**	2,074,385	**2,370,233**	2,074,385
Fixed deposits and current accounts from subsidiary	**–**	–	**766**	763
Savings accounts and other balances with customers	**207,134**	201,708	**207,145**	201,720
Project accounts	**24,099**	17,372	**24,099**	17,372
	2,601,466	2,293,465	**2,602,243**	2,294,240

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

14 OTHER LIABILITIES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Accrued interest payable	**13,359**	7,855	**13,360**	7,855
Accrued operating expenses	**8,609**	7,246	**8,600**	7,238
Amount due to subsidiary	**–**	–	**24**	48
Deposits for safe deposit boxes and rental deposits	**836**	631	**836**	631
Unclaimed dividends	**632**	627	**114**	112
Lease liabilities	**130**	49	**130**	49
Deferred income from rental	**211**	233	**211**	233
Deferred income resulting from Borrowings from MAS	**–**	2,678	**–**	2,678
Others	**5,724**	1,316	**5,724**	1,315
	29,501	20,635	**28,999**	20,159

Maturity analysis for lease liability:

	Group and Company	
	2022	2021
	$'000	$'000
Year 1	**35**	31
Year 2	**30**	19
Year 3	**29**	1
Year 4	**29**	–
Year 5	**24**	–
	147	51
Less: Unearned interest	**(17)**	(2)
	130	49
Due within 12 months	**29**	29
Due after 12 months	**101**	20
	130	49

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 31 December 2021 and 2022 is 5%.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

15 BORROWINGS FROM MAS

	Group and Company 2022 $'000	2021 $'000
Due within 12 months	**55,484**	136,090
Due after 12 months	**–**	54,716
	55,484	190,806

Borrowings from MAS represents amounts advanced by MAS to the Group in order to partially finance the Enterprise Singapore ("ESG") loan schemes for Small and Medium Enterprises ("SMEs"), administered by Enterprise Singapore. The ESG Loan Schemes comprise the Enhanced Enterprise Financing Scheme – SME Working Capital Loan ("EFS-WCL") and the Temporary Bridging Loan Programme ("TBLP").

16 ENTERPRISE SINGAPORE LOANS

	Group and Company 2022 $'000	2021 $'000
Due within 12 months	**313**	803
Due after 12 months	**1,263**	315
	1,576	1,118

Enterprise Singapore loans represent amounts advanced by Enterprise Singapore under the Local Enterprise Finance Scheme ("LEFS") and Extended Local Enterprise Finance Scheme ("ELEFS") to finance LEFS and ELEFS borrowers. The interest rates and repayment periods vary in accordance with the type, purpose and security of the facilities granted under the above schemes.

17 PROVISION FOR EMPLOYEE BENEFITS

	Group and Company 2022 $'000	2021 $'000
Provision for unutilised leave	**170**	248

18 SHARE CAPITAL

	Group and Company			
	2022	2021	**2022**	2021
	No. of shares		**$'000**	$'000
	('000)	('000)		
Issued and fully paid:				
At 1 January and 31 December	**157,626**	157,626	**180,008**	180,008

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

18 SHARE CAPITAL (CONTINUED)

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.

On 24 February 2023, the Company announced the proposal of a bonus issue comprising 78,812,882 bonus shares to its shareholders on the basis of 1 bonus share to be credited at nil consideration without capitalisation of the Company's reserves and as fully paid for every 2 existing shares in the capital of the Company as at the record date to be determined by the directors for the purpose of determining the entitlements of shareholders. The bonus shares will not be entitled to the first and final dividend proposed for the year 2022.

The proposed bonus issue is subject to the shareholders' approval for the general mandate at the forthcoming Annual General Meeting of the Company.

19 RESERVES

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Statutory reserve	**138,023**	128,723	**138,023**	128,723
Fair value reserve	**(9,372)**	6,167	**(9,515)**	5,996
Accumulated profits	**91,450**	79,151	**91,063**	78,766
Regulatory loss allowance reserve	**14,710**	11,716	**14,710**	11,716
	234,811	225,757	**234,281**	225,201

The statutory reserve is maintained in compliance with the provision of Section 18 of the Finance Companies Act 1967, Chapter 108.

