



SING INVESTMENTS
& FINANCE LIMITED

ANNUAL REPORT
2021



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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.

We have 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. Our principal activities are the acceptance of deposits from the public and the provision of loans and credit facilities to individuals and corporations, particularly the small and medium-sized enterprises (SMEs) in Singapore.

SIF also has a retail mobile app with biometric secure access. The app offers a suite of online services, including account opening, funds transfer and a consolidated view of all accounts with SIF.

OUR OBJECTIVE

Over the years, SIF has built trust among its customers. We have 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 our retail and corporate/SME customers.

Deposits

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



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 our directors, management and staff.

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 continued to demonstrate a high level of resilience in the midst of the pandemic, and registered many achievements and milestones in both financial performance as well as non-financial areas in 2021.



DEAR FELLOW 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 2021.

2021, RESILIENCE IN THE MIDST OF A PANDEMIC

2021 was another challenging year, where Singapore continued working towards a new normal of "living with the virus" through getting citizens vaccinated and adapting safety measures as the government continued to open-up the economy. The economy managed to rebound from 4.1% contraction in 2020 to 7.6% full-year growth in 2021. However, the recovery was uneven across the various industry sectors.

The Group continued to demonstrate a high level of resilience in the midst of the pandemic, and registered many achievements and milestones in both financial performance as well as non-financial areas in 2021.

The Group's total income exceeded the \$60 million mark to reach a new high of \$65 million, which propelled our net profit after tax to a record of \$31.4 million. Our net interest margin expanded by 40 basis points to 2.1%, while cost-to-income ratio improved by more than six percentage points to 41.3% as compared to last year.

On the corporate governance and transparency front, notwithstanding our relatively small market capitalisation, we were ranked 10th among the 519 listed companies surveyed for the Singapore Governance Transparency Index ("SGTI").

We were honoured to receive the Corporate Excellence and Resilience Award (Small Cap) under the special edition of Singapore Corporate Awards for 2020/2021. This award recognised exemplary companies that have upheld best practices in corporate governance, and have shown leadership, innovation and resilience during the pandemic.

In 2021, we were also the winner of the Singapore Corporate Governance Award (Small Cap) by Securities Investors Association Singapore ("SIAS"). Companies' sustainability practices were integrated into the score card for this award for the first time.

SUPPORTING OUR CUSTOMERS AND STAFF

True to our purpose of being a trusted financial institution that supports our customers even in difficult and challenging times, we granted an additional \$60 million of temporary bridging loans and enhanced working capital loans under the Enterprise Singapore ("ESG") schemes in 2021. These unsecured loans were meant to support customers, who still needed financial assistance in the second year of pandemic.

Safety and convenience were also critical factors for our customers to perform their financial transactions in the midst of a health crisis, and we were glad that our retail mobile app, **SIF Mobile**, and the web-based online service became a key channel for customer engagement. We were very encouraged by our growing digital customer base, as well as increased utilization of this digital platform; and proud to be the only finance company that provides such internet mobile banking service to customers.

Recognising the immense market competition and our customers' needs, our team has been working relentlessly in the midst of disruptions caused by the pandemic to launch a digital channel for our corporate customers. At the date of this report, we are pleased to announce that **SIF BIZ**, the equivalent mobile app and web-based online service for our corporate customers has been launched on a pilot run with selected customers. This is another significant milestone in our digital transformation journey to leverage technology as an enabler to deliver better and more convenient financial services to all our customers.

The other valued and important stakeholder of the Group is our staff. In 2021, we successfully adopted robotic process automation ("RPA") for high volume, repetitive and routine processes in the Credit Documentation and Credit Operations departments. This has enabled our colleagues to be deployed to more value-added and fulfilling work, and the feedback have been very positive and encouraging. With the skills acquired during this successful RPA implementation, the project team has since continued to explore other processes in the organisation, where the most benefits from this automation tool can be harnessed.

Apart from work flow and automation improvements, the Group has also been particularly mindful of the other aspects of staff wellbeing, as the pandemic entered into its second year. The management has been accommodative to accede to requests of staff in terms of their work arrangements, whether it be hybrid arrangements or working from home for a longer period of time. Simultaneously, staff have been collectively supportive of one another, and worked together as a team to ensure no compromise in the level of customer service and in internal controls and risk management during the affected period.

I greatly commend all our staff and management, who once again have demonstrated resilience, teamwork and excellence in serving both our customers and fellow colleagues.

RECORD FINANCIAL PERFORMANCE

The Group achieved a record net profit after tax of \$31.4 million in 2021, 60.4% higher than the \$19.6 million in 2020. The strong performance was largely driven by proactive management of our net interest margin in a low interest rate environment, which resulted in an improvement of 40 basis points to 2.1% in 2021. Total

income rose by 18% to \$65.0 million, whilst operating expenses grew at a slower pace of 2% compared to a year ago; and the cost-to-income ratio lowered to 41.3%. Profit from operations before credit loss allowances rose by \$9.4 million to \$38.2 million or 32.6% higher vis-à-vis a year ago. Lower additional net allowance of \$0.8 million was set aside in FY2021, compared to the \$5.5m allowance made in FY2020, in line with the improvement in Singapore's macroeconomic outlook.

Total loans and advances increased by \$63.1 million or 3.0% to \$2.14 billion as at 31 December 2021. The increase was in line with the overall improvement in business activities and momentum, as Singapore's economy began to stabilise from the uncertainties caused by the pandemic. In tandem with the loan growth, deposits and balances of customers grew by \$14.8 million or 0.6% to \$2.29 billion at the end of 2021.

Total shareholders' fund rose by 4.7% to surpass the \$400 million mark to reach \$406 million at the end of 2021, supported by strong earnings for the year under review. Our capital adequacy ratio as at 31 December 2021 also strengthened further to 17.0%.

DIVIDENDS

In line with the Group's record performance for FY2021, the Board of Directors is pleased to recommend a first and final dividend of 8 cents per share for approval by the shareholders at the forthcoming Annual General Meeting. This is significantly higher by 4.4 cents per share, or more than double the 3.6 cents per share dividend for FY2020.

SUSTAINABILITY JOURNEY

As our customer profile in our loan portfolio are largely individuals and Small & Medium Enterprises ("SME"), our exposure to entities in the sectors considered as high or elevated Environmental, Social and Governance ("ESG") risks, as identified in the Association of Banks in Singapore ("ABS") guidelines on Responsible Financing, is small (about 2% of our total loan portfolio). However, in line with good sustainability practices, we see the need to incorporate this set of ABS guidelines into our credit risk policy and procedures. This will help raise the Group's awareness and assessment of the ESG risks in our credit granting process. In 2021, we updated our credit policy, and established the general and sector specific responsible financing checklists. Moving into

CHAIRMAN'S STATEMENT

2022, the key focus will be on training and capability building for our relationship managers to operationalise these procedures. This will be done in collaboration with the risk team so that the overall risk management of environmental risks can be enhanced.

In addition to paper recycling, we also initiated the e-waste recycling program, where around 1.2 tons of e-waste have been recycled in 2021.

OUTLOOK FOR 2022

Looking ahead, Singapore's economic growth is likely to moderate to between 3% and 5% in 2022, as the nation transits from a pandemic to a COVID endemic environment, with expectation of a further reopening of the economy. However, there are also many uncertainties in the horizon including rising geopolitical risks, supply chain bottlenecks, and the impact to the domestic economy arising from the global economic fallout in a potential prolonged conflict. With rising prices and inflation, USD interest rates are widely forecast to trend up in 2022, with SGD interest rates tracking in the same direction. In addition, competition is expected to stiffen further with 4 digital banks in Singapore expected to commence operations in 2022.

Despite the challenging backdrop, the Group remains confident that we will be able to thrive and grow as we continue to manage our risk as well as seize new business opportunities in the coming year. We believe we have the capacity, given our strong capital position, as well as the capability demonstrated by our dedicated management and staff, to deliver another creditable performance for 2022.

The Group will continue to forge ahead in our digital transformation investments. The SIF BIZ mobile and web based service for corporate customers is targeted to be fully launched in first quarter of 2022. We are also working on other digital transformation projects in the pipeline to enhance our services.

The Group will also formalise our risk management framework, policies and procedures for climate change disclosures and environmental risk management in a manner that commensurate with the Group's size,

nature of activities and risk profile. This is in line with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, as per the SGX latest changes for sustainability reporting and the MAS guidelines on environmental risk management.

ACKNOWLEDGEMENT AND APPRECIATION

I would like to reiterate my gratitude to our management for their stellar leadership and our committed colleagues for their tremendous hard work and care they have shown to our customers and to each other, and not least for the outstanding financial performance and many non-financial achievements over the past year. To our valued customers and shareholders, thank you for your continued trust in and unwavering support for the Group.

We wish to record our deep appreciation for Mr Ng Tat Pun, who stepped down from the Board in April 2021, for his invaluable contributions during his nine-year tenor as Director and six years as Chairman. His leadership coupled with extensive knowledge and broad experience in banking and risk management has helped the Group to steer through many challenging times. The Board is also grateful for his great emphasis on digital transformation and strong corporate governance culture in the Group.

We also welcome Ms Quan Wai Yee, who was appointed on 27 April 2021, to our Board. The Board has benefited greatly from her perspective and insights since her appointment. I also wish to acknowledge and appreciate my other fellow Board members for their counsel and wise insights.

As the Board looks back at the last two years of the pandemic, and witnesses the Group's strength and adaptability to excel and thrive throughout this period, it gives us confidence that the same spirit of resilience and perseverance will persist in the future to generate sustainable value to all our stakeholders.

CHEE JIN KIONG

Chairman
24 February 2022

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 Chee Jin Kiong
Mr Lee Sze Siong
Ms Lim Lee Mei
Ms Rena Hioe Siew 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
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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

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Singapore 068899
Tel: (65) 6438 7060
Fax: (65) 6305 0281
Email: investor_relations@sif.com.sg



BOARD OF DIRECTORS

AS AT 24 FEBRUARY 2022



STANDING FROM THE LEFT –

MR LEE SZE SIONG, MR MICHAEL LAU HWAI KEONG, MR CHEE JIN KIONG, MR JOSEPH TOH KIAN LEONG,
MS QUAN WAI YEE, MR LEE SZE LEONG

MR CHEE JIN KIONG, 75**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:

7 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 Appointments:

- Nil

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

- Nil

MR LEE SZE LEONG, 63**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:

33 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 Appointments:

- 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 Secretary)
- 61st Singapore Chinese Chamber of Commerce & Industry (SCCCI) (Vice-President)
- Tanjong Pagar – Tiong Bahru Citizens' Consultative Committee (Honorary Chairman)
- Singapore Hokkien Huay Kuan (Vice-President)
- Singapore Chinese Dance Theatre (Chairman)
- Singapore Hokkien Huay Kuan Cultural Academy Pte Ltd (Director)
- The Hokkien Foundation (Director)
- Yunnan Realty Pte Ltd (Director)

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

- Nil

MR LEE SZE SIONG, 60**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:

24 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 Appointments:

- 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

BOARD OF DIRECTORS

AS AT 24 FEBRUARY 2022

MR MICHAEL LAU HWAI KEONG, 61

Role:

- Non-Executive and Independent Director

Date of first appointment as a director:

2 January 2019

Date of last re-election as a director:

24 April 2019

Length of service as a director:

3 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 Appointments:

- Octagon Advisors Pte Ltd (Senior Managing Director, Advisory Services)
- Octagon Advisors (Shanghai) Co Ltd (Director)
- BeerCo Limited (Independent Director)

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

- Thai Beverage Public Company Limited

MR JOSEPH TOH KIAN LEONG, 66

Role:

- Non-Executive and Independent Director

Date of first appointment as a director:

2 January 2019

Date of last re-election as a director:

24 April 2019

Length of service as a director:

3 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 Appointments:

- Nil

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

- Nil

MS QUAN WAI YEE, 56

Role:

- Non-Executive and Independent Director

Date of first appointment as a director:

27 April 2021

Length of service as a director:

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 Appointments:

- Nil

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

- Nil



Strength in Adversity

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 2021 ("FY2021"), 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 35 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. Control 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 stakeholders, 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.

An induction programme was conducted for Ms Quan Wai Yee, a new director appointed in 2021. Accounting matters, risk-related issues, regulatory compliance updates, legal and other industry-specific topics were included in the induction programme. Department Heads of various departments conducted presentations on key functions and responsibilities of the respective departments to enable Ms Quan WaiYee to gain a better understanding of the businesses and operations of the Company.

In addition to the above and in compliance with Rule 210(5)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual"), Ms Quan Wai Yee who is a first-time director of a listed company attended the Listed Entity Director Programme conducted by Singapore Institute of Directors, so as to equip her with the relevant skills and knowledge to discharge her responsibilities effectively.

CORPORATE GOVERNANCE STATEMENT

CONTINUOUS DEVELOPMENT PROGRAMME 2021

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 "Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT)" topics on Money Laundering and Terrorist Financing typologies, Singapore Terrorism Financing National Risk Assessment and MAS Enforcement Report and Priorities in 2020/2021 were conducted in 2021 for directors. Furthermore, all directors also attended the "Cybersecurity Awareness Training" to help them to carry out their cybersecurity oversight duties, including cyber strategy development and governance.

In addition to the above, the Company also arranged for the directors to attend external courses in 2021, including "ACRA-SGX-SID Audit Committee Seminar", "SGX Regulatory Symposium 2021: Market Needs", "An Insider Guide to Cryptocurrency and Blockchain", "Sustainability Transformation", "MAS Guidelines on Individual Accountability and Conduct in Financial Institutions", "MegaTrends for the Next Normal", "Future of Assurance – Digital Risk" and "SID Directors Conference 2021".

The purpose of the Continuous Development Programme 2021 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 FY2021 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.

CORPORATE GOVERNANCE STATEMENT

MEETINGS OF THE BOARD AND BOARD COMMITTEES

The Board met 4 times during FY2021. 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.

The directors' attendance at the Board and Board Committees' meetings during FY2021 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	4	3	1	3	1
Mr Chee Jin Kiong	4	4	–	2	1	3	1
Mr Lee Sze Leong	4	–	4	3	–	–	1
Mr Lee Sze Siong	4	–	4	–	–	–	1
Mr Michael Lau Hwai Keong	4	2	4	1	–	3	1
Mr Joseph Toh Kian Leong	4	4	–	1	1	3	1
Ms Quan Wai Yee	2	2	3	–	–	3	–
Mr Ng Tat Pun	2	–	1	2	1	–	1

* From 1 January 2021 to 26 April 2021, the Board comprised of Mr Ng Tat Pun, Mr Lee Sze Leong, Mr Chee Jin Kiong, Mr Michael Lau Hwai Keong, Mr Lee Sze Siong and Mr Joseph Toh Kian Leong. From 27 April 2021, the Board comprises of Mr Chee Jin Kiong, Mr Lee Sze Leong, Mr Michael Lau Hwai Keong, Mr Lee Sze Siong, Mr Joseph Toh Kian Leong and Ms Quan Wai Yee.

** From 1 January 2021 to 26 April 2021, the AC comprised of Mr Joseph Toh Kian Leong, Mr Chee Jin Kiong and Mr Michael Lau Hwai Keong. From 27 April 2021, the AC comprises of Mr Joseph Toh Kian Leong, Ms Quan Wai Yee and Mr Chee Jin Kiong.

*** From 1 January 2021 to 26 April 2021, the RMC comprised of Mr Michael Lau Hwai Keong, Mr Ng Tat Pun, Mr Lee Sze Leong and Mr Lee Sze Siong. From 27 April 2021, the RMC comprises of Mr Michael Lau Hwai Keong, Ms Quan Wai Yee, Mr Lee Sze Leong and Mr Lee Sze Siong.

**** From 1 January 2021 to 26 April 2021, the NC comprised of Mr Ng Tat Pun, Mr Lee Sze Leong and Mr Chee Jin Kiong. From 27 April 2021, the NC comprises of Mr Michael Lau Hwai Keong, Mr Lee Sze Leong and Mr Joseph Toh Kian Leong.

***** From 1 January 2021 to 26 April 2021, the RC comprised of Mr Chee Jin Kiong, Mr Ng Tat Pun and Mr Joseph Toh Kian Leong . From 27 April 2021, the RC comprises of Mr Chee Jin Kiong, Ms Quan Wai Yee and Mr Michael Lau Hwai Keong.

***** 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

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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.

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. 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.

CORPORATE GOVERNANCE STATEMENT

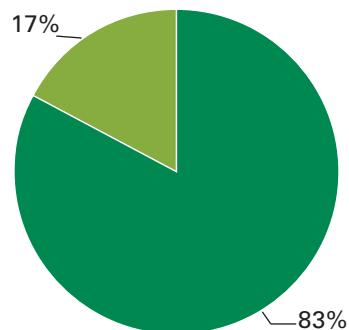
The appointment of directors should reflect a need to add complementary skills and experience to the Board. The Board believes that all Board appointments should be made on the basis of merit, with due regard to diversity.

The Board is of the view that gender is an important aspect of diversity and will strive to ensure that we have at least one female director on our board. In April 2021, the board appointed Ms Quan Wai Yee to our Board. The appointment of Ms Quan Wai Yee has broadened the composition and diversity of the Board.

The Board through the NC seeks 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

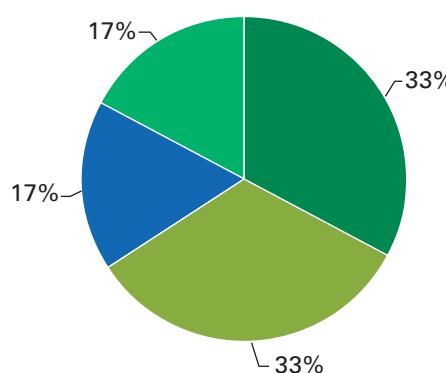
Board Gender Diversity

■ Male Director ■ Female Director



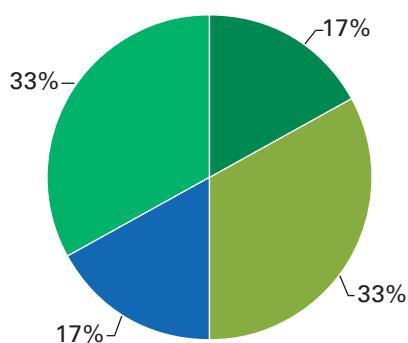
Age of Directors

■ 56 to 60 ■ 61 to 65 ■ 66 to 70 ■ 71 to 75



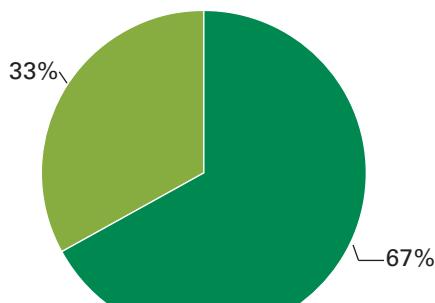
Length of Service

■ 0 to 1 year ■ 1 to 3 years ■ 3 to 5 years
■ 5 to 7 years ■ 7 to 9 years ■ > 9 years



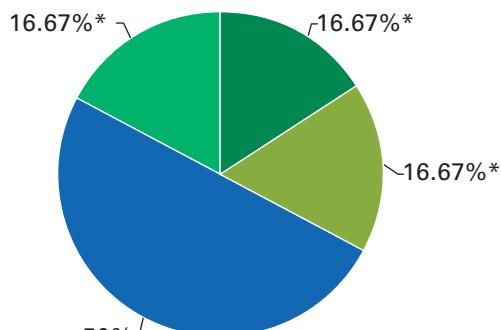
Board Independence

■ Independent ■ Non-Independent



Primary Industry Expertise

■ Accounting ■ Risk Management
■ Banking & Finance ■ Human Resource



*Rounded up to two decimal places.

