



**SING INVESTMENTS
& FINANCE LIMITED**

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SING INVESTMENTS & FINANCE LIMITED

FIRST HALF ANNOUNCEMENT

CONDENSED FINANCIAL STATEMENTS FOR SIX-MONTH ENDED 30 JUNE 2022

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1. PERFORMANCE HIGHLIGHTS

	1H 2022 \$'000	1H 2021 \$'000	Variance + / (-) (%)
Summary Statement of Profit & Loss Items			
Interest income and hiring charges	39,715	37,148	6.9
Interest expense	(6,246)	(7,901)	(20.9)
Net interest income	33,469	29,247	14.4
Non-interest income	2,322	3,474	(33.2)
Total Income	35,791	32,721	9.4
Operating Expenses	(13,310)	(13,188)	0.9
Profit from operations before allowances	22,481	19,533	15.1
Write-back of allowances for credit losses	1,170	2,549	(54.1)
Profit before income tax	23,651	22,082	7.1
Profit after tax attributable to equity holders of the Group	19,684	18,338	7.3
Other comprehensive income	(15,207)	(3,347)	354.3
Total comprehensive income	4,477	14,991	(70.1)
Selected Balance Sheet Items			
	30-Jun-22	31-Dec-21	
Total Equity	397,632	396,780	0.2
Total Assets	2,774,417	2,989,036	(7.2)
Loans and advances	2,171,550	2,250,514	(3.5)
Deposits and saving accounts of customer	2,186,042	2,364,937	(7.6)
Key Financial Ratios			
	%	%	
Net Interest Margin	2.49	2.15	
Non interest income to total income	6.5	10.6	
Cost-to income ratio	37.2	40.3	
Loans (excluding Loans funded by MAS) to deposit ratio	91.9	86.7	
Non-performing loans ratio	1.0	2.7	
Return on Equity ¹	9.9	9.2	
Return on Asset ²	1.4	1.2	
Capital Adequacy Ratio - Company Level	15.85	15.08	
Per Ordinary Share			
Annualised basic/diluted earnings per share (cents)	24.98	23.27	
Net asset value per share (\$)	2.52	2.52	
(1) Return on Equity is computed based on ordinary shareholders' equity at balance sheet date			
(2) Return on Assets is computed based on total assets at balance sheet date			

1. Audit or Review

The condensed interim financial statements of Sing Investments & Finance Ltd and its subsidiary (the "Group") comprise the condensed statements of financial position of the Group and the Company as at 30 June 2022, and the related condensed consolidated profit or loss and other comprehensive income, condensed statement of changes in equity of the Group and the Company, and condensed consolidated statement of cash flows for the six-month period then ended and the explanatory notes have not been audited or reviewed.

2. Review of Performance

Following the record performance of 2021, the Group reported 7% increase in net profit after tax to \$19.7 million for the first half 2022 (“1H 2022”) compared to a year ago. The performance, a 1H high-water mark for SIF, was underpinned by write-back of interest in suspense and credit loss allowance following loan recovery. Non-interest income declined by \$1.2 million or 33%. Operating expenses were marginally higher by 1%. Customer loans grew by 1% to \$ 2.17 billion from 31 December 2021 while asset quality remained stable. A total of \$1.2 million specific credit loss allowance was written back in 1H 2022.

Compared to 1H 2021, net interest income (“NII”) increased 14% to \$33.5 million, driven mainly by interest in suspense write-back from a final settlement of credit exposures to a corporate customer. Excluding the write-back, net interest margin (“NIM”) would be 2.1%, the same as full year 2021 but 5 basis points lower compared to 1H 2021, as the loan yield declined while the Group continued to adapt to market competition.

Non-interest income decreased 33% to \$2.3 million compared to 1H 2021 due to lower government grants, fee and rental income.