The fair value reserve comprises the cumulative net change in the fair value of FVOCI investments until such investments are disposed.

The regulatory loss allowance reserve is maintained in compliance with the MAS Notice to Finance Companies No. 811 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

20 SEGMENT REPORTING

Segment reporting is not required for the Group and the Company as majority of the income is from the same business segment, which is credit and lending. All activities are carried out in the Republic of Singapore.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

21 DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

	Group	
	2022	2021
	$'000	$'000
Salaries and other benefits	**2,537**	2,318
Contribution to defined contribution plan	**20**	22
Directors' fees	**480**	404
Others	**55**	56
	3,092	2,800

22 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit for the year:

	Group	
	2022	2021
	$'000	$'000
Interest income and hiring charges		
Loans and advances and others measured at amortised cost	**72,180**	66,586
Cash and bank deposits at amortised cost	**2,798**	1,722
Singapore Government Securities and MAS bills measured at FVOCI	**7,250**	5,084
	82,228	73,392
Interest expense		
Deposits and others	**21,395**	14,573
Dividends		
Equity investments	**234**	171

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

22 PROFIT BEFORE INCOME TAX (CONTINUED)

	Group	
	2022	2021
	$'000	$'000
Other income		
Government grant	**145**	692
Net gain on property, plant and equipment disposed	**–**	187
Others	**46**	41
	191	920
Staff costs		
Salaries and other benefits	**17,020**	16,669
Contributions to defined contribution plan	**1,693**	1,575
Provision for unutilised leave	**(79)**	(148)
	18,634	18,096
Other operating expenses		
Audit fees	**156**	157
Non-audit fees	**47**	44
Operating expenses on investment properties	**707**	643
Maintenance, utilities and property tax	**1,863**	1,810
Legal and professional fees	**432**	174
Commission expense	**1,356**	1,667
Others	**2,371**	1,993
	6,932	6,488

In 2022 and 2021, the Group received various grants from the Singapore Government to support its business and assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and that the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related costs for which the grant is intended to compensate is recognised as expenses. Government grant income of $145,000 (2021: $692,000) was recognised during the year.

NOTES TO FINANCIAL STATEMENTS

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23 INCOME TAX EXPENSE

	Group	
	2022	2021
	$'000	$'000
Current tax expense		
Current year	**6,905**	6,031
Deferred tax credit		
Reversal of temporary differences (Note 12)	**(38)**	(145)
Total income tax expense	**6,867**	5,886
Reconciliation of effective tax rate		
Profit before income tax	**44,070**	37,319
Income tax using Singapore tax rate of 17% (2021: 17%)	**7,492**	6,344
Expenses not deductible for tax purposes	**380**	191
Effects of tax benefits	**(15)**	(19)
Income not subject to tax	**(15)**	(98)
Tax effect of income subject to concessionary tax rate of 10% (2021: 10%)	**(250)**	(171)
Section 14I tax deductions	**(509)**	(302)
Others	**(216)**	(59)
	6,867	5,886
Total income tax expense	**6,867**	5,886

24 EARNINGS PER SHARE

	Group	
	2022	2021
	$'000	$'000
Basic and diluted earnings per share are based on:		
Net profit attributable to ordinary shareholders	**37,203**	31,433
Number of ordinary shares	**157,626**	157,626
Annualised earnings per share (cents)	**23.60**	19.94

There were no potential dilutive ordinary shares for the years ended 31 December 2022 and 2021.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

25 DIVIDENDS

On 11 May 2022, a dividend of 8 cents per share, one-tier tax exempt (total dividend $12,610,000) was paid to shareholders. On 10 May 2021, a dividend of 3.6 cents per share, one-tier tax exempt (total dividend $5,675,000) was paid.