CORPORATE GOVERNANCE STATEMENT

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.

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 Independent Chairman of the Board with all the Board members for follow up actions, if any.

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

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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.

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.

During the selection process of a new director in 2021, the NC proposed that the Board should consider a candidate with relevant experience in the banking business being the area in which the Company conducts

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its principal activities. The NC members agreed that a candidate with a strong banking experience would be able to contribute positively to the Board. In addition, the NC also suggested the appointment of a suitable female director in order to enhance the Board's gender diversity. The Board agreed with the recommendation of the NC and hence started the process to search for an appropriate candidate via the networks of the existing directors.

Following the rigorous review by the NC and approval by the Board, Ms Quan Wai Yee was appointed as a new director in view of her strong credentials and all-rounded background. Ms Quan Wai Yee is a highly respected senior bank executive with an outstanding track record in the industry.

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.

The directors standing for re-election at the forthcoming AGM pursuant to the Company's Constitution are Mr Joseph Toh Kian Leong (Non-Executive and Independent Director), Mr Michael Lau Hwai Keong (Non-Executive and Independent Director) and Ms Quan Wai Yee (Non-Executive and Independent Director).

The NC has evaluated and recommended to the Board that Mr Joseph Toh Kian Leong, Mr Michael Lau Hwai Keong and Ms Quan Wai Yee be re-elected as directors at the forthcoming AGM by virtue of their skills, experience and contributions to the Board's deliberations. 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 Joseph Toh Kian Leong, Mr Michael Lau Hwai Keong and Ms Quan Wai Yee, who are the directors seeking re-election at the forthcoming AGM, is set out in pages 162 to 173.

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 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 FY2021.

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.

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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.

All directors have met the above requirements on time commitment as required by the Board for FY2021. 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 SENIOR MANAGEMENT

The NC conducts an annual review of succession planning to ensure the continuity of leadership for key Board members and senior management. 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 FY2021.

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;

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- 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 FY2021.

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 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 FY2021 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 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.

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PricewaterhouseCoopers Singapore Pte Ltd ("PwC") was engaged in 2021 to review the remuneration packages of the executive directors. PwC is independent and not related to SIF or any of its directors.

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;
- 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 mainly 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 consists of SIF Performance Share Plan and cash incentives, such as variable bonus. 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 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.

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A corporate risk scorecard is added to the remuneration framework to help ensure that there is a balance between business and risk taking and to ensure that the structure of 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.

DIRECTORS' REMUNERATION

The remuneration of each director has been disclosed to the nearest thousand dollars with 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.

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 to be paid to the Non-Executive Directors 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 154.

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 FY2021, 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 director or the CEO. The remuneration of our 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 154, 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.

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

CORPORATE GOVERNANCE STATEMENT

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 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 FY2021.

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 also 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 FY2021, 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.

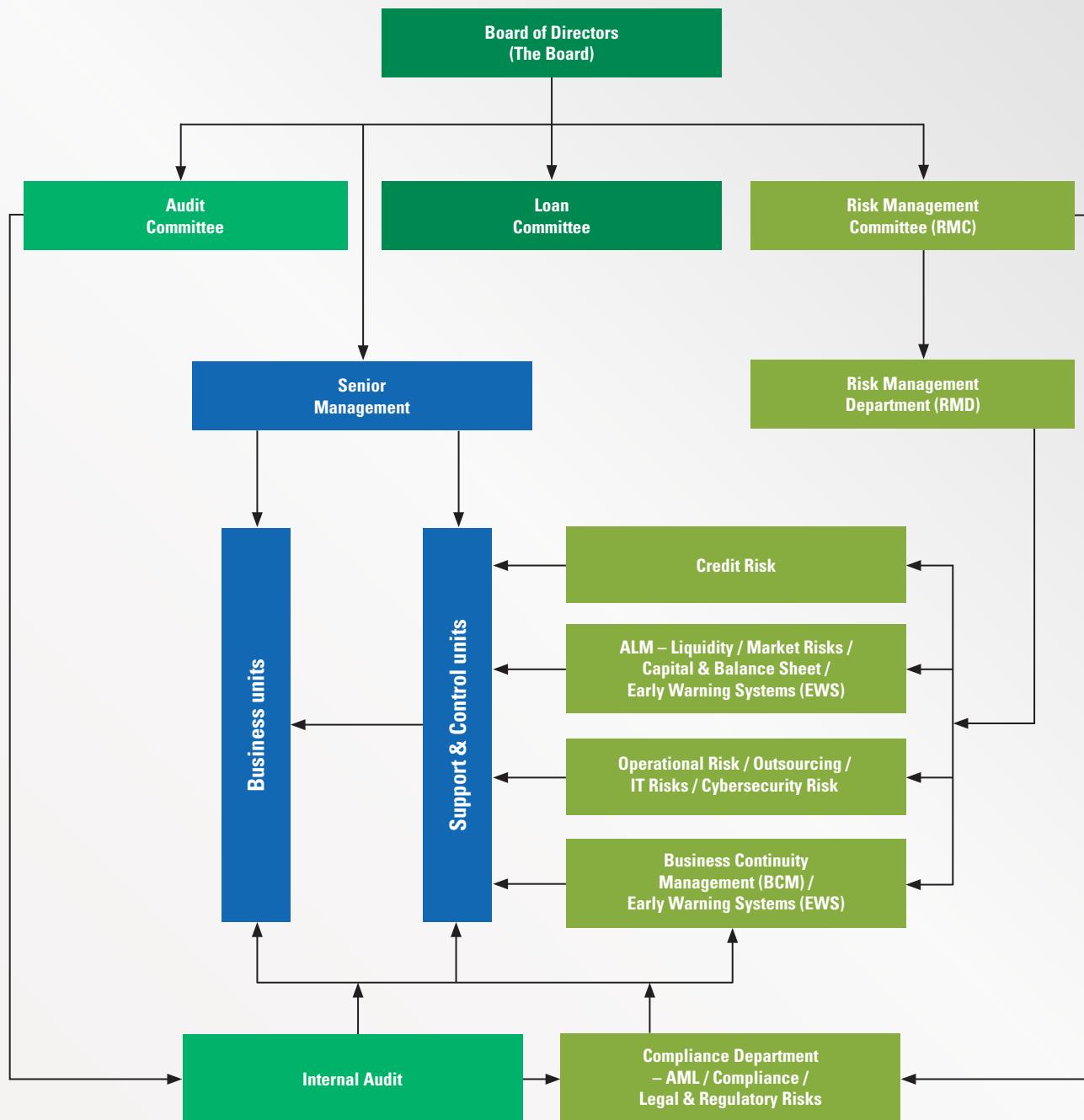
The Group's EWRM framework establishes the governance, accountability, policies and processes to ensure that major risk types and exposures are identified, measured, managed, controlled and reported. The framework provides the Board and Management with the necessary tools to anticipate and manage both 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 FY2021, 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 senior bank executive with more than 30 years of experience in the financial industry. Her expertise spans 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.

CORPORATE GOVERNANCE STATEMENT

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 FY2021, the AC's activities, in line with its terms of reference, included:

- Reviewing the significant financial reporting issues and judgements so as to uphold 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;
- 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 updated 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	<p>The level of judgements and estimates required in determining the ECL allowances for non-credit impaired loans and advances remained significant in 2021 due to the uncertainties in economic outlook caused by border curbs, supply-chain bottlenecks and uneven paths of recovery across economic sectors. However, compared to 2020, the level of uncertainties was lower, largely due to the better macroeconomic outlook of the Singapore economy compared to a year ago.</p> <p>The AC together with RMC have given careful consideration to 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 its impact to the financial statements.</p> <p>The AC together with RMC also reviewed and considered the judgemental post model adjustments being applied to the ECL estimates.</p> <p>During the year, AC and RMC regularly reviewed the allocation of exposures between the different stages and considered the appropriateness of the criteria in identifying the significant increase in credit risk for the staging of loans into Stage 2 in accordance with SFRS (I) 9: Financial Instruments.</p> <p>The AC has discussed ECL allowance for non-credit impaired loans with Management and the external auditors and was satisfied that the overall loan impairment allowances, the underlying assumptions and the methodologies were reasonable and consistently applied.</p> <p>The AC, in discussion with Management and external auditors, was also satisfied with the post model adjustments applied to account for limitations in the ECL models.</p>
Loss allowances for Stage 3 credit-impaired loans and advances	<p>The AC reviewed the Company's Loan Policy for classification of impaired loans, in accordance with MAS Notice 811 and 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.</p> <p>The AC also examined the procedure to ascertain the level of allowances, including judgements used in estimating the forced sale value of the applicable collaterals.</p> <p>The AC, in discussion with Management and external auditors, was satisfied that the level of loan allowances for the impaired loans was reasonable and appropriate.</p>

CORPORATE GOVERNANCE STATEMENT

Following the review and discussions, the AC recommended to the Board to approve the audited financial statements for FY2021.

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 FY2021 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.

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

CORPORATE GOVERNANCE STATEMENT

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 in 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 FY2021.

With the ongoing COVID-19 pandemic, the Company continues to hold the AGM virtually for the protection and safety of shareholders. Shareholders may participate by watching the AGM proceedings via "live" webcast or listening to the AGM proceedings via "live" audio feed. Shareholders may submit questions related to the resolutions to be tabled for approval at the AGM. The Company will endeavour to address all relevant questions at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms.

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.

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

CORPORATE GOVERNANCE STATEMENT

- 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 FY2021 is shown in page 157 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 stakeholders' 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 page 40 of the Sustainability Report for more information on the Company's strategy and key areas of focus in engagement with its stakeholders.

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

CORPORATE GOVERNANCE STATEMENT

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 FY2021 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 FY2021 is shown in page 139.

INTERESTED PERSON TRANSACTIONS

In accordance to Rule 907 of the Listing Manual of the SGX-ST, details of the interested person transactions are required to be disclosed in the annual report. For the financial year ended 31 December 2021, there was no interested person transaction.

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

Except for the 3-year tenancy agreement entered into with Sing Holdings Limited in 2019, 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 FY2021.

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 one month before the announcement of the Company's half year and full year financial statements.

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 2022

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	REMUNERATION MATTERS	SHAREHOLDER RIGHTS AND RESPONSIBILITIES
The Board's Conduct of Affairs	Procedures for Developing Remuneration Policies	Shareholder Rights and Conduct of General Meetings
<u>Principle 1</u>	<u>Principle 6</u>	<u>Principle 11</u>
Provision 1.1 Page 13	Provision 6.1 Pages 22 to 23	Provision 11.1 Page 32
Provision 1.2 Pages 13 to 14	Provision 6.2 Page 22	Provision 11.2 Page 32
Provision 1.3 Page 14	Provision 6.3 Page 22	Provision 11.3 Page 32
Provision 1.4 Page 14	Provision 6.4 Pages 22 to 23	Provision 11.4 Page 32
Provision 1.5 Page 15		Provision 11.5 Page 32
Provision 1.6 Pages 15 to 16		Provision 11.6 Pages 32 to 33
Provision 1.7 Page 16		
Board Composition and Guidance	Level and Mix of Remuneration	Engagement with Shareholders
<u>Principle 2</u>	<u>Principle 7</u>	<u>Principle 12</u>
Provision 2.1 Page 16	Provision 7.1 Page 23	Provision 12.1 Page 33
Provision 2.2 Page 16	Provision 7.2 Page 23	Provision 12.2 Page 33
Provision 2.3 Page 16	Provision 7.3 Page 23	Provision 12.3 Page 33
Provision 2.4 Pages 16 to 18		
Provision 2.5 Page 18		
Chairman and Chief Executive Officer	Disclosure on Remuneration	MANAGING STAKEHOLDERS RELATIONSHIPS
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SUSTAINABILITY REPORT

ABOUT THIS REPORT

The Board of Directors ("The Board") is pleased to present our Sustainability Report for 2021 ("SR"). This report supplements the financial and risk disclosures found elsewhere in the Annual Report, by presenting the non-financial aspects of the Group's sustainability efforts and practices.

The report seeks to provide both internal and external stakeholders with an overview of the Company's strategies, management and monitoring of material factors, in relation to Environmental, Social and Governance ("ESG") matters. The SR also outlines our sustainability practices, initiatives and progress made in 2021, together with targets for the next year.

The reporting period for the SR is from 1 January 2021 to 31 December 2021, and is part of our Annual Report.

SCOPE

The SR covers the operations of Sing Investments & Finance Limited and its fully owned subsidiary Sing Investments & Finance Nominees (Pte.) Ltd in Singapore.

REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The disclosures are in adherence to the Singapore Exchange (SGX) Listing Rule 711 (A) and (B) requirements on the primary components to be included in a sustainability report. The GRI Standards were adopted by the Group, due to the good principles and performance indicators provided by GRI, to assist the Group in implementing and reporting on our sustainability policies, practices, performance and targets. The GRI Content Index can be found on pages 55 to 58.

To help our stakeholders assess our overall ESG progress, we also observed the principles of accuracy, balance, clarity, comparability, reliability and timeliness in our reporting.

With effect from next financial year ending 31 December 2022, we will also be adopting the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, in line with the latest changes to SGX listing rules for sustainability reporting.

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Environmental Footprint

Responsible Financing

55

BOARD STATEMENT

In 2021, with the pandemic entering into its second year as well as the commitment out of the CP26 summit in Glasgow, there was a greater urgency to address ESG matters, especially on the issue of climate change. Many regulators have issued new regulations for more disclosures, and new guidelines for the management of environmental risk. In our context, our exposure to industry sectors with high or elevated ESG risk is low (about 2% of our total loan portfolio). Notwithstanding our low exposure, in line with good sustainability practices, we have incorporated the guidelines on Responsible Financing issued by Association of Banks in Singapore ("ABS") into our credit risk policy and procedures. We recognise that as a financial institution, we too can play the role of an agent of change for our customers to transit to more environmental friendly solutions. This will be a key focus for 2022, where we aim to train and build the capability of our relationship managers to help our customers mitigate their environmental risks. This is not done in isolation, but collectively by the relevant departments in the credit life cycle, together with risk management team, so that the overall management of environmental risk can be enhanced.

In our digitalisation journey to provide an improved and more seamless service to our customers, the Group achieved a major milestone with the pilot launch of **SIF BIZ**, our mobile app and web based online internet banking for our corporate customers. This is in addition to our existing mobile app, **SIF Mobile**, for our retail customers. Currently, **SIF BIZ** is on a pilot run with selected customers and the full launch is targeted to be in the first quarter of 2022. Another key initiative was the adoption of robotic process automation ("RPA"), so that our staff can be deployed to more value-added and fulfilling work, instead of high volume repetitive and routine processes. These initiatives are part of the progress the Group has made in the social aspect of the ESG in 2021.

In the area of governance under ESG, we are truly humbled and honoured by the recognition accorded by the industry. For the first time, we were ranked 10th among the 519 listed companies surveyed for the Singapore Governance Transparency Index ("SGTI"), despite our relatively small market capitalisation. We are also delighted to receive the Corporate Excellence and Resilience Award (Small Cap) under the special edition of Singapore Corporate Awards for 2020/2021. In addition, we were the winner for the Singapore Corporate Governance Award (Small Cap) by Securities Investors Association Singapore ("SIAS"), whereby companies' sustainability practices were integrated into the score card for this award for the first time.

During the year, the Group also conducted a review of the material ESG factors to ensure they remain relevant to our business and developing trends in our industry. With this review we have refreshed our sustainability framework, and aligned the material ESG factors under each pillar of the framework. We believe this alignment would provide greater clarity on our framework and how these material ESG factors are integrated into our business model and strategy. The three pillars of our sustainability framework are: "Creating Value to all our stakeholders", "Upholding our Values" and "Protecting the Environment We Value". Please refer to the section on "Our Approach to Sustainability" for more details.

Looking ahead to 2022, the Group will move forward to continue to embed the ESG practices across the Group, including the incorporation of climate change-related risks within our risk management framework, training our colleagues and engaging our customers more on environmental matters.

OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is to ensure that the environmental and social issues are well integrated with our business operational model and are subject to strong governance oversight by our management and the Board. We seek to align the consideration of sustainability issues with our business strategies, considering at both the risks and opportunities in a holistic and balanced manner.

It is with the same approach that the Board decided that we need to refresh the sustainability framework to provide better perspective as well as realignment of the material ESG factors in a more coherent way.

SUSTAINABILITY REPORT

SUSTAINABILITY FRAMEWORK

Our sustainability framework sets up our strategic priorities and helps to guide our approach to further enhance and embed environmental, social and governance matters into our business operations. We have also assessed the material ESG factors in order to identify, prioritise and integrate them into the respective pillars of our sustainability framework.

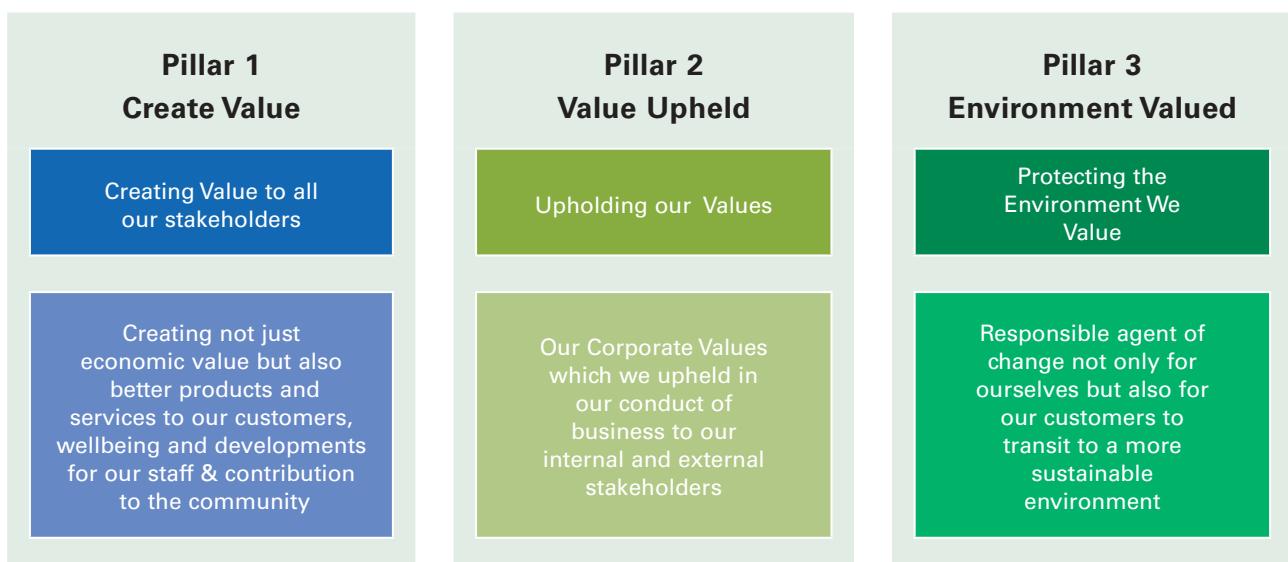
The three pillars for our sustainability framework are: "Creating Value to all our stakeholders", "Upholding our Values" and "Protecting the Environment We Value". Supporting these pillars are 9 material ESG factors to manage and monitor our progress in the sustainability journey. The first pillar focuses on the question of the "Why", the purpose and responsibilities of Sing Investments & Finance Limited ("SIF") and the value we create for our stakeholders. The second pillar focuses on the "How"; the way we carried out our business activities, while the third pillar focuses on being a responsible corporate citizen on protecting the environment.