Compared to a year ago, operating expenses increased by 1% to \$13.3 million, driven mainly by higher depreciation charges from technology investments. Staff cost was little changed at \$8.8 million. Cost Income Ratio improved to 37.2% compared to 40.3% for the same period last year.

Asset quality was resilient as non-performing loan ratio improved to 1.0% from 2.7% a year ago driven primarily by the settlement of non-performing loans to a corporate customer. A total of \$1.2 million specific allowance was written back in 1H 2022 compared to \$2.5 million of general and specific allowances written back a year ago.

Net deficit in Other Comprehensive Income of \$15.2 million for 1H 2022 was due to fair value losses of Singapore Government Securities (“SGS”) as a result of rising interest rates. The Group holds SGS as part of its liquid assets to meet the regulatory liquidity requirements.

Loans grew by 1% to \$2.17 billion whilst customer deposits declined to \$2.19 billion, 5% lower from 31 December 2021. Loans to deposit ratio increased to 91.9% from 86.7% a year ago.

The Group's Capital Adequacy Ratio (“CAR”) remained healthy at 15.9%, at 3.9 percentage point above the regulatory limit of 12.0% and 0.77% higher than as at 30 June 2021. Decline in CAR from 17.0% as at 31 December 2021 is due to the dividend pay-out made in the second quarter of 2022 for the financial year 2021. With the strong capital position, the Group remains committed to support our customers in growing and sustaining their business through challenging times.

3. Significant Trends and Competitive Conditions in the Industry

A continued recovery of the Singapore economy in the first and second quarter (“Q1 and Q2”) of 2022 was reported in the Economic Surveys of the Ministry of Trade and Industry, Singapore (“MTI”). The growth, both year-on-year and quarter-on-quarter adjusted seasonably, is broad-based but at moderated rates compared to the fourth quarter (“Q4”) of 2021. In May 2022, MTI expected the Singapore's Gross Domestic Product to expand by 3 – 5% in 2022 but with a downward bias as the global economic outlook has worsened since February 2022.

In the first half 2022, the Ukraine-Russia conflict, the sanctions it brought about and the lock-downs in parts of China have disrupted global supply chains and in turn, worsened global inflationary pressures. Labour markets remained tight and drove up salary costs. To rein in inflation, central banks have responded with sharper-than-expected rate hikes. US Federal Reserve began raising rates with 0.25% hike in March and another 0.75% in June 2022, and warned of further actions to fight inflation. SGD interest rates, which track USD rates in the same direction, have since increased significantly.

3. Significant Trends and Competitive Conditions in the Industry (continued)

Looking forward, the prospect of protracted and escalated geographical conflicts has become more imminent and the supply-induced global inflation is likely to stay elevated for the remainder of 2022 and possibly into 2023. Global interest rates are expected to continue its upward trend as monetary policy normalisation and quantitative tightening accelerates across jurisdictions. Inflation and interest rate headwinds may offset border reopening and restriction easing tailwinds to dampen demands, slow economic activities and moderate growth prospects both globally and in Singapore.

In addition, the two wholesale digital banks in Singapore have started operations, focused on serving small and medium enterprises while the two full digital banks are expected to commence business later this year. Competition is therefore expected to intensify further with new competitors entering the market.

Against this backdrop, we will be proactive in managing our net interest margin in the environment of rising interest rates and continue to manage our risk exposures closely.

As a long term partner to our customers, we will focus on helping them cope with the congruence of supply chain disruptions, rising prices and borrowing costs and tapering of government support.

We aim to stay relevant and competitive as we continue to forge ahead with our digital transformation to sustain the Group's long-term growth for the benefit of all our stakeholders.

Other Information required by SGX Listing Rule Appendix 7.2

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement has been previously issued to shareholders.

5. Changes in the Company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for other purpose since the end of the previous period reported

There has been no change in the Company's share capital arising from the above issues.

As at the end of the financial period, there were no outstanding convertibles (31 December 2021: Nil).