In respect of the current year, the directors propose that a dividend of 10 cents per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Annual dividend proposed of:	
2022: 10 cents per share, one-tier tax exempt	$15,763,000

26 COMMITMENTS

	Group	
	2022	2021
	$'000	$'000
Capital commitments		
Commitments for capital expenditure contracted but not provided for in the financial statements	**1,187**	240

The Group as lessor

The Group and the Company leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group and Company	
	2022	2021
	$'000	$'000
Receivable:		
Within 1 year	**2,582**	1,837
After 1 year but within 5 years	**2,000**	494
	4,582	2,331
Other commitment		
Undrawn loan commitments	**770,180**	777,080

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

27 CONTINGENT LIABILITIES

Commitments entered into by the Group and the Company on behalf of customers for which customers have corresponding obligations to the Group and the Company and for the Group and the Company's operational requirements are as follows:

	Group and Company	
	2022	2021
	$'000	$'000
Guarantees issued and financing of goods imported	**8,740**	7,730

28 CURRENT ASSETS AND CURRENT LIABILITIES

The current assets and current liabilities of the Group and Company are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Current assets				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	**243,061**	298,623	**242,984**	298,572
Statutory deposit with the MAS	**69,587**	60,848	**69,587**	60,848
Singapore Government Securities and MAS bills	**114,573**	156,543	**114,573**	156,543
Investment in equity securities	**6,015**	5,669	**5,783**	5,404
Loans and advances due within twelve months	**708,591**	382,513	**708,591**	382,513
Other receivables, deposits and prepayments	**5,227**	4,921	**5,227**	4,921
Total current assets	**1,147,054**	909,117	**1,146,745**	908,801
Current liabilities				
Deposits and balances of customers	**2,363,994**	2,089,303	**2,364,771**	2,090,078
Other liabilities	**27,499**	19,478	**26,997**	19,002
Enterprise Singapore loans due within twelve months	**313**	803	**313**	803
Borrowings from MAS due within twelve months	**55,484**	136,090	**55,484**	136,090
Provision for employee benefits	**170**	248	**170**	248
Current tax payable	**6,940**	6,100	**6,940**	6,100
Total current liabilities	**2,454,400**	2,252,022	**2,454,675**	2,252,321

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2022

29 NEW STANDARDS ISSUED BUT NOT YET ADOPTED

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but effective for financial periods beginning on or after 1 January 2023:

Annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1*: Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Management anticipates that the adoption of the above amendments to the SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

30 SUBSEQUENT EVENTS REPORTING

Other than the proposed bonus issue as stated in Note 18, there are no known subsequent events which have led to adjustments or disclosures to this set of consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company.

ADDITIONAL INFORMATION

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2022

Name of Director	Total Remuneration (nearest $)	Basic Salary/ Employer's CPF/AWS	Variable Bonuses	Directors' Fees[1]	Other Benefits	Total
	$	%	%	%	%	%
Executive Director						
Lee Sze Leong (Managing Director/ Chief Executive Officer)	1,603,213	55.0%	39.0%	4.1%	1.9%	100.0%
Lee Sze Siong (Deputy Managing Director)	1,134,216	54.2%	38.3%	5.3%	2.2%	100.0%
Non-executive Directors						
Chee Jin Kiong	150,000	–	–	100%	–	100%
Michael Lau Hwai Keong	75,000	–	–	100%	–	100%
Joseph Toh Kian Leong	65,000	–	–	100%	–	100%
Quan Wai Yee	65,000	–	–	100%	–	100%

Note (1): The Directors' fees are subject to approval by shareholders at the forthcoming Annual General Meeting.