For the first pillar of creating value, the key focus is not only on the financial and economic value creation and distribution to all stakeholders but also the non-financial value of supporting our customers through digitalisation and better service. We also create value for our staff by taking care of their wellbeing and helping in their career development. In addition, we also contribute back to the local community through service and monetary means.

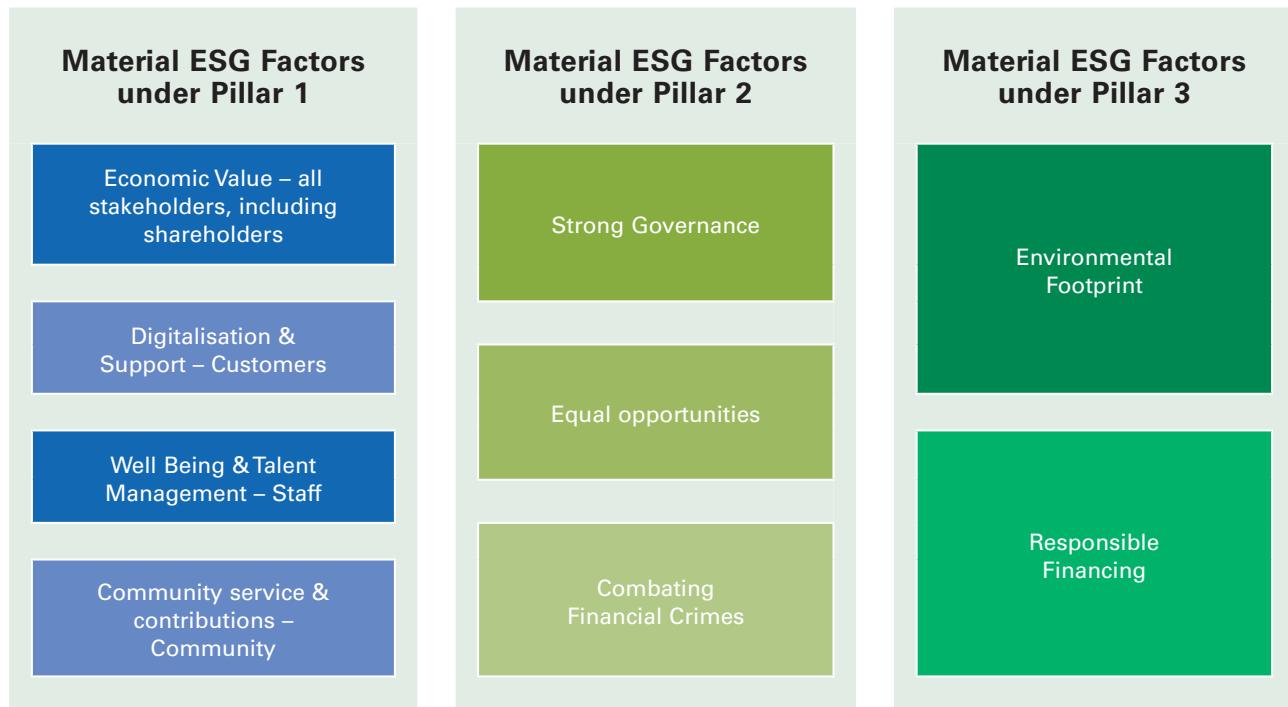
The second pillar's focus is on our Group's values. These include strong governance and transparency, diversity and equal opportunities for the employees and the importance of robust internal controls to prevent financial crimes and data breaches.

The last pillar emphasises on our part as a responsible corporate citizen to mitigate the environmental risk by reducing our environmental footprint and engaging in responsible financing. We also aim to be an agent of change, partnering our customers to empower and support them to adopt more environmental friendly solutions.

3 PILLARS OF THE SUSTAINABILITY FRAMEWORK



9 MATERIAL ESG FACTORS



SUSTAINABILITY GOVERNANCE

The Board has overall responsibility for sustainability and its related report, and has put in place a strong governance framework in managing our businesses effectively and responsibly. The Board, with the support from the Risk Management Committee, approves the sustainability framework and determines the material ESG factors which are relevant to the Group under each of the sustainability pillars. The Risk Management Committee also oversees the review, management and monitoring of these material ESG factors to ensure risks and opportunities are appropriately balanced.



The Sustainability Steering Committee has been assigned by the Board to oversee the on-going review, monitoring and management of our sustainability efforts and material ESG factors. The Committee reports regularly to the Risk Management Committee, which in turn reports to the Board on matters and issues relating to sustainability.

SUSTAINABILITY REPORT

Supporting the Sustainability Steering Committee are the relevant heads of department, who have been delegated with specific sustainability responsibilities, tasks and targets. The progress and results are consolidated and monitored by the Sustainability Steering Committee, which in turns reports to the Risk Management Committee and the Board.

Internal audit team also reviews the design of sustainability policies, the compliance with the policies and the sustainability reporting process, including internal controls to ensure the quality of data being produced and reported, as part of their audit function.

STAKEHOLDER ENGAGEMENT

Since the start of the COVID-19 pandemic in 2020, our engagements with our stakeholders have evolved. The pace of change around our stakeholders' priorities and the ESG landscape facing our business have increased the need for us to have more regular communications with our stakeholders and explore new ways of engaging with them, to remain a relevant and trusted financial service provider.

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

Stakeholders	How we engaged them	Their expectations	How we met their expectations
Customers 	<ul style="list-style-type: none"> - Interactions at branches - Face to face meetings - Customer service hotline - Marketing campaigns - Feedback via SIF mobile app and website channels 	<ul style="list-style-type: none"> - Health and safety at company premises - Digital enabled services and channels - Fair dealing - Competitive products and services - Data privacy and security - Prompt service and resolution of complaints 	<ul style="list-style-type: none"> - Health and safety monitoring - SIF mobile app and digital enabled services on company website - Active listening & professional and ethical standards in business conduct - Providing new products and services by leveraging new technologies - Strong data security - Good customer service and prompt resolution of feedback and complaints
Regulators 	<ul style="list-style-type: none"> - Regular dialogues, updates and consultation with regulators - Supportive of industry-wide initiatives to strengthen the soundness of the financial industry - Participate in compliance program and survey 	<ul style="list-style-type: none"> - Adherence to laws and regulations - Support to foster a sound and progressive financial industry - Controls to mitigate technology risks and financial crimes 	<ul style="list-style-type: none"> - Strong compliance culture and framework - Supportive of industry-wide initiatives, where applicable - Robust processes, policies and controls to address technology risks, financial crimes, including money laundering and financing of terrorism
Employees 	<ul style="list-style-type: none"> - One-to-one sessions, virtually or face-to-face - Feedbacks in the course of work and appraisals - Staff satisfaction survey 	<ul style="list-style-type: none"> - Health and safety at work - Work-life balance - Career development - Fair employment and trust and respect from employer 	<ul style="list-style-type: none"> - Safe distancing and health measures in place - Flexibility and support for working from home - Training opportunities & career development - Talent management and retention - Fair human resource policies & appraisal systems

Stakeholders	How we engaged them	Their expectations	How we met their expectations
Investors 	<ul style="list-style-type: none"> - Addressing all the substantive and relevant questions raised by shareholders - Annual reports - Half-year financial results - SGXNet Announcements 	<ul style="list-style-type: none"> - Stable and sustainable growth - Soundness of funding and capital position - Returns to shareholders - Strong corporate governance and transparency - Timely disclosures 	<ul style="list-style-type: none"> - Competent Board of Directors and Management staff - Ensuring strong liquidity and capital position - Maintaining sustainable dividend pay-out - Robust corporate and risk governance - Timely disclosure and reporting
Community 	<ul style="list-style-type: none"> - Community engagement programs & donations - Recycling programs 	<ul style="list-style-type: none"> - Good corporate citizen - Positive contribution to environment 	<ul style="list-style-type: none"> - Giving back to the society through our corporate social responsibility activities & donations - Effort to reduce environmental footprints

MATERIALITY ASSESSMENT

The Sustainability Steering Committee, which comprises senior management and key managerial staff of SIF, identifies and assesses the material ESG factors, based on internal relevance and external expectation. These are submitted to the Risk Management Committee for endorsement before being recommended to the Board for approval.

These material ESG factors are reviewed on an annual basis to ensure that they remain relevant to the Group, in light of a fast evolving landscape. The Sustainability Steering Committee also ensures that sustainability policies and practices are in place, and formulates the appropriate targets in our sustainability agenda for the Risk Management Committee's consideration.

Following the 2021 review and assessment, we have re-aligned the 9 material factors under the refreshed sustainability framework. The reason why these factors are material to the Group, and our approach to these material factors are elaborated under the respective material factors in the report.

SUSTAINABILITY PILLAR 1- CREATING VALUE FOR ALL OUR STAKEHOLDERS ECONOMIC VALUE

WHY IS THIS MATERIAL TO US?

Sustainable growth and creation of long-term value to all our stakeholders have always been SIF's goals. We recognise that in order to create long-term shareholder value we must address the needs of other stakeholders and attain our ESG goals and targets. We also ensure that the direct economic value created by SIF is appropriately distributed to our shareholders, our employees, our service providers and to the government via income tax and indirect taxes.

OUR MANAGEMENT APPROACH

SIF commits to deliver sustainable growth and long-term value to all our stakeholders. Together with the creation of direct economic value, we recognise that it is equally important to ensure that the value is appropriately distributed to our employees, service providers and the government. To our shareholders, SIF seeks to provide sustainable dividends 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 and strong capital position.

SUSTAINABILITY REPORT

SIF registered a record net profit after tax of \$31.4 million in the year 2021, 60% higher compared to a year ago. With the strong financial performance, the Board is pleased to recommend a first and final dividend of 8 cents per share for the financial year 2021, 4.4 cents higher than last year when MAS called on the Singapore banks and finance companies to cap dividends for capital preservation. The proposed dividends are subjected to approval by shareholders at the coming Annual General Meeting.

Table 1: Direct Economic Value created and distributed

\$'000	2019	2020	2021
Total Income	50,464	55,053	64,969
Staff Cost	16,077	15,975	18,096
Operating costs (exclude depreciation)	9,060	8,088	6,488
Income Tax expenses	2,101	3,640	5,886
Profit After Tax	20,018	19,602	31,433
Dividend*	9,458	5,675	12,610
Retained in the business	10,560	13,927	18,823

*Dividend for 2021 subjected to shareholders' approval

Apart from generating strong economic value for all stakeholders, being a well-capitalised and trusted financial institution is just as important. Hence our objective is also to ensure steady growth in shareholders' equity and maintain a buffer for our regulatory capital position. We are pleased to have surpassed the \$400 million mark for our equity balance and a strong capital adequacy ratio of 17%, 2.6 percentage points higher compared to that at the end of 2019.

Table 2: Shareholders' Equity and Capital Adequacy Ratio

	2019	2020	2021
Total Shareholders' equity (\$'000)	372,981	387,464	405,765
Capital Adequacy Ratio (%)	14.4	16.3	17.0

We did well in 2021 to fulfil this material ESG factor of economic value and will continue to strive for sustainable long-term growth and share the value created appropriately with all our stakeholders.

Targets for FY 2022
Sustainable Value Creation for stakeholders
To continue achieving sustainable growth and creating long-term value for all stakeholders
Well Capitalised and Trusted Finance Company
Continuing to have a buffer above the regulatory capital requirements and grow the shareholders' equity balance

SUSTAINABILITY PILLAR 1 – CREATING VALUE FOR ALL OUR STAKEHOLDERS

DIGITALISATION AND SUPPORT – CUSTOMERS

WHY IS THIS MATERIAL TO US?

Digitalisation is no longer an optional, good to have feature in our service to customers. Most, if not all of our customers expect us to leverage and harness technology to provide seamless and convenient service. The Covid-19 pandemic has also accelerated the pace of digital adoption by our customers, including the seniors. Hence, improving our digital capability and our products is of paramount importance and we will continue to forge ahead in our digital transformation.

Being able to support our customers through both fair and hard times, coupled with fair dealing, are also hallmarks of the Group's proposition of a trusted financial partner. Hence, we will continue to fulfil this role to support our customers to meet their financing needs.

OUR MANAGEMENT APPROACH

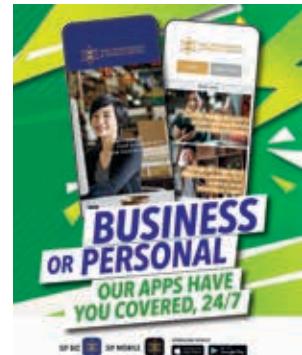
SIF commits to continue improving our digital capability in order to deliver more digital products, as well digital channels, to serve our customers. SIF is also committed to support our customers, within our risk appetite, through challenging times.

All customers' complaints and feedback are handled independently by the Compliance department, together with relevant business units, to ensure prompt follow-up and resolutions.

NEW CORPORATE INTERNET BANKING APP, SIF BIZ

We have been working hard to improve our digital capabilities. Following the success of our SIF Mobile App and the web-based online services for retail customers as well as joining the FAST network, SIF has launched the **SIF Corporate Internet Banking App, SIF BIZ**. This initiative is in its pilot run with selected customers, at the date of this report. **SIF BIZ App** will be another milestone in our digital roadmap to deliver seamless and convenient financial services with great customer experience, to all our customers.

With digitisation, we see more opportunities to introduce new and innovative products and services, as well as to implement paperless processing and adoption of e-statements, which would also reduce our environmental footprint.



SUPPORTING ENTERPRISES

Although Singapore's economy has rebounded in 2022, some business sectors are still severely affected by the restrictions and uncertainties caused by the pandemic and are facing cash flow difficulties. For our customers who faced temporary financing issues due to COVID-19 uncertainties or other reasons, we have been supportive in providing credit relief in the form of temporary deferment of instalment payments or additional credit facilities, where possible.

In the year 2021, SIF stepped up our efforts to offer the unsecured Temporary Bridging Loans and SME Working Capital Loans to our customers jointly with Enterprise Singapore. The financing provided to our customers under the initiatives increased by 16.2% as at 31 December 2021 compared to a year ago.

We are pleased that in 2021, the Group has made progress in meeting this material ESG factor. We will continue to build up our digital capabilities and strive to continue to provide support to customers.



SUSTAINABILITY REPORT

Targets for FY 2022

Digitalisation

Full launch of the **SIF BIZ** applications to all our corporate customers.

Support and Service

Continue to work on new products or service.

Prompt resolutions for Customer's complaints

SUSTAINABILITY PILLAR 1- CREATING VALUE FOR ALL OUR STAKEHOLDERS WELLBEING & TALENT MANAGEMENT – STAFF

WHY IS THIS MATERIAL TO US?

Our employees are our key assets and we believe that SIF is only as good as our human capital. We have a responsibility to our employees to provide a workplace that is safe, supportive of their wellbeing, and enables them to have a fulfilling work life. Talent is a critical element for any company and we will continue to endeavour to attract, develop and retain the best talents for our Company.

OUR MANAGEMENT APPROACH

We are committed to care for our employees, to uphold their wellbeing and to support the career development of every individual in our Group. We listen to staff concerns and are flexible with working arrangements, especially in the midst of the pandemic. With the evolving business landscape and changing demands of our customers for financial products and services, employee training and development is another crucial element of SIF's people strategy. We believe that our continued efforts to train and develop our employees help motivate them to achieve better performance to support our business growth, and improve staff retention.

SAFETY & HEALTH

SIF spares no effort to protect the health and safety of our employees, customers and business partners. We go beyond compliance and government-mandated protection to implement best practices that minimise the risk of COVID-19 infection at our branches and workplaces.

Continued mandating weekly ART tests for our employees who return to office even after the "Vaccinate or Regular Test" regime ended in January 2022 exemplifies the importance we place on keeping people safe.

Our Safe Management Measures include:

Strict & timely adherence to Singapore Government's advisories & SMMs

Steps above mandatory measures, including weekly ART even after "Vaccinate or Regular Test" regime ended

Safe distancing and hygiene procedures for interaction between our employees and customers and with each other

SIF Mobile and online portal to minimize mobility and visits to our branches

Safe Management Captains on every floor of our to ensure safety of customers and staff

Regular cleaning and thorough disinfection in accordance with the guidelines of MOH and NEA

Business Continuity Plan with mitigating controls to ensure sustainability of banking services

With the implementation of our safety precautions, we are pleased to report that there has been no major disruption to our business and health incidents due to COVID-19 infections since the start of the pandemic.

Besides caring for their safety, we are dedicated to listen to our colleagues. In 2022, SIF will initiate its first Staff Satisfactory Survey to improve our engagement with co-workers and to gain insight on the employee experience. The results of the survey will help guide management decisions and actions to make SIF a happier and more fulfilling workplace.

MORE FULFILLING WORK SCOPE

The Group is implementing work-flow automation in order to improve the efficiency of our operations. In 2021, we successfully adopted robotic process automation ("RPA") for high volume, repetitive and routine processes in the Credit Documentation and Credit Operations departments. This has enabled our staff to be deployed to handle higher value-added and more fulfilling work. The feedback from our employees has been very positive and encouraging, and we will do more to RPA where possible.

FLEXIBLE WORKING ARRANGEMENTS

Apart from physical safety and workflow automation, we are also cognisant of the other aspects of staff wellbeing. The management has been accommodative to accede to requests of staff in terms of their work arrangements, whether it be hybrid arrangements or working from home for a longer period of time.

DEVELOPING OUR HUMAN CAPITAL

The training target set for 2021 was 15 hours per staff. We exceeded target with an average of 16.73 hours of training per staff despite the disruptions brought on by COVID-19, where physical classes cancelled or postponed. We overcame the challenges by having webinars, online learning and small-scale team-based workshops with proper safe distancing measures. Our staff adapted well to these new training arrangements.

With the COVID-19 situation largely stabilized, we plan to leverage on available grants to continue to upskill our workforce, especially non-managerial employees whose training hours have been below average.

Table 3: Average hours of training by Gender

Ave Training Hours by Gender	2019	2020	2021
Male	12.82	17.21	24.14
Female	18.25	14.57	13.47
All staff	15.0	15.03	16.73

Table 4: Average hours by Employee Category

Ave Training Hours by Employee Category	2019	2020	2021
AM and below	19.46	9.97	11.95
AVP to EVP	10.63	26.76	25.92
AGM to MD	19.92	43.34	16.38

Targets for FY 2022
Wellbeing
Continue to harness technology to improve workflows Conduct staff satisfaction survey to listen to their feedback
Training and Education
Average training hours per staff of 15 hours

SUSTAINABILITY REPORT

SUSTAINABILITY PILLAR 1 – CREATING VALUE FOR ALL OUR STAKEHOLDERS COMMUNITY SERVICE AND CONTRIBUTIONS – COMMUNITY

WHY THIS IS MATERIAL TO US?