6. Sales, transfers, disposal, cancellation and /or use of treasury shares as at the end of the financial period

During the financial period, there have been no sales, transfers, disposal, cancellation and/or use of treasury shares.

7. Shareholders' mandate for interested party transactions ("IPT")

The Group has not sought any shareholders' mandate for IPTs pursuant to Rule 920 of the SGX-ST Listing Manual nor does it have any IPTs (30 June 2021: Nil).

8. SGX-ST Listing Manual Rule 720(1) – Procurement of undertakings to comply with listing rules from all directors and executive officers

Pursuant to Rule 720(1) of the SGX-ST Listing Manual, the Company has procured undertakings to comply with the Exchange's listing rules from all its directors and executive officers.

9. Other Information

- (a) Amount of any adjustment for under provision of tax in respect of prior years – Nil (1H 2021: Nil)
- (b) Amount of profits on any sale of investments:

There has been no sale of investments during the financial period (1H 2021: \$48,908 gain from sale of equity investments).

10. Disclosure of person occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the issuer pursuant to Rule 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lee Sze Leong	63	Director/shareholder of F H Lee Holdings Pte Ltd, substantial shareholder. Brother of: <ul style="list-style-type: none"> Lee Sze Siong (Deputy Managing Director & substantial shareholder) Lee Sze Hao (substantial shareholder) 	Managing Director/CEO. Year Appointed: 1997 Oversees the operations of the company.	Nil.
Lee Sze Siong	60	Director/shareholder of F H Lee Holdings Pte Ltd, substantial shareholder. Brother of: <ul style="list-style-type: none"> Lee Sze Leong (Managing Director/substantial shareholder) Lee Sze Hao (substantial shareholder) 	Deputy Managing Director Year Appointed: 2010 Assists the Managing Director/CEO in overseeing the operations of the company.	Nil

By order of the Board of Directors

Lee Sze Leong
Managing Director
27 July 2022

Directors' Confirmation

The Directors confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the condensed interim financial statements for the six-month ended 30 June 2022 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Lee Sze Leong
Managing Director
27 July 2022

Condensed Interim Consolidated Statement of Profit or Loss

	Note	1st Half 2022 \$'000	1st Half 2021 \$'000	+/- %
Revenue				
Interest income and hiring charges	7	39,715	37,148	6.9
Interest expense	7	(6,246)	(7,901)	(20.9)
Net interest income and hiring charges		33,469	29,247	14.4
Fees and commissions		802	1,241	(35.4)
Dividends	7	119	70	70.0
Rental income from investment properties		1,243	1,543	(19.4)
Other income	7	158	620	(74.5)
Income before operating expenses		35,791	32,721	9.4
Staff costs	7	(8,784)	(8,722)	0.7
Depreciation of property, plant and equipment		(1,009)	(899)	12.3
Depreciation of investment properties	17	(189)	(189)	0.2
Depreciation of right of use assets		(14)	(15)	(4.8)
Other operating expenses	7	(3,314)	(3,363)	(1.5)
Total Operating Expenses		(13,310)	(13,188)	0.9
Profit from operations before allowances		22,481	19,533	15.1
Write-back of allowances for credit losses on loans and other assets	13	1,170	2,549	(54.1)
Profit before income tax		23,651	22,082	7.1
Income tax expense	8	(3,967)	(3,744)	6.0
Profit for the period attributable to equity holders of the Company		19,684	18,338	7.3
Annualised earnings per share (cents)				
- Basic / Diluted	9	24.98	23.27	

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	1st Half 2022	1st Half 2021	+ / (-)
	\$'000	\$'000	%
Profit for the period	19,684	18,338	7.3
<u>Other comprehensive income</u>			
Items that will not be reclassified subsequently to profit or loss			
Gain on disposal of equity investments at FVOCI	-	49	(100.0)
Net change in fair value of equity investments at FVOCI	25	1,884	(98.7)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(4)	(320)	(98.7)
	21	1,612	(98.7)
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of debt investments at FVOCI	(18,346)	(5,976)	207.0
Income tax relating to items that may be reclassified subsequently to profit or loss	3,119	1,016	207.0
	(15,227)	(4,960)	207.0
Other comprehensive income for the period - net of tax	(15,207)	(3,347)	354.3
Total comprehensive income for the period	4,477	14,991	(70.1)