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2023

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	70	3.43	1,435	0.00
100 – 1,000	180	8.82	99,745	0.06
1,001 – 10,000	1,024	50.17	5,576,813	3.54
10,001 – 1,000,000	745	36.50	49,503,537	31.41
1,000,001 AND ABOVE	22	1.08	102,444,234	64.99
TOTAL	**2,041**	**100.00**	**157,625,764**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	F. H. LEE HOLDINGS (PTE) LTD	44,581,968	28.28
2	RAFFLES NOMINEES (PTE.) LIMITED	8,600,200	5.46
3	PHILLIP SECURITIES PTE LTD	8,445,280	5.36
4	DBS NOMINEES (PRIVATE) LIMITED	5,283,200	3.35
5	EDY HARTONO	4,061,311	2.58
6	UOB KAY HIAN PRIVATE LIMITED	3,392,100	2.15
7	LEE HENG WAH @ LEE HENG GUAN	3,000,000	1.90
8	SING HOLDINGS LIMITED	2,844,900	1.80
9	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	2,780,300	1.76
10	CITIBANK NOMINEES SINGAPORE PTE LTD	2,427,305	1.54
11	MORPH INVESTMENTS LTD	1,956,000	1.24
12	COSMOS INVESTMENT PTE LTD	1,785,150	1.13
13	KIMANIS MARINE PTE LTD	1,780,200	1.13
14	ANG HAO YAO (HONG HAOYAO)	1,668,800	1.06
15	ANG CHIAN POH	1,546,350	0.98
16	AW SEOH BEE	1,290,000	0.82
17	TAI MAH SAWMILL COMPANY (PRIVATE) LTD	1,276,000	0.81
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,266,570	0.80
19	LIM HWEE SIN	1,182,000	0.75
20	NG CHIT TONG PETER OR YE CHUNXIU	1,150,000	0.73
	TOTAL	**100,317,634**	**63.63**

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2023

SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2023

	Number of shares			
Name	Shareholdings registered in the name of Substantial Shareholders or their nominees	%	Shareholdings in which Substantial Shareholders are deemed to have an interest	%
Lee Sze Leong[(1)]	651,131	0.41	47,426,868	30.09
Lee Sze Siong[(2)]	681,142	0.43	47,426,868	30.09
Lee Sze Hao[(3)]	644,763	0.41	47,426,868	30.09
F.H. Lee Holdings (Pte) Limited[(4)]	44,581,968	28.28	2,844,900	1.81

Notes:-

(1) Lee Sze Leong is deemed to be interested in 44,581,968 shares held by F.H. Lee Holdings (Pte) Limited and 2,844,900 shares held by Sing Holdings Limited.

(2) Lee Sze Siong is deemed to be interested in 44,581,968 shares held by F.H. Lee Holdings (Pte) Limited and 2,844,900 shares held by Sing Holdings Limited.

(3) Lee Sze Hao is deemed to be interested in 44,581,968 shares held by F.H. Lee Holdings (Pte) Limited and 2,844,900 shares held by Sing Holdings Limited.

(4) F.H. Lee Holdings (Pte) Limited is deemed to be interested in 2,844,900 shares held by Sing Holdings Limited.

Shareholdings held in hands of public

As at 10 March 2023, approximately 68.41% of issued share capital of the Company was held in the hands of the public (on the basis of information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Treasury Shares

The Company does not hold any treasury shares as at 10 March 2023.

Subsidiary Holdings

The Company does not hold any subsidiary holdings as at 10 March 2023.

Directors' shareholdings as at 24 February 2023

As shown in the Directors' Statement in the Company's Annual Report for the financial year ended 31 December 2022, the shares held by the Directors as at 31 December 2022 remain unchanged as at 24 February 2023.

NOTICE OF ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sing Investments & Finance Limited will be held at Big Picture Theatre at 168 Robinson Road, Capital Tower, Level 9, Singapore 068912 on Wednesday, 26 April 2023 at 3.00 p.m. to transact the following businesses as set out below.

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL https://www.sif.com.sg/annual-general-meeting/. A printed copy of this Notice will NOT be despatched to members.