Giving back to the community in Singapore has always been a crucial element of our corporate values. We believe in building strong bonds not only with our customers and colleagues, but also with the community at large.

OUR MANAGEMENT APPROACH

We are committed to supporting vulnerable groups in the community. Before the onset of the pandemic, we have organised programs to bring the elderly to visit popular tourist attractions, and treated them with a sumptuous lunch. In 2020, our staff volunteered at “Willing Hearts” to distribute food packs to the homes of the disadvantaged. We hope to be able to restart such programs as soon as the situation allows us to do so in a safe manner. In the meantime, we will continue to look out for appropriate needs and causes where we can contribute.

Share-a-Gift

In December 2021, SIF participated in this annual Christmas charity project – “Share-a-Gift” project – organised by the Singapore Boys’ Brigade. With over 40,000 beneficiaries seeking to fulfil their wishes through the Boys’ Brigade project, we were heartened to be able to contribute towards making the festive season, a little more special for the children, elderly and special needs persons under Bethesda Care Services.

In keeping with the safe management measures during the pandemic, our staff volunteered in teams of no more than five, to purchase, wrap and distribute the gifts. Beyond Christmas, the spirit of giving continues and we will endeavour to do our part to help build an inclusive and caring society that we all wish to be a part of.

Other Contributions

In the year 2021, the Group also contributed to the Yellow Ribbon, as well as the Ren Ci Hospital for fund raising events.



People Targets for FY 2022

To provide community service and more staff participation, where the situations permit

SUSTAINABILITY PILLAR 2 – UPHOLDING OUR VALUES

STRONG GOVERNANCE

WHY THIS IS MATERIAL TO US?

Strong governance is the foundation of ESG and is the overarching element that should be present in all our sustainability practices. Having appropriate controls and oversight of our business is essential for us to be a good steward of the wealth and wellbeing of all our stakeholders. We also need strong governance to retain and build on the trust which our stakeholders have entrusted to us.

OUR MANAGEMENT APPROACH

SIF has always committed ourselves to uphold the highest standards of integrity in our business conduct. We believe that sustaining high quality governance requires the leaders to lead by example in order to inspire every employee of SIF to take individual ownership of their responsibilities and adhere to our standards of professionalism.

GOVERNANCE AND TRANSPARENCY

In 2021, we are proud to rank 10th in the vast pool of 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 highly regarded index for multiple years.



SIF believes 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. 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.

AWARDS & ACCOLADES

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 the year 2021 are as follows:

Corporate Excellence & Resilience Award	Singapore Corporate Governance Award 2021
Special Edition of Singapore Corporate Awards for 2020/2021 Small Cap Category	An Investors' Choice Award – Small Cap Category

In addition, SIF continues to be included in the SGX FastTrack program since its inception, a program that recognises companies with high corporate governance standards and a good track record of quality submission.

Since 2014, SIF has attained Premium status under the GST-Assisted Compliance Assurance Program ("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.

SUSTAINABILITY REPORT

STRONG RISK CULTURE

SIF believes that a strong risk culture is vital to our business strategy. We strive to balance the risk and return equation to ensure that SIF can optimise our profits within our risk appetite which is approved by the Board. Great emphasis has also been placed on staff training programmes, including technology risk and regular communications, to ensure that risk behaviours and practices are consistent across functions, with everyone at SIF embracing and complying with our risk culture.

CODE OF CONDUCT AND ETHICS POLICY

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

The Company has put in place a whistle blowing policy which provides an avenue for all staff and the public to raise concerns, in confidence and without fear of reprisal, on possible wrong doings by SIF staff members for appropriate investigation and action. The Company ensures the confidentiality of the whistle blower and allows disclosures to be made anonymously.

In addition, great emphasis has also been placed on staff training programs to promote awareness of fraud risks and to ensure that fraud risk management practices are consistent across functions.

There were no cases of non-compliance with regulations and voluntary codes concerning marketing communications by SIF during 2021.

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

For more information, please refer to Principle 12 "Audit Committee" for Whistle Blowing Policy of the Corporate Governance Report.

Targets for FY 2022

Effective Compliance and Risk Management

- To disclose the number of incidents of misconduct and actions taken;
- To disclose the number of material non-compliance with laws and regulations; and
- To ensure all staff are trained and refreshed in the fraud awareness and whistle-blowing

SUSTAINABILITY PILLAR 2 – UPHOLDING OUR VALUES

EQUAL OPPORTUNITIES

WHY THIS IS MATERIAL TO US?

Ensuring equal opportunities for all employees and diversity in the workforce provides the right working environment for trust and respect among our staff, and fosters greater teamwork, creativity and innovation.

OUR MANAGEMENT APPROACH

At SIF, we believe that fair employment makes good business sense, especially with the diverse workforce in Singapore. Our hiring practices are fair, merit-based and non-discriminatory. We provide equal opportunity to anyone who seeks employment positions with SIF.

Diversity is strength

We recognise that everyone is unique and we at SIF value the diversity of our workforce and practice inclusion at our workplace. 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 14% of our employees have been with the Company for more than 20 years.

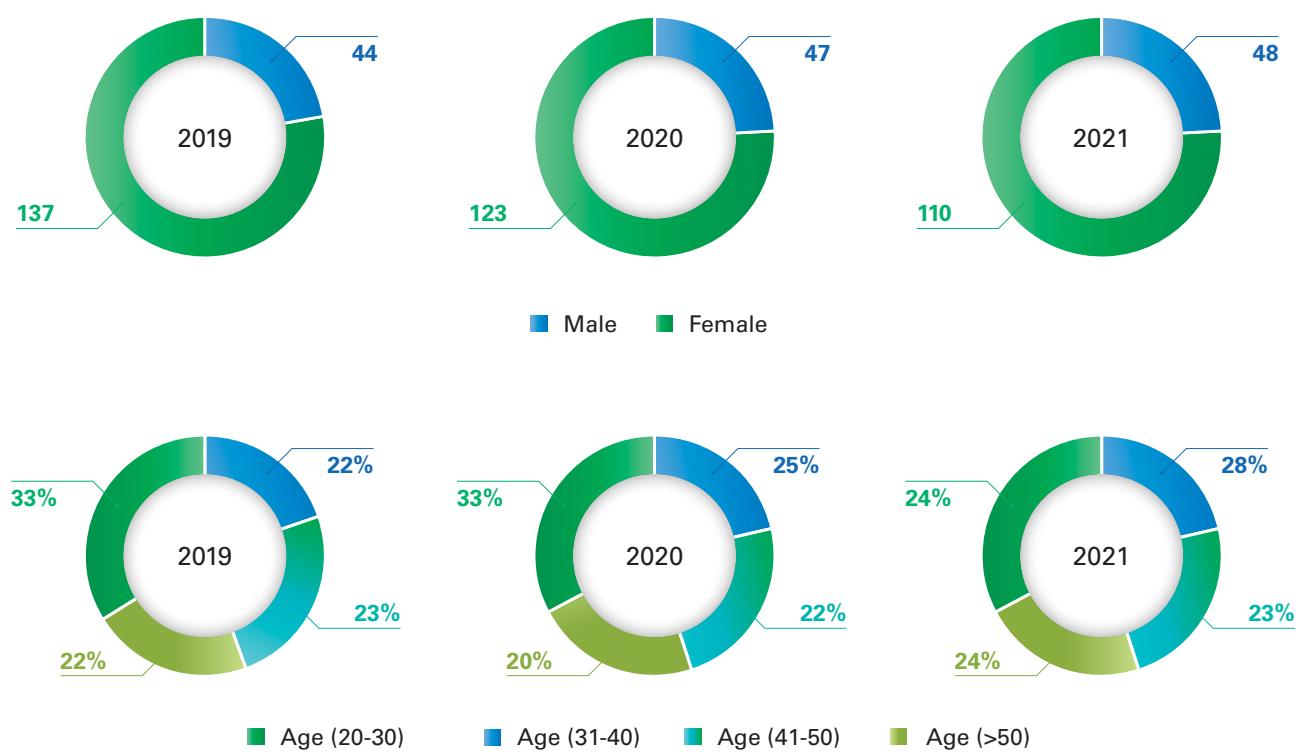
There is no lack of female talents in our management team. In 2021, 62% of our management team is made up of female leaders, including department heads. We have a good mix of talents from both genders.

We are pleased that Ms Quan Wai Yee has joined SIF as an independent and non-executive director from 27 April 2021, further increasing diversity at our Board of Directors.



With our merit-based hiring, close to half of our new hires in 2021 were 40 years old and above, an area of major focus in Singapore Government's Professionals, Managers, Executives and Technicians ("PMETs") career support programs.

Table 5: Information on employees by gender and age



SUSTAINABILITY REPORT

Table 6: Management by gender

Year	Male	Female
2019	33%	67%
2020	36%	64%
2021	38%	62%

Note: Management team comprises heads of department

Table 7: New hires and Resignation by age group and gender

Year	Male	Female
2019 - New hire	31%	69%
2020 - New hire	45%	55%
2021 - New hire	56%	44%

Year	Male	Female
2019 - Resignation	26%	74%
2020 - Resignation	25%	75%
2021 - Resignation	35%	65%

Year	Age (20-30)	Age (31-40)	Age (41-50)	Age (> 50)
2019 - New hire	55%	19%	19%	7%
2020 - New hire	36%	23%	23%	5%
2021 - New hire	38%	15%	18%	29%

Year	Age (20-30)	Age (31-40)	Age (41-50)	Age (> 50)
2019 - Resignation	46%	26%	18%	11%
2020 - Resignation	28%	23%	33%	18%
2021 - Resignation	50%	15%	17%	17%

Note: None of our staff are eligible for collective bargaining under the Memorandum of Understanding.

Targets for FY 2022
Equal Opportunities

To maintain a balanced gender and age mix for the workforce in 2022

SUSTAINABILITY PILLAR 2 – UPHOLDING OUR VALUES

COMBATING FINANCIAL CRIMES

WHY THIS IS MATERIAL TO US?

Financial crimes in the form of money laundering, financing of terrorism as well as data breaches, can result in financial losses and potential reputation risk to the institution and overall financial system. Hence, we need to always be vigilant and build resilience to combat financial crimes and safeguard the trust of our stakeholders.

OUR MANAGEMENT APPROACH

We approach these threats by having preventive, detective as well as corrective measures. To prevent money laundering and terrorist financing, we conduct due diligence of our customers during the boarding process and provide mandatory training and refresher courses for the staff on these areas in order to better detect suspicious transaction. Reporting procedures to report suspicious transactions to Compliance Department and the authorities, if necessary, are well established and complied with.

We have also implemented measures to help counter cyber threats, including increased communication with and education of our customers and staff on cyber security.

COMBATING FINANCIAL CRIME

The Group has in place a robust Anti Money Laundering (“AML”) Policy and Framework as well as operating procedures that comply with applicable laws, regulations and professional standards.

Communications and training in 2021 include the following:

- All employees are required to complete training on anti-money laundering on an annual basis.
- All employees are required to read and confirm in writing that they have read the Code of Conduct, which contains our stance on anti-corruption, on an annual basis.

We also communicate and train staff on the importance of customer privacy. In 2021, no substantiated complaints were received concerning customer privacy.

Regular communication to staff and customers is carried out via internal emails or on our website to alert them of potential cyber threats and the need for vigilance against such threats.

All employees are also required to complete and pass the annual e-learning course on data security and cyber threat.

For more information, please refer to Principle 11 “Risk Management and Internal Controls” for Compliance Department under the Corporate Governance statement.

Targets for FY 2022

Continue to mandate compulsory training on AML and cyber security
Disclose any substantial complaints received concerning breaches of customer privacy

SUSTAINABILITY REPORT

PILLAR 3 – PROTECTING THE ENVIRONMENT WE VALUE

ENVIRONMENT FOOTPRINT

WHY IS THIS MATERIAL TO US?

In every society and business, a healthy environment is needed to thrive and grow. As a responsible corporate citizen, we strive to do our part to reduce our environmental footprint in order to protect our ecosystem that supports life on our planet. Not doing so would present existential risks to the long-term viability of our business and the wellbeing of our stakeholders.

OUR MANAGEMENT APPROACH

We are committed to the adoption of more environmentally-friendly practices so as to reduce our environmental footprint. Our approach is to reduce, recycle, replace and remove. We seek to reduce the consumption of electricity and water, based on the total consumed volume as well as on per staff basis. We continue to embark on recycling programs on paper and e-waste. We also plan to replace lights and other electrical appliances to eco-friendlier options. The fourth method is to reduce the need for paper, through emailing e-statements to customers and implementing paperless processing internally. Lastly, we seek to source for our supplies from vendors, who possess upstanding sustainability practices.

ELECTRICITY AND WATER CONSUMPTION

The Group managed to achieve a small saving in the total electricity consumption in 2021 as compared to a year ago, and sustained our energy usage per staff. Similarly, we made a small saving in total water consumption as compared to last year, but saw a small uptick in our water usage per staff. The key reason for low water consumption in 2020 was due to the lock-down when there were fewer employees in the office. Compared to the pre-pandemic period in 2019, water consumption per staff has dropped significantly from 37.22 to 31.99 M³/staff.

Table 8.1 & 8.2: Electricity & water consumption – Total & per staff

Table 8.1

Energy Consumption	MWh (group wide)	MWh/staff
2019	1,285	6.84
2020	1,144	6.64
2021	1,088	6.64

Table 8.2

Water Consumption	M ³ (group wide)	M ³ /staff
2019	6,997.1	37.22
2020	5,325.0	30.96
2021	5,246.0	31.99

Note: The date for prior years' energy and water consumption in some of our SIF's premises were on a best estimates basis as some data was not available. This has no material impact on the total consumption of energy and water by SIF.

RECYCLING PROGRAM

SIF Recycling Program 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 program was also partly disrupted by the pandemic, we rose above the challenge and successfully recycled 2,017 kg of waste paper in 2021, 26% more than a year ago.

1.2 TONS

OF E-WASTE RECYCLED IN 2021

Recycled Waste (Kg)	Sept to Dec 2019	2020	2021
Paper	606	1,604	2,017

In addition to paper recycling, we have recycled 1.2 tons of e-waste in 2021.

REPLACEMENT PROGRAMS

Due to the disruption caused by the pandemic, the plan to fully replace current fluorescent lighting for all the floors in SIF Building with LED lights was further delayed. To-date, only the lights on the first floor of SIF building have been replaced with LED lights. We will try to replace the lights on the other floors of the building with LED lights as soon as we can. We expect the new LED lights to bring noticeable savings in our energy consumption in 2022.

REMOVE THE NEED FOR PAPER

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. We see more opportunities for paperless processing through digitalisation and will continue to encourage our customers to switch to e-statements.

SUSTAINABLE SOURCING

SIF 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.

SUSTAINABILITY REPORT

Targets for FY 2022

- To continue our efforts to reduce energy and water consumption per staff
- To increase recycling output by 10%
- To replace the current lightings to LED lights for the main office premise
- To increase the number of customers opting for e-statement

PILLAR 3 – PROTECTING THE ENVIRONMENT WE VALUE

RESPONSIBLE FINANCING

WHY IS THIS MATERIAL TO US?

Being a lending institution, we should practise responsible financing in order to avoid lending activities that cause adverse environmental impact. It is therefore important for us to assess the potential impact on the environment as a result of the activities we finance.

OUR MANAGEMENT APPROACH

We note that our exposure to entities in the sectors considered as high or elevated Environmental, Social and Governance ("ESG") risks, as identified in the Association of Banks in Singapore ("ABS") guidelines on Responsible Financing, is small (about 2% of our total loan portfolio).

However, in line with good sustainability practices, we see the need to incorporate the ABS guidelines into our credit risk policy and procedures. This will help raise the Group's awareness and assessment of the ESG risks in our credit process. In 2021, we updated our credit policy, and established general and sector specific responsible financing checklists.

Moving into 2022, the key focus will be on training and capability building for our relationship managers to operationalise these procedures. This will be done in collaboration with the risk management team, so that the overall risk management of environmental risks can be enhanced. We will also be guided by the MAS guidelines on environmental risk management, and ensure that these new policy and procedures are in line with our size, the nature of our business and our risk profile.

The other specific area is the impact of climate change. In this regard, we will be making the TCFD disclosure in our next sustainability report.

Targets for FY 2022

- Training and build capability in responsible financing
- Disclose climate change impact as per TCFD recommendations
- Introduce new risk management policy and procedures on environmental risk

GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES

GRI Reference	Disclosure title	Where have we disclosed this?
102-1	Name of the organization	Sing Investments & Finance Limited
102-2	Activities, brands, products, and services	Please refer to "About us".
102-3	Location of headquarters	96 Robinson Road #01-01 Singapore 068899
102-4	Location of operations	Singapore
102-5	Ownership and legal form	Public Limited Company listed on the Singapore Exchange
102-6	Markets served	Please refer to "About us".
102-7	Scale of the organization	Please refer to "5 years financial summary"
102-8	Information on employees and other workers	Please refer to "Equal Opportunities".
102-9	Supply chain	Please refer to "Sustainable Sourcing".
102-10	Significant changes to the organization and its supply chain	There were no significant changes in our organizational profile during the reporting period.
102-11	Precautionary Principle or approach	SIF does not explicitly follow the precautionary principle or approach in its risk management framework. However, we will continue to contribute to society by generating profits responsibly.
102-12	External initiatives	We have applied the GRI standards in preparation of our Annual Report.
102-13	Membership of 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
102-14	Statement from senior decision-maker	Please refer to "Chairman's statement"
102-16	Values, principles, standards, and norms of behaviour	Please refer to "Pillar 2 – Upholding our Values".
102-18	Governance structure	Refer to "Sustainability Governance."
102-40	List of stakeholder groups	Please refer to "Stakeholders engagement".
102-41	Collective bargaining agreements	Please refer to "Equal Opportunities".
102-42	Identifying and selecting stakeholders	Please refer to "Stakeholders engagement".
102-43	Approach to stakeholder engagement	Please refer to "Stakeholders engagement".
102-44	Key topics and concerns raised	Please refer to "Stakeholders engagement".
102-45	Entities included in the consolidated financial statements	Refer to "Scope of report".

SUSTAINABILITY REPORT

GRI Reference	Disclosure title	Where have we disclosed this?
102-46	Defining report content and topic Boundaries	Refer to "Sustainability Governance".
102-47	List of material topics	Refer to "Sustainability Framework".
102-48	Restatements of information	Restatements of information, where applicable, are noted within the relevant data sets.
102-49	Changes in reporting	There are no significant changes in scope and aspect boundaries.
102-50	Reporting period	This report covers the period 1 January to 31 December 2021.
102-51	Date of most recent report	31 December 2021
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	investor_relations@sif.com.sg
102-54	Claims of reporting in accordance with the GRI Standards	SIF had chosen the "in accordance – core" option to focus on the matters most material to our stakeholders.
102-55	GRI content index	This appendix is the GRI content index.
102-56	External assurance	This report has not been externally assured.