FVOCI: Fair Value through Other Comprehensive Income

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 Jun	31 Dec	30 Jun	31 Dec
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	10	185,896	298,623	185,839	298,572
Statutory deposit with the MAS	10	60,503	60,848	60,503	60,848
Singapore Government Securities and MAS bills	11	299,667	363,856	299,667	363,856
Investment in Equity Securities	11	5,695	5,669	5,434	5,404
Loans and advances	15	2,171,550	2,140,813	2,171,550	2,140,813
Other receivables, deposits and prepayments		4,934	4,921	4,934	4,921
Subsidiary		-	-	25	25
Property, plant and equipment	16	23,404	23,564	23,404	23,564
Investment properties	17	21,620	21,809	21,620	21,809
Deferred tax assets		1,148	-	1,183	-
Total assets		2,774,417	2,920,103	2,774,159	2,919,812
LIABILITIES AND EQUITY					
Deposits and balances of customers		2,186,042	2,293,465	2,186,817	2,294,240
Other liabilities		19,565	20,635	19,082	20,159
Borrowings from MAS	18	162,578	190,806	162,578	190,806
Enterprise Singapore loans (unsecured)	19	1,332	1,118	1,332	1,118
Provision for employee benefits		248	248	248	248
Current tax payable		7,020	6,100	7,020	6,100
Deferred tax liabilities		-	1,966	-	1,932
Total liabilities		2,376,785	2,514,338	2,377,077	2,514,603
Equity attributable to equity holders of the Company					
Share capital	20	180,008	180,008	180,008	180,008
Reserves	21	217,624	225,757	217,074	225,201
Total equity		397,632	405,765	397,082	405,209
Total liabilities and equity		2,774,417	2,920,103	2,774,159	2,919,812
Off-balance sheet items					
Undrawn loan commitments		877,980	777,080	877,980	777,080
Guarantees issued	23	8,735	7,730	8,735	7,730
Total off-balance sheet items		886,715	784,810	886,715	784,810

Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		1st Half	1st Half
		2022	2021
		\$'000	\$'000
Operating activities			
Profit before income tax		23,651	22,082
Adjustments for:			
Impact of accrual of interest income		686	1,310
Impact of accrual of interest expense		975	(6,352)
Interest expense on lease liabilities		1	2
Depreciation of property, plant and equipment		1,009	899
Depreciation of investment properties	17	189	189
Depreciation of right of use assets		14	15
Write-back of allowances for credit losses on loans and other assets	13	(1,170)	(2,549)
Dividends		(119)	(70)
Operating cash flows before movements in working capital		25,236	15,526
Changes in working capital			
Deposits and balances of customers		(107,423)	86,229
Other liabilities		(2,045)	(1,184)
Borrowings from MAS		(28,228)	52,185
Enterprise Singapore loans		214	(1,971)
Statutory deposits with the MAS		345	(3,139)
Singapore Government Securities and MAS bills		44,782	(22,812)
Loans and advances		(29,567)	(170,884)
Other assets		360	221
Cash used in operating activities		(96,326)	(45,830)
Income taxes paid		(3,048)	(2,697)
Net cash used in operating activities		(99,374)	(48,527)
Investing activities			
Purchase of property, plant and equipment	16	(848)	(274)
Dividends received		119	12
Proceeds from disposal of equity securities		-	71
Net cash used in investing activities		(729)	(191)
Financing activities			
Cash payments of lease liabilities		(14)	(15)
Dividend paid		(12,610)	(5,675)
Net cash used in financing activities		(12,624)	(5,690)
Net decrease in cash and cash equivalents		(112,727)	(54,408)
Cash and cash equivalents at beginning of the year		298,623	370,620
Cash and cash equivalents at end of the period		185,896	316,213