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Directors' statement and audited financial statements for the year ended 31 December 2022 together with the auditor's report thereon. (Resolution 1)

2. To approve the payment of $480,000 as Directors' fees for the year ended 31 December 2022 (2021: $403,750). (Resolution 2)

3. To declare a first and final one-tier tax exempt dividend of 10 cents per ordinary share for the financial year ended 31 December 2022. (Resolution 3)

4. To re-elect Mr Lee Sze Siong as Director, who retires pursuant to Regulation 109 of the Constitution of the Company. (Resolution 4)
   [See Explanatory Note 12]

5. To note the retirement of Mr Chee Jin Kiong as Director, who is retiring pursuant to Regulation 109 of the Constitution of the Company.

6. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company for the next financial year and to authorise the Directors to fix their remuneration. (Resolution 5)

7. To transact any other business of an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

8. **General mandate to authorise the Directors to issue shares or convertible instruments**

   "That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to: (Resolution 6)

   (a) (i) allot and issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time to such persons and upon such terms and conditions and for such purposes as the Directors of the Company may in their absolute discretion consider fit; and

(b) for the avoidance of doubt, notwithstanding the authority conferred by this Resolution may have ceased to be in force, issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note 13]

9. **Authority to issue shares under Sing Investments & Finance Limited Performance Share Plan 2020**

"That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Sing Investments & Finance Limited Performance Share Plan 2020 (the "**PSP**") and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the PSP and any other share-based schemes which the Company may implement from time to time, and the PSP, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the date of the awards" (Resolution 7)
[See Explanatory Note 14]

BY ORDER OF THE BOARD

Ong Beng Hong
Lee Yuan
Company Secretaries

Singapore, 27 March 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(1) The members of the Company are invited to attend physically at the Annual General Meeting (the "**Meeting**" or "**AGM**") pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice, Proxy Form and Annual Report will NOT be sent to members. This Notice, Proxy Form and Annual Report are available to members by electronic means via publication on SGXNet at the URL https://www.sgx.com/securities/company-announcements or at the Company's website at the URL https://www.sif.com.sg/annual-general-meeting/ and URL https://www.sif.com.sg/annual-reports/. A member will need an internet browser and PDF reader to view these documents.

(2) Arrangements **for participation in the AGM physically**

Members (including CPFIS and SRS investors) may participate in the AGM by:

(a) attending the AGM in person;

(b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or

(c) voting at the AGM

(i) themselves personally; or

(ii) through their duly appointed proxy(ies).

CPFIS and SRS investors who wish to appoint the Chairman of the Meeting (and not third party prox(ies)) as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 6 below for details.

In the event members encounter COVID-19 like symptoms prior to the Meeting, members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the Meeting.

(3) **Relevant Intermediary**

(a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

(4) A proxy need not be a member of the Company.

(5) A member can appoint the Chairman of the Meeting as his/her/it proxy, **but** this is **not mandatory**.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

(6) CPFIS/SRS investors who hold shares in the Company through CPF Agent Banks/SRS Operators:

(a) may vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes at least 7 working days prior to the date of AGM i.e. by 3.00 p.m. on 17 April 2023.

(7) Submission of instrument of proxy or proxy ("**Proxy Form**") – **by 3.00 p.m. on 23 April 2023**

The Proxy Form must be submitted through any one of the following means:

(a) if submitted personally or by post, be deposited at the Registered Office of the Company at 96 Robinson Road #01-01 SIF Building, Singapore 068899; or

(b) if submitted by email, be received by the Company at sif-agm2023@sif.com.sg

in either case, not less than 72 hours before the time appointed for holding the Meeting i.e. by 3.00 p.m. on 23 April 2023, and failing which, the Proxy Form will not be treated as valid.

NOTICE OF ANNUAL GENERAL MEETING

(8) The Company shall be entitled to, and will, treat any valid Proxy Form which was delivered by a member to the Company **before 3.00 p.m. on 23 April 2023** as a valid instrument as the member's proxy to attend, speak and vote at the Meeting if: (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and (b) the member has not withdrawn the appointment by 3.00 p.m. on 23 April 2023.