TOPIC-SPECIFIC DISCLOSURES

GRI Reference	Disclosure title	Where have we disclosed this?
103-1	Explanation of the material topic and its Boundary	Please refer to "Economic Value".
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
201-1	Direct economic value generated and distributed	
103-1	Explanation of the material topic and its Boundary	Please refer to "Digitalisation and Support".
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
203-2	Significant indirect economic impacts	

GRI Reference	Disclosure title	Where have we disclosed this?
103-1	Explanation of the material topic and its Boundary	Please refer to "Strong Governance".
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-2	Communication and training about anti-corruption policies and procedures	Please refer to "Combating Financial Crimes".
417-3	Incidents of non-compliance concerning marketing communications	Refer to "Code of Conduct and Ethics Policy"
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Refer to "Code of Conduct and Ethics Policy"
103-1	Explanation of the material topic and its Boundary	Please refer to "Wellbeing & Talent Management".
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
401-1	New employee hires and employee turnover	Please refer to "Equal Opportunities".
404-1	Average hours of training per year per employee	Please refer to "Developing our Human Capital".
403-6	Promotion of worker health	Please refer to "Safety & Health".
404-3	Percentage of employees receiving regular performance and career development reviews	100% of eligible employees received regular performance and career development reviews in 2021
103-1	Explanation of the material topic and its Boundary	Please refer to "Environment Footprint".
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
302-1	Energy consumption within the organization	Please refer to "Environmental Footprint".
306-2	Waste by type and disposal method	Please refer to "Environmental Footprint".

SUSTAINABILITY REPORT

GRI Reference	Disclosure title	Where have we disclosed this?
103-1	Explanation of the material topic and its Boundary	Please refer to "Community Service"
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
413-1	Operations with local community engagement, impact assessments, and development programs	

PERFORMANCE REVIEW

1. PERFORMANCE REVIEW

	2021 \$'000	2020 \$'000	Variance +/- (%)
Selected Income Statement Items			
Net interest income	58,819	47,040	25.0
Non-interest income	6,150	8,013	(23.2)
Total income	64,969	55,053	18.0
Operating expenses	(26,813)	(26,286)	2.0
Profit from operations before allowances	38,156	28,767	32.6
Allowances for credit losses on loans and other assets	(837)	(5,525)	(84.9)
Profit before income tax	37,319	23,242	60.6
Profit after tax attributable to equity holders of the Company	31,433	19,602	60.4
Selected Balance Sheet Items			
Total equity	405,765	387,464	4.7
Total assets	2,920,103	2,850,450	2.4
Loans and advances	2,140,813	2,077,683	3.0
Deposits and balances of customers	2,293,465	2,278,708	0.6
Key Financial Ratios (%)			
Net interest margin	2.1	1.7	
Non-interest income-to-total income	9.5	14.6	
Cost-to-income ratio	41.3	47.7	
Loans-to-deposits ratio	93.3	91.2	
Non-performing loans ratio	1.7	2.8	
Return on equity ⁽¹⁾	7.7	5.1	
Return on total assets ⁽²⁾	1.1	0.7	
Capital adequacy ratio	17.0	16.3	
Per Ordinary Share Data			
Basic earnings per share (cents)	19.9	12.4	
Net asset value per share (\$)	2.6	2.5	

(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.

EARNINGS FOR THE YEAR

For the financial year 2021, the Group achieved a record net profit after tax of \$31.4 million, 60.4% higher than the \$19.6 million posted in the previous year. The strong performance was largely driven by the expansion of net interest margin by 40 basis points to 2.1%. Total income rose by \$9.9 million or 18% to \$65.0 million whilst operating expenses increased by \$0.5 million or 2% compared to the preceding year. Profit from operations before credit loss allowances improved by \$9.4 million to \$38.2 million or 32.6% higher than a year ago. Lower additional net allowance of \$0.8 million was set aside in FY2021, compared to \$5.5m allowance made in FY2020, in line with the better macroeconomic outlook.

Net interest income grew by \$11.8 million or 25.0% to \$58.8 million compared to \$47.0 million in 2020. This was primarily attributable to the lower interest expense. Net interest margin expanded to 2.1% for the year 2021 from 1.7% a year ago as the lower cost of deposits more than compensated for the decline in yield for interest earning assets.

Non-interest income decreased by \$1.9 million or 23%, largely due to lower government grant received from the Job Support Scheme.

PERFORMANCE REVIEW

Operating expenses increased slightly by \$0.5 million or 2% but at a slower pace than the 18% growth in total income, which resulted in 6.4 percentage points improvement in the cost-to-income ratio to 41.3% for 2021. The increase in the operating expenses was due mainly to higher staff cost which rose by \$2.1 million but was cushioned by lower business expenditures.

Additional net allowances for credit losses of \$0.8 million were made in FY2021, with specific allowance offset by write-back in general allowance. Write-back of \$2.5 million of general allowances for non-impaired assets was made, in line with the improvement in Singapore's macroeconomic outlook. 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 \$63.1 million or 3.0% to \$2.14 billion as at 31 December 2021. The increase was in line with the overall improvement in business activities and momentum as Singapore's economy stabilised from the uncertainties caused by the pandemic a year before. In tandem with the loan growth, deposits and balances of customers grew by \$14.8 million or a marginal 0.6% to \$2.29 billion at the end of 2021. Loan-to-deposit ratio was 93.3% at the end of 2021 compared with 91.2% at the end of 2020.

SHAREHOLDERS' EQUITY AND DIVIDENDS

Total shareholders' funds rose 4.7% to \$405.8 million in line with the strong earnings for 2021. Total assets increased by 2.4% or \$69.7 million to record high of \$2.92 billion at the end of 2021 primarily due to loan growth.

In line with higher earnings in comparison to last year, return on equity improved to 7.7% in 2021 from 5.1% a year ago. Net asset value per share grew by 11 cents to \$2.57 at the end of 2021.

Lifted by the strong earnings of FY2021, Group's capital adequacy ratio also strengthened further to 17.0% at 31 December 2021 from 16.3% a year ago.

In line with the Group's record performance for FY2021, the Board of Directors is pleased to recommend a first and final dividend of 8 cents per share one-tier tax exempt in respect of the financial year 2021 for approval by the shareholders at the forthcoming Annual General Meeting. This is significantly higher by 4.4 cents per share or more than double the 3.6 cents per share dividend for FY2020.

2. NET INTEREST INCOME

INTEREST-EARNING ASSETS & INTEREST-BEARING LIABILITIES

	2021			2020		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Interest-Earning Assets						
Loans and advances	2,220,409	66,586	3.0	2,146,366	72,594	3.4
Singapore Government Securities	297,611	5,085	1.7	280,637	5,759	2.1
Other interest-earning assets	284,564	1,722	0.6	352,473	4,960	1.4
Total	2,802,584	73,393	2.6	2,779,476	83,313	3.0
Interest-Bearing Liabilities						
Deposits and balances of customers	2,301,391	14,237	0.6	2,427,911	35,914	1.5
Enterprise Singapore loans (unsecured)	2,691	148	5.5	8,062	299	3.7
MAS Funding Loan/Bank Loan	185,920	186	0.1	48,724	55	0.1
Other liabilities	64	3	4.7	92	5	5.4
Total	2,490,066	14,574	0.6	2,484,789	36,273	1.5
Net interest income/margin as a percentage of interest-earning assets		58,819	2.1		47,040	1.7

Net interest income grew by \$11.8 million or 25.0% from a year ago to \$58.8 million due to lower interest expenses which declined by \$21.7 million or 59.8%. This more than offset the \$9.9 million or 11.9% decline in gross interest income. As a result, net interest margin improved by 40 basis points to 2.1% for 2021.

VOLUME AND RATE ANALYSIS

The table below shows the changes in interest income and interest expenses in 2021 over 2020 attributable to changes in volume and in rates. The key driver for the net favourable variance of \$11.8 million was the lower deposit rates paid to our depositors, which more than compensated for the decline in yield of interest earnings assets.

Increase/(Decrease) for 2021 over 2020	2021		
	Volume \$'000	Rate \$'000	Total \$'000
Interest Income			
Loans and advances	2,504	(8,512)	(6,008)
Singapore Government Securities	348	(1,022)	(674)
Other assets	(956)	(2,282)	(3,238)
Total	1,896	(11,816)	(9,920)
Interest Expense			
Deposits and balances of customers	(1,872)	(19,805)	(21,677)
Enterprise Singapore loans (unsecured)	(199)	48	(151)
MAS Funding Loan/Bank Loan	155	(24)	131
Other liabilities	(2)	–	(2)
Total	(1,918)	(19,781)	(21,699)
Net interest income	3,814	7,965	11,779

3. NON-INTEREST INCOME

	2021 \$'000	2020 \$'000	Variance +/(−) %
Fees and commissions	2,163	1,736	24.6
Dividends	171	189	(9.5)
Rental income from investment properties	2,896	3,156	(8.2)
Profit on Sale of SGS Portfolio	–	276	(100.0)
Government Grant	401	2,512	(84.0)
Others	519	144	260.4
Total non-interest income	6,150	8,013	(23.2)

Non-interest income decreased by \$1.9 million or 23.2% mainly attributable to lower government grant received from the Jobs Support Scheme. Fees and commissions increased by \$0.4 million or 24.6% as transactions grew with improved business sentiment during the year.

PERFORMANCE REVIEW

4. OPERATING EXPENSES

	2021 \$'000	2020 \$'000	Variance +/(-) %
Staff costs	18,096	15,975	13.3
Depreciation of property, plant and equipment	1,823	1,815	0.4
Depreciation of investment properties	378	378	-
Depreciation of right of use assets	28	30	(6.7)
Other expenses	6,488	8,088	(19.8)
Total operating expenses	26,813	26,286	2.0

Operating expenses increased by \$0.5 million or 2.0% in 2021. Increase in staff costs was largely cushioned by lower business related expenses. The 2% increase in operating expenses was significantly lower than the 18% growth in total income, resulting in an improvement in cost-to-income ratio to 41.3% from 47.7% in the previous year.

5. ALLOWANCES FOR CREDIT LOSSES ON LOANS AND OTHER ASSETS

	2021 \$'000	2020 \$'000	Variance +/(-) %
Allowances for impaired loans	3,357	2,294	46.3
Allowance for non-impaired assets	(2,520)	3,231	NM
Total allowances on loan losses	837	5,525	(84.9)

NM: Not meaningful

Specific allowances for credit losses for 2021 was higher by \$1.0 million compared the preceding year due to prudent provision for potential losses from customer exposures made in accordance with the Group's loan provisioning policy.

\$2.52 million of general allowance for non-impaired assets was written back in the year 2021 largely due to the better macroeconomic outlook of the Singapore economy compared to a year ago.

5 YEARS FINANCIAL SUMMARY

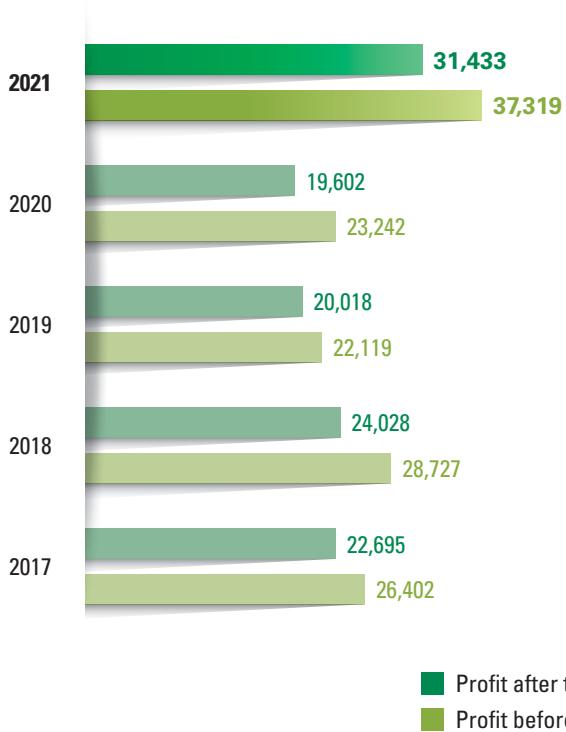
	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Total Income	64,969	55,053	50,464	51,824	51,780
Profit					
Profit before tax	37,319	23,242	22,119	28,727	26,402
Profit after tax	31,433	19,602	20,018	24,028	22,695
Share Capital					
Issued and Fully Paid	180,008	180,008	180,008	180,008	180,008
Capital Employed					
Total Assets	2,920,103	2,850,450	2,915,796	2,814,039	2,521,674
Net Assets	405,765	387,464	372,981	363,005	337,723
Volume of Business					
Loans	2,140,813	2,077,683	2,186,617	2,081,004	1,909,261
Deposits	2,293,465	2,278,708	2,497,637	2,402,886	2,141,763
Dividend And Earnings Per Share					
Dividend (net)	12,610	5,675	9,458	11,034	11,034
Dividend per share (cents)*	8.00	3.60	6.00	7.00	7.00
Earnings per share (cents)**	19.94	12.44	12.70	15.24	14.40
Return After Tax On Total Assets (%)	1.08	0.69	0.69	0.85	0.90
Return After Tax On Net Assets (%)	7.75	5.06	5.37	6.62	6.72
Net Tangible Asset Per Share (\$)	2.57	2.46	2.37	2.30	2.14
Number of Employees	155	167	181	174	164

* One-tier tax exempt dividend.

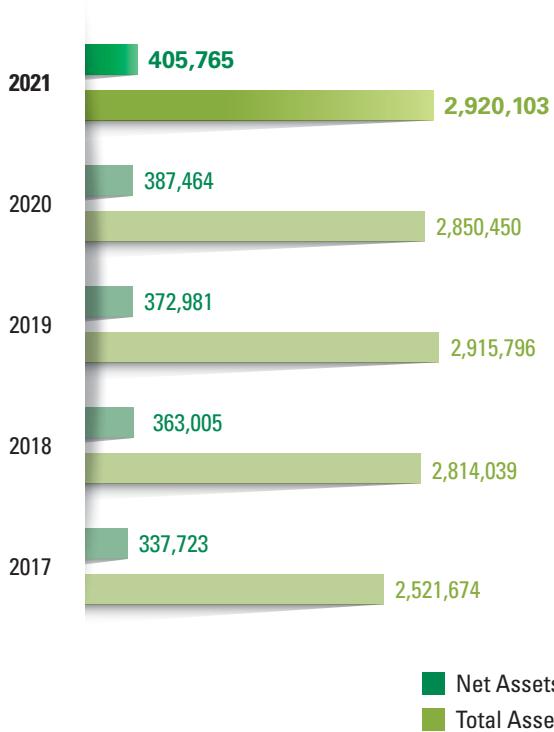
** Earnings per share is calculated based on the weighted average number of ordinary shares in issue during the year (FY 2017 to FY 2021: 157,625,764 shares).

5 YEARS FINANCIAL SUMMARY

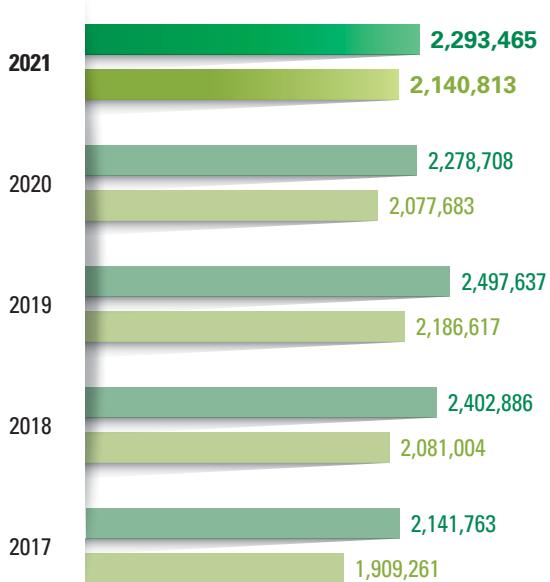
PROFIT (\$'000)



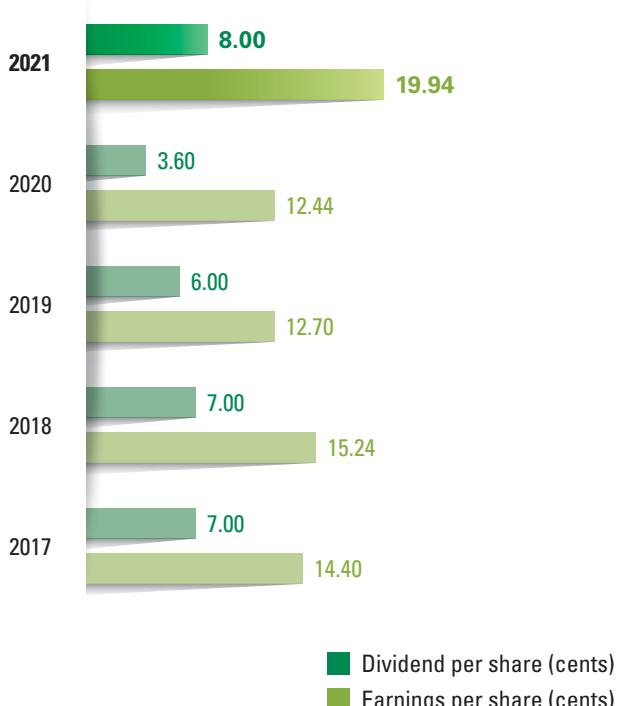
CAPITAL EMPLOYED (\$'000)



VOLUME OF BUSINESS (\$'000)



DIVIDEND AND EARNINGS PER SHARE (CENTS)





Scaling New Heights

FINANCIAL REPORTS

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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 2021.

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 75 to 153 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the 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

(Appointed on 27 April 2021)

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 Act except as follows:

Name of directors and company in which interests are held	Shareholdings in the name of the directors or nominee		Shareholdings in which the directors is deemed to have an interest	
	At beginning of the year/ (or date of appointment if later)	At end of the year	At beginning of the year/ (or date of appointment if later)	At end of the year
Sing Investments & Finance Limited (Ordinary shares)				
Mr. Lee Sze Leong	619,631	636,131	47,314,868	47,426,868
Mr. Lee Sze Siong	651,142	681,142	47,314,868	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 21 January 2022.

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;
- (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.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONTINUED)

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 2022

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 2021, 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 75 to 153.