(9) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(10) Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the Meeting if he/she so wishes. The appointment of the proxy(ies) for the Meeting will be deemed to be revoked if the member attends the Meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the Meeting.

(11) Submission of questions by members in advance of the Meeting

(a) Members may also submit questions related to the resolutions to be tabled for approval at the Meeting. All questions, together with the members' full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company ("**Shares**"), must be submitted by 3 April 2023 via email to sif-agm2023@sif.com.sg or by post to the registered office of the Company at 96 Robinson Road #01-01 SIF Building, Singapore 068899.

(b) The Company will publish the responses to substantial and relevant questions on the SGX website at https://www.sgx.com/securities/company-announcements or at the Company's website at the URL https://www.sif.com.sg/annual-general-meeting/ by 3.00 p.m. on 20 April 2023.

(c) The Company endeavours to address (i) subsequent clarifications sought (ii) follow-up questions or (iii) subsequent substantial and relevant questions which are received after its responses referred to at (b) above, at the Meeting itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

(d) Minutes of AGM – The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

(12) Mr Lee Sze Siong, an Executive Director of the Company, will upon re-election under Resolution 4 above proposed in item 4, continue to serve as a Member of the Risk Management Committee and the Loan Committee. Mr Lee Sze Siong is the Deputy Managing Director of the Company.

(13) The Ordinary Resolution 6 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the AGM until the next AGM, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for (a) new shares arising from the conversion of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that the resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

(14) The Ordinary Resolution 7 proposed in item 9 above, if passed, will authorise the Directors of the Company from the date of the AGM until the next AGM, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards in accordance with the provisions of the Sing Investments & Finance Limited Performance Share Plan 2020 (the "**PSP**") and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the PSP and any other share-based schemes which the Company may implement from time to time, and the PSP, not exceeding 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company. The PSP was first approved by the shareholders of the company at the AGM held on 20 May 2020. Please refer to the Company's Letter to Shareholder dated 28 April 2020 for future reference.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

DIRECTOR STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

The following information relating to Mr Lee Sze Siong who will be standing for re-election as a Director ("**Retiring Director**") at the Annual General Meeting of the Company on 26 April 2023, is provided pursuant to Rule 720 (6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the information as set out in Appendix 7.4.1.

Name of Director	**Mr Lee Sze Siong**
Date of Appointment	19 March 1997
Date of last re-appointment	20 May 2020
Age	61
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors ("**Board**") of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the performance and contribution of Mr Lee Sze Siong to the Board and Board Committees for re-appointment as an Executive and Non-Independent Director of the Company. Accordingly, the Board has recommended Mr Lee Sze Siong for re-election at the forthcoming Annual General Meeting
Whether appointment is executive, and if so, the area of responsibility	Executive and Non-Independent Director. Mr Lee Sze Siong is responsible for assisting the Managing Director in overseeing the Company's business and overall daily operations
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Deputy Managing Director, Executive and Non-Independent Director of the Company and member of the Risk Management and Loan Committees
Professional qualifications	Bachelor of Business Administration, University of Hawaii Master in Accounting, University of Southern Queensland
Working experience and occupation(s) during the past 10 years	<u>July 1997 – June 2010</u> General Manager of the Company <u>July 2010 – Present</u> Deputy Managing Director of the Company
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 681,142 shares* Deemed interest: – 44,581,968 shares held by F.H. Lee Holdings (Pte) Limited* – 2,844,900 shares held by Sing Holdings Limited* *As at 10 March 2023

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Mr Lee Sze Siong
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	Sibling of Mr Lee Sze Leong, the Chief Executive Officer, Managing Director, Executive and Non-Independent Director of the Company Sibling of Mr Lee Sze Hao, a substantial shareholder of the Company
Conflict of Interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (including directorships) – Present	Director of Sing Investments & Finance Nominees (Pte.) Ltd. Director of F.H. Lee Holdings (Pte) Limited
Other principal commitments (including directorships) – Past, for the last 5 years	None
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
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
c. Whether there is any unsatisfied judgment against him?	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director		Mr Lee Sze Siong
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
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
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
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
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

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Mr Lee Sze Siong
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
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Mr Lee Sze Siong
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?	Yes In or around 1992 (28 years ago), Mr Lee Sze Siong was interviewed by the CAD in connection with multiple share applications in several initial public share offers in the late 1980s. Following the interview and clarification, there was no further development since then.
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable as Mr Lee Sze Siong is a Retiring Director seeking re-election.