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 2021 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 <p>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.</p> <p>Loans and advances constitute approximately 73.3% 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 2021, the expected credit losses on non-credit-impaired loans and advances was \$3.16 million.</p> <p>The determination of ECL involves the use of significant judgement and estimates including: forward looking macro-economic factors including the impact of the COVID-19 pandemic, 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.</p> <p>Given the significant judgements and high degree of estimation uncertainty involved in the determination of ECL arising from the matters described above, the size of the loan and advances, and the current economic uncertainty due to COVID-19, 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.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> • We tested the design, implementation and operating effectiveness of key controls over the determination of ECL which includes the following: <ul style="list-style-type: none"> 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 <i>Financial Instruments</i>. • We tested the accuracy of key inputs into the ECL model by comparing against source systems and documents. • 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
<p>Loss allowances for Stage 3 credit-impaired loans and advances</p> <p>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.</p> <p>As at 31 December 2021, the loss allowances for impaired loans was \$8.74 million.</p> <p>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.</p> <p>Given the significant judgements and high degree of estimation uncertainty involved, 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.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> • We tested the design, implementation and operating effectiveness of key controls over allowances for credit-impaired loans and advances, which includes the following: <ul style="list-style-type: none"> 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. This includes a sample of loans and advances which have been granted deferral of repayments and not identified as credit-impaired. • For selected credit-impaired loans, we evaluated management's estimation of recoverable cash flows, including 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, Directors' Statement, Board of Directors and Additional Information, 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 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 Responsibility 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 Responsibility 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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

24 February 2022

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")		298,623	370,620	298,572	370,560
Statutory deposit with the MAS Singapore Government		60,848	59,836	60,848	59,836
Securities and MAS bills	7	363,856	284,989	363,856	284,989
Investment in Equity Securities	7	5,669	4,292	5,404	4,003
Loans and advances	8	2,140,813	2,077,683	2,140,813	2,077,683
Other receivables, deposits and prepayments	6	4,921	6,227	4,921	6,227
Subsidiary	11	-	-	25	25
Property, plant and equipment	9	23,564	24,617	23,564	24,617
Investment properties	10	21,809	22,186	21,809	22,186
Total assets		2,920,103	2,850,450	2,919,812	2,850,126
LIABILITIES AND EQUITY					
Deposits and balances of customers	13	2,293,465	2,278,708	2,294,240	2,279,481
Other liabilities	14	20,635	23,855	20,159	23,375
Borrowings from MAS	15	190,806	147,168	190,806	147,168
Enterprise Singapore loans	16	1,118	4,670	1,118	4,670
Provision for employee benefits	17	248	396	248	396
Current tax payable		6,100	4,520	6,100	4,520
Deferred tax liabilities	12	1,966	3,669	1,932	3,630
Total liabilities		2,514,338	2,462,986	2,514,603	2,463,240
Equity attributable to equity holders of the Company					
Share capital	18	180,008	180,008	180,008	180,008
Reserves	19	225,757	207,456	225,201	206,878
Total equity		405,765	387,464	405,209	386,886
Total liabilities and equity		2,920,103	2,850,450	2,919,812	2,850,126
Off-balance sheet items					
Undrawn loan commitments	26	777,080	674,025	777,080	674,025
Guarantees issued	27	7,730	1,844	7,730	1,844
Total off-balance sheet items		784,810	675,869	784,810	675,869

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 \$'000	Group
Revenue				
Interest income and hiring charges	22	73,392	83,313	
Interest expense	22	(14,573)	(36,273)	
Net interest income and hiring charges		58,819	47,040	
Fees and commissions		2,163	1,736	
Dividends	22	171	189	
Rental income from investment properties		2,896	3,156	
Other income	22	920	2,932	
Income before operating expenses		64,969	55,053	
Staff costs	22	(18,096)	(15,975)	
Depreciation of property, plant and equipment	9	(1,823)	(1,815)	
Depreciation of investment properties	10	(378)	(378)	
Depreciation of right-of-use assets	6	(28)	(30)	
Other operating expenses	22	(6,488)	(8,088)	
Total operating expenses		(26,813)	(26,286)	
Profit from operations before allowances		38,156	28,767	
Allowances for credit losses on loans and other assets	4(b)	(837)	(5,525)	
Profit before income tax		37,319	23,242	
Income tax expense	23	(5,886)	(3,640)	
Profit for the year attributable to equity holders of the Company		31,433	19,602	
Earnings per share (cents)				
– Basic	24	19.94	12.44	
– Diluted	24	19.94	12.44	

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Group	2021 \$'000	2020 \$'000
Profit for the year		31,433	19,602
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on disposal of equity investments at FVOCI	147	17	
Net change in fair value of equity investments at FVOCI	768	(479)	
Income tax relating to items that will not be reclassified subsequently to profit or loss	(131)	79	
	784	(383)	
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of debt investments at FVOCI	(9,929)	5,965	
Net change in fair value of debt investments at FVOCI reclassified to profit or loss on disposal	-	(276)	
Income tax relating to items that may be reclassified subsequently to profit or loss	1,688	(967)	
	(8,241)	4,722	
	(7,457)	4,339	
Total comprehensive income for the year, net of tax	23,976	23,941	
Total comprehensive income for the year			

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	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 2021		180,008	120,864	9,940	13,771	62,881	387,464
<i>Total comprehensive income for the year:</i>							
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)	-
<i>Transactions with owners, recognised directly in equity:</i>							
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
Group							
Balance at 1 January 2020		180,008	115,965	9,940	9,446	57,622	372,981
<i>Total comprehensive income for the year:</i>							
Profit for the year		-	-	-	-	19,602	19,602
Other comprehensive income for the year – net		-	-	-	4,325	14	4,339
Total		-	-	-	4,325	19,616	23,941
Transfer to regulatory loss allowance reserve		-	-	-	-	-	-
Transfer from accumulated profits to statutory reserve		-	4,899	-	-	(4,899)	-
<i>Transactions with owners, recognised directly in equity:</i>							
Final one-tier tax exempt dividend paid for financial year 2019 of 6 cents per share	25	-	-	-	-	(9,458)	(9,458)
Balance at 31 December 2020		180,008	120,864	9,940	13,771	62,881	387,464

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

	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 2021		180,008	120,864	9,940	13,580	62,494	386,886
<i>Total comprehensive income for the year:</i>							
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)	-
<i>Transactions with owners, recognised directly in equity:</i>							
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
Company							
Balance at 1 January 2020		180,008	115,965	9,940	9,172	57,239	372,324
<i>Total comprehensive income for the year:</i>							
Profit for the year		-	-	-	-	19,598	19,598
Other comprehensive income for the year – net		-	-	-	4,408	14	4,422
Total		-	-	-	4,408	19,612	24,020
Transfer to regulatory loss allowance reserve		-	-	-	-	-	-
Transfer from accumulated profits to statutory reserve		-	4,899	-	-	(4,899)	-
<i>Transactions with owners, recognised directly in equity:</i>							
Final one-tier tax exempt dividend paid for financial year 2019 of 6 cents per share	25	-	-	-	-	(9,458)	(9,458)
Balance at 31 December 2020		180,008	120,864	9,940	13,580	62,494	386,886

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 \$'000	Group
Operating activities				
Profit before income tax		37,319	23,242	
Adjustments for:				
Impact of accrual of interest income		2,305	1,448	
Impact of accrual of interest expense		(5,922)	(10,194)	
Interest expense on lease liabilities		3	5	
Depreciation of property, plant and equipment	9	1,823	1,815	
Depreciation of investment properties	10	378	378	
Depreciation of right-of-use assets		28	30	
Allowances for credit losses on loans and other assets		837	5,525	
Gains on disposal of investments		–	(276)	
(Gain)/Loss on disposal/write-off of property, plant and equipment		(187)	2	
Dividends		(171)	(189)	
Operating cash flows before movements in working capital		36,413	21,786	
Changes in working capital				
Deposits and balances of customers		14,757	(218,929)	
Other liabilities		2,731	3,656	
Borrowings from MAS		43,638	147,168	
Enterprise Singapore loans		(3,552)	(5,337)	
Statutory deposit with the MAS		(1,012)	9,787	
Singapore Government Securities and MAS bills		(90,093)	36,524	
Loans and advances ¹		(64,569)	103,408	
Other assets		309	879	
Provision for employee benefits		(148)	(202)	
Cash (used in)/generated from operating activities		(61,526)	98,740	
Income taxes paid		(4,481)	(491)	
Net cash (used in)/generated from operating activities		(66,007)	98,249	
Investing activities				
Purchase of property, plant and equipment	9	(811)	(1,056)	
Purchase of equity securities		–	(286)	
Dividends received		113	130	
Proceeds from disposal of property, plant and equipment		187	–	
Proceeds from disposal of equity securities		227	212	
Net cash (used in) investing activities		(284)	(1,000)	
Financing activities				
Cash payments of lease liabilities		(31)	(33)	
Dividends paid	25	(5,675)	(9,458)	
Net cash (used in) financing activities		(5,706)	(9,491)	
Net (decrease)/increase in cash and cash equivalents		(71,997)	87,758	
Cash and cash equivalents at beginning of the year		370,620	282,862	
Cash and cash equivalents at end of the year		298,623	370,620	

¹ Changes in the loan movements exclude the non-cash movement for the conversion of loans to equity securities.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 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 2021 were authorised for issue by the Board of Directors on 24 February 2022.

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 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new or revised standards

On 1 January 2021, 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.

Interest Rate Benchmark Reform: Phase 2 Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 became effective on 1 January 2021. The Group has no transaction for which the benchmark rate need to be replaced with an alternative benchmark rate, hence the Group is not affected by these new requirements.

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 2021

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 2021

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 foregoing, 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 2021

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 2021

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 2021

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".

Measurement of ECL

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Impairment of financial assets (Continued)

Measurement of ECL (Continued)

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.

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", "High Risker" and "Impaired" to determine whether the financial instrument has experienced a significant increase in credit risk.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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.
- 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;
- (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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Impairment of financial assets (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Classification as debt or equity (Continued)

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.

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 2021

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 2021

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 – 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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment Property (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Revenue Recognition (Continued)

(a) Interest income and expense (Continued)

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.

(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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2021

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:

Significant increase of credit risk

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 forward looking information. In line with regulatory guidelines, customer's utilisation of relief measures due to Covid-19 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.

Models and assumptions used

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 2021

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 COVID-19 pandemic significantly impacted our determination of allowance for credit losses and required the application of heightened judgement. 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 current 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 arising from the COVID-19 pandemic together with the related governmental support to mitigate this severe impact 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 unprecedented macroeconomic scenarios arising from the COVID-19 pandemic.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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	
	2021 \$'000	2020 \$'000	2021 \$'000
Financial assets			
At amortised cost:			
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	298,623	370,620	298,572
Statutory deposit with the MAS	60,848	59,836	60,848
Loans and advances	2,140,813	2,077,683	2,140,813
Other receivables, deposits and prepayments	2,413	3,681	2,413
At FVOCI:			
Singapore Government Securities and MAS bills	363,856	284,989	363,856
Investment in Equity Securities	5,669	4,292	5,404
Financial liabilities			
At amortised cost:			
Deposits and balances of customers	2,293,465	2,278,708	2,294,240
Other liabilities	20,635	23,855	20,159
Borrowings from MAS	190,806	147,168	190,806
Enterprise Singapore loans	1,118	4,670	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)
- operational risk

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

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

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 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.

(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 ("ESG") loans with risk sharing with ESG, 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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)

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.

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 2021, 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 2021

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 paragraph below details 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:

Group	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
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
31 December 2020			
At amortised cost:			
Cash and deposit with banks and MAS	371,094	474	370,620
Other receivables, deposits and prepayments	3,681	–	3,681
Loans and advances	2,089,004	11,321	2,077,683
Statutory deposit with MAS	59,836	–	59,836
At FVOCI:			
Singapore Government Securities and MAS bills	284,989	–	284,989
Off Balance Sheet:			
Contingent Liabilities	1,844	–	1,844
Undrawn Commitment	674,025	–	674,025

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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)

Company	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
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
31 December 2020			
At amortised cost:			
Cash and deposit with banks and MAS	371,034	474	370,560
Other receivables, deposits and prepayments	3,681	–	3,681
Loans and advances	2,089,004	11,321	2,077,683
Statutory deposit with MAS	59,836	–	59,836
At FVOCI:			
Singapore Government Securities and MAS bills	284,989	–	284,989
Off Balance Sheet:			
Contingent Liabilities	1,844	–	1,844
Undrawn Commitment	674,025	–	674,025

Included in the gross carrying amount are the stage 3 credit-impaired assets amounting to \$35,645,000 (2020: \$58,405,000).

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 \$5,064,982,000 (2020: \$4,252,083,000). The Group's claim against collateral is limited to the obligations of the respective obligors.

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 \$7,730,000 (2020: \$1,844,000). 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

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 2021 and 31 December 2020.

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	
	2021	2020
	\$'000	\$'000
Properties	19,400	31,738

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

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 2021

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

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

(i) Credit risk (Continued)

Credit quality of assets (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 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
31 December 2020				
Strong	371,094	–	–	371,094
Satisfactory	–	–	–	–
Higher Risk	–	–	–	–
Impaired	–	–	–	–
Total gross carrying amount	371,094	–	–	371,094
Loss allowance	(474)	–	–	(474)
Carrying amount	370,620	–	–	370,620

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

Credit quality of assets (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 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
31 December 2020				
Strong	371,034	-	-	371,034
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	371,034	-	-	371,034
Loss allowance	(474)	-	-	(474)
Carrying amount	370,560	-	-	370,560

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

Credit quality of assets (Continued)

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Singapore Government Securities ('SGS') and MAS bills				
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
31 December 2020				
Group & Company				
Strong	284,989	-	-	284,989
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	284,989	-	-	284,989
Loss allowance	-	-	-	-
Carrying amount	284,989	-	-	284,989

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 2021

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

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

(i) Credit risk (Continued)

Credit quality of assets (Continued)

	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Loans and advances at amortised cost				
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
31 December 2020				
Group & Company				
Strong	322,257	15,403	–	337,660
Satisfactory	1,194,211	359,588	–	1,553,799
Higher Risk	65,261	73,879	–	139,140
Impaired	–	–	58,405	58,405
Total gross carrying amount	1,581,729	448,870	58,405	2,089,004
Loss allowance	(3,203)	(2,583)	(5,535)	(11,321)
Carrying amount	1,578,526	446,287	52,870	2,077,683

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

Credit quality of assets (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				
Group & Company				
Loss allowance as at 1 January 2020	411	–	–	411
New financial assets originated	474	–	–	474
Financial assets that have been derecognised	(411)	–	–	(411)
Changes due to the exposure and risk parameters	–	–	–	–
Total net P&L charge	63	–	–	63
Loss allowance as at 31 December 2020	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

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31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

Credit quality of assets (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 2020	1,333	1,285	3,340	5,958
Movements with P&L impact				
Transfer:				
Transfer from Stage 1 to Stage 2	(137)	137	–	–
Transfer from Stage 1 to Stage 3	(2)	–	2	–
Transfer from Stage 2 to Stage 3	–	(1)	1	–
Transfer from Stage 2 to Stage 1	565	(565)	–	–
Net remeasurement from stage changes	(482)	770	89	377
New financial assets originated	1,949	1,321	774	4,044
Financial assets derecognised	(438)	(413)	(450)	(1,301)
Changes due to the exposure and risk parameters	415	49	1,878	2,342
Total net P&L charge	1,870	1,298	2,294	5,462
Write-offs	–	–	(99)	(99)
Loss allowance as at 31 December 2020	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	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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

Credit quality of assets (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	Lifetime ECL	Lifetime ECL	Total \$'000	
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000		
Loans and advances at amortised cost					
Group & Company					
Gross carrying amount as at					
1 January 2020	1,569,930	558,360	64,285	2,192,575	
Transfer from Stage 1 to Stage 2	(210,433)	210,433	–	–	
Transfer from Stage 1 to Stage 3	(2,411)	–	2,411	–	
Transfer from Stage 2 to Stage 3	–	(925)	925	–	
Transfer from Stage 2 to Stage 1	187,023	(187,023)	–	–	
Transfer from Stage 3 to Stage 2	–	2,525	(2,525)	–	
Net change in exposures	(157,036)	(55,284)	(3,643)	(215,963)	
New financial assets originated	464,223	48,595	6,674	519,492	
Financial assets derecognised during the period	(269,568)	(127,810)	(9,623)	(407,001)	
Write-offs	–	–	(99)	(99)	
Gross carrying amount as at					
31 December 2020	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	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	

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(i) Credit risk (Continued)

Credit quality of assets (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	63	–	–	63
Loans and advances	1,870	1,298	2,294	5,462
Total charged in 2020	1,933	1,298	2,294	5,525
Deposits, balances with and loans to bankers, agents and other financial institutions	100	–	–	100
Loans and advances	(953)	(1,668)	3,357	737
Total charged in 2021	(853)	(1,668)	3,357	837

Loans with terms being renegotiated

As at 31 December 2021, included in the stage 3 credit-impaired assets, the Group has loans and advances of \$14,265,000, which the terms have been renegotiated (2020: \$15,563,000). As at 31 December 2021, the loans were graded as individually impaired, for which impairment of \$3,767,000 was provided in respect of the loans (2020: \$2,785,000).

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 2021

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

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

(i) Credit risk (Continued)

Regulatory Grading (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	
	31 December	31 December
	2021	2020
	\$'000	\$'000
Carrying amount	2,140,813	2,077,683
Concentration by sector		
Hire purchase/block discounting	510,454	529,851
Housing loans secured by property under finance	56,234	65,358
Other loans and advances:		
Building and construction	534,124	405,841
Financial institutions, and investment and holding companies	442,988	501,196
Professional and individuals	138,311	182,434
General commerce	183,932	162,336
Transport, storage and communication	127,143	122,225
Manufacturing	11,828	22,636
Others	147,701	97,127
	2,152,715	2,089,004
Less: Loss allowance	(11,902)	(11,321)
Total	2,140,813	2,077,683

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 funds flow position 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 balance 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 loans and deposits bases and the close monitoring of exposure to avoid any undue concentration.

At 31 December 2021 and 2020, 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 2021

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 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 2021

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 2020						
Assets						
Cash and deposit with banks and MAS	370,620	197,840	11,985	160,795	–	–
Statutory deposit with the MAS	59,836	59,836	–	–	–	–
Singapore Government Securities and MAS bills	284,989	29,994	44,786	15,025	87,097	108,087
Investment in equity securities	4,292	4,292	–	–	–	–
Loans and advances to customers	2,077,683	198,403	43,856	156,750	676,634	1,002,040
Other receivables, deposits and prepayments	3,681	821	169	1,077	601	1,013
Total assets	2,801,101	491,186	100,796	333,647	764,332	1,111,140
Liabilities						
Deposits and balances of customers	2,278,708	474,175	424,700	1,154,234	225,599	–
Borrowings from MAS	147,168	–	–	–	147,168	–
Other liabilities	23,855	3,357	2,867	13,050	4,581	–
Enterprise Singapore loans	4,670	857	612	2,189	1,012	–
Total liabilities	2,454,401	478,389	428,179	1,169,473	378,360	–
Net Liquidity Surplus/(Gap)						
	346,700	12,797	(327,383)	(835,826)	385,972	1,111,140
Off-balance sheet						
Undrawn loan commitments	674,025	674,025	–	–	–	–
Guarantees issued	1,844	1,844	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2021

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 2020						
Assets						
Cash and deposit with banks and MAS	370,560	197,780	11,985	160,795	–	–
Statutory deposit with the MAS	59,836	59,836	–	–	–	–
Singapore Government Securities and MAS bills	284,989	29,994	44,786	15,025	87,097	108,087
Investment in equity securities	4,003	4,003	–	–	–	–
Loans and advances to customers	2,077,683	198,403	43,856	156,750	676,634	1,002,040
Other receivables, deposits and prepayments	3,681	821	169	1,077	601	1,013
Total assets	2,800,752	490,837	100,796	333,647	764,332	1,111,140
Liabilities						
Deposits and balances of customers	2,279,481	474,694	424,700	1,154,488	225,599	–
Borrowings from MAS	147,168	–	–	–	147,168	–
Other liabilities	23,375	2,877	2,867	13,050	4,581	–
Enterprise Singapore loans	4,670	857	612	2,189	1,012	–
Total liabilities	2,454,694	478,428	428,179	1,169,727	378,360	–
Net Liquidity Surplus/(Gap)						
	346,058	12,409	(327,383)	(836,080)	385,972	1,111,140
Off-balance sheet						
Undrawn loan commitments	674,025	674,025	–	–	–	–
Guarantees issued	1,844	1,844	–	–	–	–

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 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)
31 December 2020						
Deposits and balances of customers	2,278,708	(2,290,120)	(474,507)	(425,781)	(1,160,072)	(229,760)
Borrowings from MAS	147,168	(150,194)	—	—	—	(150,194)
Other liabilities	23,855	(23,855)	(3,357)	(2,867)	(13,050)	(4,581)
Enterprise Singapore loans	4,670	(4,818)	(868)	(630)	(2,257)	(1,063)
Total liabilities	2,454,401	(2,468,987)	(478,732)	(429,278)	(1,175,379)	(385,598)
Undrawn loan commitments	674,025	(674,025)	(674,025)	—	—	—
	3,128,426	(3,143,012)	(1,152,757)	(429,278)	(1,175,379)	(385,598)

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 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)
31 December 2020						
Deposits and balances of customers	2,279,481	(2,290,891)	(475,024)	(425,781)	(1,160,326)	(229,760)
Borrowings from MAS	147,168	(150,194)	–	–	–	(150,194)
Other liabilities	23,375	(23,375)	(2,877)	(2,867)	(13,050)	(4,581)
Enterprise Singapore loans	4,670	(4,818)	(868)	(630)	(2,257)	(1,063)
Total liabilities	2,454,694	(2,469,278)	(478,769)	(429,278)	(1,175,633)	(385,598)
Undrawn loan Commitments						
	674,024	(674,024)	(674,024)	–	–	–
	3,128,718	(3,143,302)	(1,152,793)	(429,278)	(1,175,633)	(385,598)

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 2021 (2020: 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 2021 (2020: 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 2021 concluded that the liquidity gap was at an acceptable level.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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
		<u>167,139</u>	<u>1,112,966</u>	<u>653,891</u>	<u>629,392</u>	<u>308,834</u>	<u>2,872,222</u>
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
		<u>137,116</u>	<u>748,965</u>	<u>1,360,750</u>	<u>259,193</u>	<u>-</u>	<u>2,506,024</u>

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2020							
Financial assets							
Cash and deposit with banks and MAS	0.97	22,530	187,463	160,627	–	–	370,620
Statutory deposit with the MAS	–	59,836	–	–	–	–	59,836
Singapore Government Securities and MAS bills	1.93	–	74,780	15,025	87,096	108,088	284,989
Investment in Equity Securities	–	4,292	–	–	–	–	4,292
Loans and advances to customers	3.00	–	704,008	616,231	529,345	228,100	2,077,684
Other receivables, deposits and prepayments	–	3,681	–	–	–	–	3,681
		<u>90,339</u>	<u>966,251</u>	<u>791,883</u>	<u>616,441</u>	<u>336,188</u>	<u>2,801,102</u>
Financial liabilities							
Deposits and balances of customers	0.95	84,084	814,791	1,154,234	225,599	–	2,278,708
Other liabilities	–	23,855	–	–	–	–	23,855
Enterprise Singapore loans	2.88	–	1,469	2,189	1,012	–	4,670
Borrowings from MAS	0.74	–	–	–	147,168	–	147,168
		<u>107,939</u>	<u>816,260</u>	<u>1,156,423</u>	<u>373,779</u>	<u>–</u>	<u>2,454,401</u>

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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	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
	<u>166,823</u>	<u>1,112,966</u>	<u>653,891</u>	<u>629,392</u>	<u>308,834</u>	<u>2,871,906</u>	
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
	<u>136,640</u>	<u>749,485</u>	<u>1,361,005</u>	<u>259,193</u>	<u>-</u>	<u>-</u>	<u>2,506,323</u>

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2020							
Financial assets							
Cash and deposit with banks and MAS	0.97	22,470	187,463	160,627	–	–	370,560
Statutory deposit with the MAS	–	59,836	–	–	–	–	59,836
Singapore Government Securities and MAS bills	1.93	–	74,780	15,025	87,096	108,088	284,989
Investment in Equity Securities	–	4,003	–	–	–	–	4,003
Loans and advances to customers	3.00	–	704,008	616,231	529,345	228,100	2,077,684
Other receivables, deposits and Prepayments	–	3,681	–	–	–	–	3,681
		<u>89,990</u>	<u>966,251</u>	<u>791,883</u>	<u>616,441</u>	<u>336,188</u>	<u>2,800,753</u>
Financial liabilities							
Deposits and balances of customers	0.95	84,096	815,298	1,154,488	225,599	–	2,279,481
Other liabilities	–	23,375	–	–	–	–	23,375
Enterprise Singapore loans	2.88	–	1,469	2,189	1,012	–	4,670
Borrowings from MAS	0.74	–	–	–	147,168	–	147,168
	<u>107,471</u>	<u>816,767</u>	<u>1,156,677</u>	<u>373,779</u>	<u>–</u>	<u>–</u>	<u>2,454,694</u>

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 2021, a 100 basis point increase/(decrease) in the interest rate at the end of the reporting period would increase/(decrease) profit by \$277,000 (2020: increase/(decrease) profit by \$793,000) and fair value reserves by \$3,639,000 (2020: increase/(decrease) fair value reserves by \$2,850,000) mainly a result of the changes in the fair value of FVOCI fixed rate instruments.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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.

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 2021, a 10% increase/(decrease) in the equity prices at the end of the reporting period would increase/(decrease) fair value reserves by \$567,000 (2020: increase/(decrease) by \$429,000). The Group's net profit for the year ended 31 December 2021 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

(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 proactively 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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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 2021.

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 2021

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 (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:

Group	Carrying amount 2021 \$'000	Fair value 2021 \$'000	Carrying amount 2020 \$'000	Fair value 2020 \$'000
Financial assets				
Amortised costs:				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	298,623	298,623	370,620	370,620
Statutory deposit with the MAS	60,848	60,848	59,836	59,836
Loans and advances	2,140,813	2,175,377	2,077,683	2,116,796
Other receivables, deposits and prepayments	2,413	2,413	3,681	3,681
At FVOCI:				
Singapore Government Securities and MAS bills	363,856	363,856	284,989	284,989
Investments in Equity Securities	5,669	5,669	4,292	4,292
	2,872,222	2,906,786	2,801,101	2,840,214
Financial liabilities				
Amortised costs:				
Deposits and balances of customers	2,293,465	2,298,161	2,278,708	2,284,543
Other liabilities	20,635	20,635	23,855	23,855
Borrowings from MAS	190,806	190,806	147,168	147,168
Enterprise Singapore loans	1,118	1,118	4,670	4,670
	2,506,024	2,510,720	2,454,401	2,460,236

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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)

Summary (Continued)

	Carrying amount 2021 \$'000	Fair value 2021 \$'000	Carrying amount 2020 \$'000	Fair value 2020 \$'000
Company				
Financial assets				
Amortised costs:				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	298,572	298,572	370,560	370,560
Statutory deposit with the MAS	60,848	60,848	59,836	59,836
Loans and advances	2,140,813	2,175,377	2,077,683	2,116,796
Other receivables, deposits and prepayments	2,413	2,413	3,681	3,681
At FVOCI:				
Singapore Government Securities and MAS bills	363,856	363,856	284,989	284,989
Investments in Equity Securities	5,404	5,404	4,003	4,003
	2,871,906	2,906,470	2,800,752	2,839,865
Financial liabilities				
Amortised costs:				
Deposits and balances of customers	2,294,240	2,298,936	2,279,481	2,285,317
Other liabilities	20,159	20,159	23,375	23,375
Borrowings from MAS	190,806	190,806	147,168	147,168
Enterprise Singapore loans	1,118	1,118	4,670	4,670
	2,506,323	2,511,019	2,454,694	2,460,530

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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)

Summary (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				
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
2020				
Financial instruments measured at FVOCI				
Financial assets				
Quoted equity securities	4,292	–	–	4,292
Singapore government				
securities and MAS bills	284,989	–	–	284,989
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	–	2,116,796	–	2,116,796
Financial liabilities				
Deposits and savings				
accounts of customers	–	2,284,543	–	2,284,543

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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)

Summary (Continued)

<u>Company</u>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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
2020				
Financial instruments measured at FVOCI				
Financial assets				
Investments at FVOCI:				
Quoted equity securities	4,003	–	–	4,003
Singapore government				
securities and MAS bills	284,989	–	–	284,989
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	–	2,116,796	–	2,116,796
Financial liabilities				
Deposits and savings accounts of customers	–	2,285,317	–	2,285,317

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 ratio. 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	
	2021 \$'000	2020 \$'000
<u>Capital element</u>		
Core capital		
Share capital	180,008	180,008
Disclosed reserves	207,782	183,619
	387,790	363,627
Risk weighted assets	2,279,886	2,233,672
<u>Capital adequacy ratio:</u>		
Core capital/risk weighted assets (%)	17.01	16.28

(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 2021

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	
	2021	2020
	\$'000	\$'000
At 31 December		
(a) Deposits	17,601	8,360
For the year ended 31 December		
(b) Profit or loss transactions		
– Interest expenses on deposits	33	153
– Professional Fee	13	6
– Rental income	232	187

6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group and Company	
	2021	2020
	\$'000	\$'000
Accrued interest receivables	2,413	3,421
Prepaid commission	836	1,393
Prepayments, deposits and other receivables	1,626	1,339
Right-of-use ("ROU") assets	46	74
	4,921	6,227

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Right-of-use assets

	Group and Company	
	2021	2020
	\$'000	\$'000
Cost:		
At 1 January and 31 December	<u>132</u>	
Accumulated depreciation:		
At 1 January	<u>58</u>	
Depreciation	<u>28</u>	
At 31 December	<u>86</u>	
Carrying amount:		
At 31 December	<u>46</u>	
	<u>74</u>	

7 FINANCIAL ASSETS AT FVOCI

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Debt Instruments at FVOCI				
Singapore Government Securities and MAS bills	<u>363,856</u>	<u>284,989</u>	<u>363,856</u>	<u>284,989</u>

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.

Equity Securities at FVOCI:

Quoted equity securities	<u>5,669</u>	<u>4,292</u>	<u>5,404</u>	<u>4,003</u>
Unquoted equity investments	<u>121</u>	<u>121</u>	<u>121</u>	<u>121</u>
Net change in fair value of unquoted investments at FVOCI	<u>(121)</u>	<u>(121)</u>	<u>(121)</u>	<u>(121)</u>
	<u>5,669</u>	<u>4,292</u>	<u>5,404</u>	<u>4,003</u>

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 2021

8 LOANS AND ADVANCES

	Group and Company	
	2021	2020
	\$'000	\$'000
Housing, factoring receivables and other loans	1,655,550	1,568,993
Hire purchase receivables	552,902	575,278
Unearned interests and charges	(55,737)	(55,267)
Allowances for impairment on loans and advances	(11,902)	(11,321)
	2,140,813	2,077,683
Due within 12 months	385,370	399,009
Due after 12 months	1,755,443	1,678,674
	2,140,813	2,077,683

Movements in allowances for impairment on loans and advances are as follows:

	Group and Company	
	2021	2020
	\$'000	\$'000
Stage 3 loss allowance		
At 1 January	5,535	3,340
Allowances for impairment losses during the year	3,357	2,294
Receivables written off against allowances	(156)	(99)
At 31 December	8,736	5,535
Stage 1 and 2 loss allowance		
At 1 January	5,786	2,618
Allowances for impairment losses during the year	(2,620)	3,168
At 31 December	3,166	5,786
Total allowances for impairment on loans and advances		
At 1 January	11,321	5,958
At 31 December	11,902	11,321

The hire purchase receivables are as follows:

	Group and Company		
	Gross	Interest	Principal
	\$'000	\$'000	\$'000
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
31 December 2020			
Within 1 year	30,680	671	30,009
After 1 year but within 5 years	383,703	23,828	359,875
After 5 years	160,895	20,013	140,882
	575,278	44,512	530,766

The Group's and Company's leasing arrangements comprise hire purchase contracts mainly for motor vehicles and equipment.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2020	15,321	8,530	505	999	2,746	7,652	35,753
Additions	—	—	25	—	—	1,031	1,056
Disposal/Write off	—	—	—	—	—	(37)	(37)
At 31 December 2020	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
Accumulated depreciation:							
At 1 January 2020	2,621	2,061	393	722	2,333	2,245	10,375
Depreciation for the year	140	218	42	179	117	1,119	1,815
Disposal/Write off	—	—	—	—	—	(35)	(35)
At 31 December 2020	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
Carrying amount:							
At 31 December 2021	12,420	6,033	77	498	261	4,275	23,564
At 31 December 2020	12,560	6,251	95	98	296	5,317	24,617

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

10 INVESTMENT PROPERTIES

	Group and Company	
	2021	2020
	\$'000	\$'000
At cost:		
At 1 January and 31 December	28,794	28,794
Accumulated depreciation:		
At 1 January	6,607	6,229
Depreciation charge for the year	378	378
At 31 December	6,985	6,607
Carrying amount:		
At 31 December	21,809	22,186

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 2021 and 31 December 2020 were performed by Colliers International and Jones Lang LaSalle respectively. Both firms are 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, were determined based on the investment method of valuation, which takes into account the existing committed rentals and the estimated current market rentals achievable by the leasehold land and building. The fair value of the leasehold land and building of 17-storey office building at 96 Robinson Road, Singapore 068899, were cross-checked using the comparison method of valuation, which is based on the direct comparison with recent transactions of comparable properties within the vicinity.

The fair value of the leasehold land and building of Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, were determined based on the direct comparison with recent transactions of comparable properties within the vicinity.

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 2021

10 INVESTMENT PROPERTIES (CONTINUED)

Fair value measurement of the Group's leasehold land and buildings (Continued)

Details of the Group's leasehold land and buildings and information about the fair value hierarchy as at 31 December 2021 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value as at 31 December 2021	Fair value as at 31 December 2020
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% (2020: 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.	-	98,832	-	98,832	89,567
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% (2020: 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.	-	2,200	-	2,200	2,200
	-	101,032	-	101,032	91,767

The fair value of the entire 17-storey office building at 96 Robinson Road, Singapore 068899, is \$160,000,000 (2020: \$145,000,000). The fair value of the shop at Block 202, Bedok North Street 1, #01-479 to 485, Singapore 460202, is \$4,400,000 (2020: \$4,400,000).

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

11 SUBSIDIARY

	Company	
	2021 \$'000	2020 \$'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% (2020: 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 2020 \$'000	Recognised in profit or loss for the year \$'000	Recognised in other comprehensive income \$'000	At 31 December 2020 \$'000	Recognised in profit or loss for the year \$'000	Recognised in other comprehensive income \$'000	At 31 December 2021 \$'000
Group							
Deferred tax assets (liabilities)							
Employee benefits	101	(34)	–	67	(25)	–	42
Property, plant and equipment	(925)	10	–	(915)	170	–	(745)
Investments	(1,935)	–	(886)	(2,821)	–	1,558	(1,263)
	(2,759)	(24)	(886)	(3,669)	145	1,558	(1,966)
Company							
Deferred tax assets (liabilities)							
Employee benefits	101	(34)	–	67	(25)	–	42
Property, plant and equipment	(925)	10	–	(915)	170	–	(745)
Investments	(1,879)	–	(903)	(2,782)	–	1,553	(1,229)
	(2,703)	(24)	(903)	(3,630)	145	1,553	(1,932)

13 DEPOSITS AND BALANCES OF CUSTOMERS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Fixed deposits	2,074,385	2,055,418	2,074,385	2,055,418
Fixed deposits and current accounts from subsidiary	–	–	763	761
Savings accounts and other balances with customers	201,708	218,396	201,720	218,408
Project accounts	17,372	4,894	17,372	4,894
	2,293,465	2,278,708	2,294,240	2,279,481

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

14 OTHER LIABILITIES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Accrued interest payable	7,855	13,777	7,855	13,777
Accrued operating expenses	7,246	4,936	7,238	4,934
Amount due to subsidiary	–	–	48	36
Deposits for safe deposit boxes and rental deposits	631	796	631	796
Unclaimed dividends	627	624	112	110
Lease liabilities	49	78	49	78
Deferred income from rental	233	267	233	267
Deferred income from Government grant – Job Support Scheme	–	423	–	423
Deferred income resulting from Borrowings from MAS	2,678	2,726	2,678	2,726
Others	1,316	228	1,315	228
	20,635	23,855	20,159	23,375

Maturity analysis for lease liability:

	Group and Company	
	2021 \$'000	2020 \$'000
Year 1	31	32
Year 2	19	31
Year 3	1	19
Year 4	–	1
	51	83
Less: Unearned interest	(2)	(5)
	49	78
Due within 12 months	29	29
Due after 12 months	20	49
	49	78

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 31 December 2020 and 2021 is 5%.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

15 BORROWINGS FROM MAS

	Group and Company	
	2021	2020
	\$'000	\$'000
Due within 12 months	136,090	–
Due after 12 months	54,716	147,168
	190,806	147,168

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	
	2021	2020
	\$'000	\$'000
Due within 12 months	803	3,658
Due after 12 months	315	1,012
	1,118	4,670

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	
	2021	2020
	\$'000	\$'000
Provision for unutilised leave	248	396

18 SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	No. of shares	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

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

19 RESERVES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Statutory reserve	128,723	120,864	128,723	120,864
Fair value reserve	6,167	13,771	5,996	13,580
Accumulated profits	79,151	62,881	78,766	62,494
Regulatory loss allowance reserve	11,716	9,940	11,716	9,940
	225,757	207,456	225,201	206,878

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.