SING INVESTMENTS & FINANCE LIMITED
(Incorporated in the Republic of Singapore –
Company Registration No: 196400348D)

PROXY FORM

This form of proxy has been made available on SGXNet and the Company's website, and may be accessed at the URL https://www.sif.com.sg/annual-general-meeting/. A printed copy of this form of proxy will NOT be despatched to members.

IMPORTANT

1. The Annual General Meeting ("**AGM**") will be held physically at Big Picture Theatre at 168 Robinson Road, Capital Tower, Level 9, Singapore 068912. **Members have no option to participate virtually.**
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3:00 p.m. on 17 April 2023.

I/We ______________________________ (Name) ______________________ (NRIC/PP/UEN No.)

of ____ (Address)
being a member/members of Sing Investments & Finance Limited (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	(%)
Address			

and/or

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	(%)
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend, speak or vote for me/us on my/our behalf at the AGM of the Company to be held physically at Big Picture Theatre at 168 Robinson Road, Capital Tower, Level 9, Singapore 068912 on Wednesday, 26 April 2023 at 3.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for, against or abstain the Resolutions proposed at the Annual General Meeting as indicated hereunder.

If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. In the absence of specific direction in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid. All resolutions put to the vote at the Annual General Meeting shall be decided by way of poll.

No.	Resolutions relating to:	No. of Votes For*	No. of Votes Against*	No. of Votes Abstaining*
	Ordinary Business			
1	Adoption of Directors' statement and audited financial statements			
2	Approval of Directors' fees			
3	Declaration of first and final dividend			
4	Re-election of Mr Lee Sze Siong as a Director			
5	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and to authorise Directors to fix their remuneration			
	Special Business			
6	General mandate to authorise the Directors to issue new shares or convertible instruments			
7	Authority to issue shares under Sing Investments & Finance Limited Performance Share Plan 2020			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of shares in the boxes provided.

Dated this ____________ day of ________________ 2023.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of poll.
2. Please insert the total number of shares of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM.
4. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. A member who is a relevant intermediary entitled to attend the meeting and vote, is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. A proxy needs not be a member of the Company. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.
7. The instrument appointing a proxy(ies) ("Proxy Form") must be submitted to the Company in the following manner:–

   (a) if submitted personally or by post, be deposited at the Registered Office of the Company at 96 Robinson Road #01-01 SIF Building, Singapore 068899; or

   (b) if submitted by email, be received by the Company at sif-agm2023@sif.com.sg

   in either case, not less than 72 hours before the time appointed for holding the AGM, that is by 3.00 p.m. on 23 April 2023, failing which, the Proxy Form will not be treated as valid.

   The Company shall be entitled to reject any instrument appointing a proxy/proxies which is incomplete, illegible or where the true intentions of the member, being the appointer, are not ascertainable from the instructions of the appointer specified in the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy/proxies if the member is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by the Central Depository (Pte) Limited to the Company.
8. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
9. The Proxy Form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 27 March 2023.

Please fold inwards along dotted line

PROXY FORM FOR
ANNUAL GENERAL MEETING

Affix
Postage
Stamp

The Company Secretary

SING INVESTMENTS & FINANCE LIMITED

96 Robinson Road #01-01
SIF Building
Singapore 068899

SING INVESTMENTS & FINANCE LIMITED

96 ROBINSON ROAD #01-01 SIF BUILDING SINGAPORE 068899
CO.REG.NO.196400348D
WWW.SIF.COM.SG TEL 6305 0300