21 DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

	Group	
	2021 \$'000	2020 \$'000
Salaries and other benefits	2,318	2,047
Contribution to defined contribution plan	22	22
Directors' fees	404	480
Others	56	48
	2,800	2,597

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

22 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit for the year:

	Group	
	2021 \$'000	2020 \$'000
Interest income and hiring charges		
Loans and advances and others measured at amortised cost	66,586	72,594
Cash and bank deposits at amortised cost	1,722	4,960
Singapore Government Securities and MAS bills measured at FVOCI	5,084	5,759
	<u>73,392</u>	<u>83,313</u>
Interest expense		
Deposits and others	14,573	36,273
Dividends		
Equity investments	171	189
	<u>171</u>	<u>189</u>
Other income		
Government grant	692	2,512
Bad debts recovered	21	57
Net gain/(loss) on property, plant and equipment written off/disposed	187	(2)
Net gain on sale of Singapore Government Securities and MAS bills	–	276
Others	20	89
	<u>920</u>	<u>2,932</u>
Staff costs		
Salaries and other benefits	16,669	14,567
Contributions to defined contribution plan	1,575	1,610
Provision for unutilised leave	(148)	(202)
	<u>18,096</u>	<u>15,975</u>
Other operating expenses		
Audit fees	157	108
Non-audit fees	44	31
Operating expenses on investment properties	643	674
Maintenance, utilities and property tax	1,810	1,419
Legal and professional fees	174	175
Commission expense	1,667	3,476
Others	1,993	2,205
	<u>6,488</u>	<u>8,088</u>

In 2021 and 2020, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group 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 salary costs for which the grant is intended to compensate is recognised as expenses. Government grant income of \$692,000 (2020: \$2,512,000) was recognised during the year.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

23 INCOME TAX EXPENSE

	Group	
	2021 \$'000	2020 \$'000
Current tax expense		
Current year	6,031	3,546
Adjustments with respect to prior years	–	70
	6,031	3,616
Deferred tax credit		
Reversal of temporary differences (Note 12)	(145)	24
Total income tax expense	5,886	3,640
Reconciliation of effective tax rate		
Profit before income tax	37,319	23,242
Income tax using Singapore tax rate of 17% (2020: 17%)	6,344	3,951
Expenses not deductible for tax purposes	191	367
Effects of tax benefits	(19)	(35)
Income not subject to tax	(98)	(399)
Tax effect of income subject to concessionary tax rate of 10% (2020: 10%)	(171)	(139)
Section 14I tax deductions	(302)	–
Others	(59)	(175)
	5,886	3,570
Adjustments with respect to prior years	–	70
Total income tax expense	5,886	3,640

24 EARNINGS PER SHARE

	Group	
	2021 \$'000	2020 \$'000
Basic and diluted earnings per share are based on:		
Net profit attributable to ordinary shareholders	31,433	19,602
Number of ordinary shares	157,626	157,626
Annualised earnings per share (cents)	19.94	12.44

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

25 DIVIDENDS

On 10 May 2021, a dividend of 3.6 cents per share, one-tier tax exempt (total dividend \$5,675,000) was paid to shareholders. On 3 June 2020, a dividend of 6 cents per share, one-tier tax exempt (total dividend \$9,458,000) was paid.

In respect of the current year, the directors propose that a dividend of 8 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:

2021: 8 cents per share, one-tier tax exempt	<u>\$12,610,000</u>
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26 COMMITMENTS

Capital commitments

Commitments for capital expenditure contracted but not provided for in the financial statements

	Group	
	2021 \$'000	2020 \$'000
Commitments for capital expenditure contracted but not provided for in the financial statements	240	757

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	
	2021 \$'000	2020 \$'000
Receivable:		
Within 1 year	1,837	2,065
After 1 year but within 5 years	494	599
	<u>2,331</u>	<u>2,664</u>
Other commitment		
Undrawn loan commitments	777,080	674,025

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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	
	2021	2020
	\$'000	\$'000
Guarantees issued and financing of goods imported	7,730	1,844

As at 31 December 2021, guarantees issued for the Group and the Company's operational requirements amounted to nil (2020: \$14,185). These contingent liabilities are not secured on any of the Group's assets and not included on the statements of financial position of the Group and Company in accordance with the Group's accounting policy.

28 CURRENT ASSETS AND CURRENT LIABILITIES

The current assets and current liabilities of the Group and Company are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current assets				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	298,623	370,620	298,572	370,560
Statutory deposit with the MAS	60,848	59,836	60,848	59,836
Singapore Government Securities and MAS bills	156,543	89,805	156,543	89,805
Investment in equity securities	5,669	4,292	5,404	4,003
Loans and advances due within twelve months	382,513	399,009	382,513	399,009
Other receivables, deposits and prepayments	4,921	6,227	4,921	6,227
Total current assets	909,117	929,789	908,801	929,440
Current liabilities				
Deposits and balances of customers	2,089,303	2,053,109	2,090,078	2,053,882
Other liabilities	19,478	19,274	19,002	19,274
Enterprise Singapore loans due within twelve months	803	3,658	803	3,658
Borrowings from MAS due within twelve months	136,090	–	136,090	–
Provision for employee benefits	248	396	248	396
Current tax payable	6,100	4,520	6,100	4,520
Total current liabilities	2,252,022	2,080,957	2,252,321	2,081,730

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2022:

Annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 16: *Covid-19 Related Rent Concessions beyond 30 June 2021*
- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to various SFRS (I)s 2018 – 2020

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 4: *Extension of the Temporary Exemption from Applying SFRS (I) 9*
- Amendments to SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-Current*
- 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*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10, SFRS(I) 1-28: *Sale or Contribution of Asset between an investor and its Associate or Joint Venture*

Management has performed a detailed analysis of the accounting requirements relating to the amendments and determined that there will be no material adjustments expected from the initial application for Amendments to SFRS(I) 16, 3, 1-16, 1-37, 4 and 1-1. SFRS(I) 17 and 1-12 are not applicable to the Group.

ADDITIONAL INFORMATION

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2021

Name of Director	Total Remuneration (nearest thousand)	Basic Salary/ Employer's CPF/AWS	Variable Bonuses	Directors' Fee ⁽¹⁾	Other Benefits	Total
	S\$'000	%	%	%	%	%
Executive Director						
Lee Sze Leong (Managing Director/ Chief Executive Officer)	1,476	57.8	35.6	4.4	2.2	100
Lee Sze Siong (Deputy Managing Director)		57.1	35	5.7	2.2	100
Non-executive Directors						
Chee Jin Kiong	91	–	–	100	–	100
Michael Lau Hwai Keong	74	–	–	100	–	100
Joseph Toh Kian Leong	65	–	–	100	–	100
Quan Wai Yee	49	–	–	100	–	100

Note (1): The Directors' fees are subjected to approval by shareholders at the forthcoming Annual General Meeting.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2022

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	71	3.50	1,487	0.00
100 – 1,000	176	8.68	96,245	0.06
1,001 – 10,000	1,007	49.68	5,455,713	3.46
10,001 – 1,000,000	753	37.15	52,681,455	33.42
1,000,001 AND ABOVE	20	0.99	99,390,864	63.06
TOTAL	2,027	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	8,810,100	5.59
3	PHILLIP SECURITIES PTE LTD	8,363,920	5.31
4	DBS NOMINEES (PRIVATE) LIMITED	4,710,450	2.99
5	EDY HARTONO	4,061,311	2.58
6	UOB KAY HIAN PRIVATE LIMITED	3,536,700	2.24
7	LEE HENG WAH @ LEE HENG GUAN	3,000,000	1.90
8	SING HOLDINGS LIMITED	2,844,900	1.80
9	CITIBANK NOMINEES SINGAPORE PTE LTD	2,703,405	1.72
10	HO JUAT KENG	2,022,900	1.28
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 HAUYAO)	1,718,800	1.09
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	LIM HWEE SIN	1,182,000	0.75
19	NG CHIT TONG PETER OR YE CHUNXIU	1,150,000	0.73
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,070,710	0.68
	TOTAL	99,390,864	63.05

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2022

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2022

Name	Shareholdings registered in the name of Substantial Shareholders or their nominees	%	Number of shares	
			Shareholdings in which Substantial Shareholders are deemed to have an interest	%
Lee Sze Leong ⁽¹⁾	636,131	0.40	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	1.80

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 15 March 2022, approximately 68.43% 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 68.43% Securities Trading Limited.

Treasury Shares

The Company does not hold any treasury shares as at 15 March 2022.

Subsidiary Holdings

The Company does not hold any subsidiary holdings as at 15 March 2022.

Directors' shareholdings as at 21 January 2022

As shown in the Directors' Statement in the Company's Annual Report for the financial year ended 31 December 2021, the shares held by the Directors as at 31 December 2021 remain unchanged as at 21 January 2022.

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 by way of electronic means on Tuesday, 26 April 2022 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 **(Resolution 1)** statements for the year ended 31 December 2021 together with the auditors' report thereon.
2. To approve the payment of \$403,750 as Directors' fees for the year ended 31 December **(Resolution 2)** 2021 (2020: \$480,000).
3. To declare a first and final one-tier tax exempt dividend of 8 cents per ordinary share **(Resolution 3)** for the financial year ended 31 December 2021.
4. To re-elect Mr Joseph Toh Kian Leong as Director, who retires pursuant to Regulation **(Resolution 4)** 109 of the Constitution of the Company.
[See Explanatory Note 7]
5. To re-elect Mr Michael Lau Hwai Keong as Director, who retires pursuant to Regulation **(Resolution 5)** 109 of the Constitution of the Company.
[See Explanatory Note 8]
6. To re-elect Ms Quan Wai Yee as Director, who retires pursuant to Regulation 119 of the **(Resolution 6)** Constitution of the Company.
[See Explanatory Note 9]
7. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company for the next **(Resolution 7)** financial year and to authorise the Directors to fix their remuneration.
8. To transact any other business of an Annual General Meeting.

NOTICE OF 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:

9. 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:

- (a) (i) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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;
- (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 10]*

10. Authority to issue shares under Sing Investments & Finance Limited Performance Share Plan 2020

"That pursuant to Section 261 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".

[See Explanatory Note 11]

BY ORDER OF THE BOARD

Ong Beng Hong
Lee Yuan
Company Secretaries

Singapore, 28 March 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (1) Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("AGM") are set out in the Company's announcement dated 28 March 2022 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 26 April 2022" which has been uploaded together with this Notice of AGM on SGXNet on the same day. This announcement may also be accessed at the URL <https://www.sif.com.sg/annual-general-meeting/>.

In particular, the AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 3.00 p.m. on 23 April 2022, at the URL <https://streaming.sg/register/sif/>. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 25 April 2022.

A member who pre-registers to watch the "live" webcast or listen to the "live" audio feed may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 3.00 p.m. on 8 April 2022:

- (a) via the pre-registration website at the URL <https://streaming.sg/register/sif/>;
- (b) in hard copy by sending personally or by post and lodging the same at the Registered Office of the Company at 96 Robinson Road #01-01 SIF Building, Singapore 068899; or
- (c) by email to sif-agm2022@sif.com.sg.

- (2) **A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.** In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the AGM may be accessed at the Company's website at the URL <https://www.sif.com.sg/annual-general-meeting/> and has also been made available on SGXNet.

- (3) The Chairman of the AGM, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
- (a) if sent 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-agm2022@sif.com.sg,

in either case, not less than 72 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

- (4) The instrument appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
- (5) In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.
- (6) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF and SRS investors, and who wish to participate in the AGM ("Relevant Intermediary Participants") by (a) observing and/or listening to the AGM proceedings via the "live" webcast or the "live" audio feed in the manner provided in Explanatory Note 1 above; (b) submitting questions in advance of the AGM in the

NOTICE OF ANNUAL GENERAL MEETING

manner provided in Explanatory Note 1 above; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3.00 p.m. on 13 April 2022.

- (7) Mr Joseph Toh Kian Leong, a Non-Executive and Independent Director of the Company, will upon re-election under Resolution 4 above proposed in item 4, continue to serve as Chairman of the Audit Committee and Member of the Nominating Committee
- (8) Mr Michael Lau Hwai Keong, a Non-Executive and Independent Director of the Company, will upon re-election under Resolution 5 above proposed in item 5, continue to serve as Chairman of the Nominating Committee and Risk Management Committee, and Member of the Remuneration Committee.
- (9) Ms Quan Wai Yee, a Non-Executive and Independent Director of the Company, will upon re-election under Resolution 6 above proposed in item 6, continue to serve as Member of the Audit Committee, Remuneration Committee and Risk Management Committee.
- (10) The Ordinary Resolution 8 proposed in item 9 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.

- (11) The Ordinary Resolution 9 proposed in item 10 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.
- (12) The Annual Report for the financial year ended 31 December 2021 may be accessed at the Company's website at the URL <https://www.sif.com.sg/annual-reports/> under "Annual Report 2021". The Annual Report has also been made available on SGXNet.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof, submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof or submitting any details of Relevant Intermediary Participants in connection with the AGM, 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, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy and the participation of Relevant Intermediary Participants for the AGM (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of Relevant Intermediary Participants to the Company (or its agents), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents) of the personal data of such Relevant Intermediary Participants for the Purposes.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

The following information relating to Mr Joseph Toh Kian Leong, Mr Michael Lau Hwai Keong and Ms Quan Wai Yee who will be standing for re-election as Directors (each a “**Retiring Director**”) at the Annual General Meeting of the Company on 26 April 2022, 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 Joseph Toh Kian Leong
Date of Appointment	2 January 2019
Date of last re-appointment	24 April 2019
Age	66
Country of principal residence	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors (the “Board”) of the Company has considered, among others, the recommendation of the Nominating Committee (the “NC”) and has reviewed and considered the performance and contribution of Mr Joseph Toh Kian Leong to the Board and Board Committees for re-appointment as a Non-Executive and Independent Director of the Company. Accordingly, the Board has recommended Mr Joseph Toh Kian Leong for re-election at the forthcoming Annual General Meeting.</p> <p>The Board considers Mr Joseph Toh Kian Leong to be independent.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and Independent Director.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> • Audit Committee (Chairman) • Nominating Committee (Member)
Professional qualifications	<ul style="list-style-type: none"> • Association of Chartered Certified Accountants • Fellow, Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	Senior Assurance Partner of Baker Tilly TFW LLP
Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Joseph Toh Kian Leong
Other Principal Commitments (including directorships) – Present	Audit consultant for Baker Tilly TFW LLP (ad-hoc basis)
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
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Joseph Toh Kian Leong
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
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: <ul style="list-style-type: none"> (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 	<p>Yes to (i) and (ii). No to (iii) and (iv).</p> <p>In relation to (i), Mr Joseph Toh Kian Leong was interviewed by Commercial Affairs Department ("CAD") more than 10 years ago for fraud by a client company's employee, in his capacity as audit engagement partner for this client company.</p> <p>In relation to (ii), Mr Joseph Toh Kian Leong was interviewed by CAD in October 2013 as a potential witness for the Deputy Public Prosecutor ("DPP") in relation to the trial of a client, for which he was the audit engagement partner from around 1994 to 2005. However, he was subsequently not called up as a witness by the DPP.</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Joseph Toh Kian Leong
<p>(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</p> <p>(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?</p>	
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	Not applicable as Mr Joseph Toh Kian Leong is a Retiring Director seeking re-election.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Michael Lau Hwai Keong
Date of Appointment	2 January 2019
Date of last re-appointment	24 April 2019
Age	61
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the performance and contribution of Mr Michael Lau Hwai Keong to the Board and Board Committees for re-appointment as a Non-Executive and Independent Director of the Company. Accordingly, the Board has recommended Mr Michael Lau Hwai Keong for re-election at the forthcoming Annual General Meeting.</p> <p>The Board considers Mr Michael Lau Hwai Keong to be independent.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and Independent Director.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> • Nominating Committee (Chairman) • Risk Management Committee (Chairman) • Remuneration Committee (Member)
Professional qualifications	<ul style="list-style-type: none"> • Bachelor of Business Administration (First Class Honours) from the National University of Singapore • Chartered Financial Analyst (CFA)
Working experience and occupation(s) during the past 10 years	October 2004 to present: Octagon Advisors Pte Ltd – Senior Managing Director, Advisory Services (Providing business and risk management consulting services relating mainly to the banking and financial services sector)
Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	No
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	<ul style="list-style-type: none"> • Octagon Advisors (Shanghai) Co Ltd (Director) • BeerCo Limited (Independent Director)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Michael Lau Hwai Keong
Other principal commitments (including directorships) – Past, for the last 5 years	<ul style="list-style-type: none"> Thai Beverage Public Company Limited (Independent Director)
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
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Michael Lau Hwai Keong
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
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: <ul style="list-style-type: none"> (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 	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Mr Michael Lau Hwai Keong
<p>(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</p> <p>(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?</p>	
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	Not applicable as Mr Michael Lau Hwai Keong is a Retiring Director seeking re-election.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ms Quan Wai Yee
Date of Appointment	27 April 2021
Date of last re-appointment	–
Age	56
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the performance and contribution of Ms Quan Wai Yee to the Board and Board Committees for re-appointment as a Non-Executive and Independent Director of the Company. Accordingly, the Board has recommended Ms Quan Wai Yee for re-election at the forthcoming Annual General Meeting.</p> <p>The Board considers Ms Quan Wai Yee to be independent.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and Independent Director.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> • Audit Committee (Member) • Remuneration Committee (Member) • Risk Management Committee (Member)
Professional qualifications	Bachelor of Business Administration from the National University of Singapore
Working experience and occupation(s) during the past 10 years	Managing Director & Head of Credit Solutions, Asia Pacific, BSI Bank
Shareholding interest in the listed issuer and its subsidiaries	Yes, deemed interest of 15,800 shares held by spouse.
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries)	None
Conflict of Interest (including any competing business)	No
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	<ul style="list-style-type: none"> • Vice Chairman of the Governance Committee of Barker Road Methodist Church • Advisory services on Risk Management on part time basis
Other principal commitments (including directorships) – Past, for the last 5 years	<ul style="list-style-type: none"> • None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ms Quan Wai Yee
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
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ms Quan Wai Yee
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
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: <ul style="list-style-type: none"> (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 	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ms Quan Wai Yee
<p>(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</p> <p>(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?</p>	
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	Not applicable as Ms Quan Wai Yee is a Retiring Director seeking re-election.

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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. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("AGM") are set out in the Company's announcement dated 28 March 2022 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 26 April 2022" which has been uploaded together with the Notice of AGM dated 28 March 2022 on SGXNet on the same day. This announcement may also be accessed at the URL <https://www.sif.com.sg/annual-general-meeting/>.
2. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. 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 ordinary 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 13 April 2022.

I/We _____ (Name) _____ (NRIC/PP/UEN No.)

of _____ (Address)
being a member/members of Sing Investments & Finance Limited (the "Company") hereby appoint the Chairman of the Annual General Meeting ("AGM"), as my/our proxy to attend, speak and vote for me/us on my/our behalf, at the AGM of the Company to be held by way of electronic means on 26 April 2022 at 3:00 p.m. and at any adjournment thereof. I/We direct my/our proxy to vote for, against and/or to abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder.

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 final dividend			
4	Re-election of Mr Joseph Toh Kian Leong as a Director			
5	Re-election of Mr Michael Lau Hwai Keong as a Director			
6	Re-election of Ms Quan Wai Yee as a Director			
7	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and to authorise Directors to fix their remuneration			
Special Business				
8	General mandate to authorise the Directors to issue new shares or convertible instruments			
9	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 _____ 2022.

Total Number of Shares Held

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. The Chairman of the AGM, as proxy, need not be a member of the Company.
3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.
4. The instrument appointing the Chairman of the AGM as proxy must
 - (a) if sent personally or by post, be deposited at the Company's Registered Office at 96 Robinson Road #01-01 SIF Building, Singapore 068899; or
 - (b) if submitted by email, be received by the Company at sif-agm2022@sif.com.sg,in either case, not less than 72 hours before the time set for the AGM, and in default the instrument of proxy shall not be treated as valid.
A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
5. If sent personally or by post, the instrument appointing the Chairman of the AGM as proxy of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing the Chairman of the AGM as proxy of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
Where an instrument appointing the Chairman of the AGM as proxy is submitted by email, it must be authorised in the following manner:
 - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
6. Where an instrument appointing the Chairman of the AGM as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject any instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 28 March 2022.

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
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