Condensed Interim Statements of Changes in Equity

	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
2022						
Balance at 1 January 2022	180,008	128,723	11,716	6,167	79,151	405,765
Total comprehensive income for the period						
Profit for the period	-	-	-	-	19,684	19,684
Other comprehensive income for the period - net	-	-	-	(15,207)	-	(15,207)
Total	-	-	-	(15,207)	19,684	4,477
Transfer to Regulatory Loss Allowance Reserve	-	-	890	-	(890)	-
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2021 of 8 cents per share	-	-	-	-	(12,610)	(12,610)
Balance at 30 June 2022	180,008	128,723	12,606	(9,040)	85,335	397,632
2021						
Balance at 1 January 2021	180,008	120,864	9,940	13,771	62,881	387,464
Total comprehensive income for the period						
Profit for the period	-	-	-	-	18,338	18,338
Other comprehensive income for the period - net	-	-	-	(3,396)	49	(3,347)
Total	-	-	-	(3,396)	18,387	14,991
Transfer to Regulatory Loss Allowance Reserve	-	-	1,168	-	(1,168)	-
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2020 of 3.6 cents per share	-	-	-	-	(5,675)	(5,675)
Balance at 30 June 2021	180,008	120,864	11,108	10,375	74,425	396,780

Condensed Interim Statements of Changes in Equity

	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
2022						
Balance at 1 January 2022	180,008	128,723	11,716	5,996	78,766	405,209
Total comprehensive income for the period						
Profit for the period	-	-	-	-	19,685	19,685
Other comprehensive income for the period - net	-	-	-	(15,202)	-	(15,202)
Total	-	-	-	(15,202)	19,685	4,483
Transfer to Regulatory Loss Allowance Reserve	-	-	890	-	(890)	-
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2021 of 8 cents per share	-	-	-	-	(12,610)	(12,610)
Balance at 30 June 2022	180,008	128,723	12,606	(9,206)	84,951	397,082
2021						
Balance at 1 January 2021	180,008	120,864	9,940	13,580	62,494	386,886
Total comprehensive income for the period						
Profit for the period	-	-	-	-	18,337	18,337
Other comprehensive income for the period - net	-	-	-	(3,399)	49	(3,350)
Total	-	-	-	(3,399)	18,386	14,987
Transfer to Regulatory Loss Allowance Reserve	-	-	1,168	-	(1,168)	-
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2020 of 3.6 cents per share	-	-	-	-	(5,675)	(5,675)
Balance at 30 June 2021	180,008	120,864	11,108	10,181	74,037	396,198

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Sing Investments & Finance Limited, (the 'Company') is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six-month ended 30 June 2022 comprise the Company and its subsidiary (collectively, the 'Group'). The primary activities of the Company are those of a licensed finance company. The principal activities of the subsidiary are those of a nominee service company.

2. Basis of preparation

The condensed interim financial statements for the six-month ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's and Company's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The financial statements have been prepared on a going concern basis under the historical cost convention except for financial assets classified as fair value through other comprehensive income.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

The condensed interim consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the six-month ended 30 June 2022 were authorised for issue by the Board of Directors on 27 July 2022.

3. Accounting policies & adoption of new and revised standards

The accounting policies applied by the Group for this interim financial statements are the same as those applied in the previous financial year, which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), except for the adoption of the new and revised "SFRS(I)s that are effective for the annual period beginning on 1 January 2022.

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 period.

4. Critical accounting judgements and estimates

In preparing the condensed interim financial statements, 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.

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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:

Notes to the Condensed Interim Consolidated Financial Statements

4. Critical accounting judgements and estimates (continued)

Significant increase of credit risk in the estimates of Expected Credit Loss (“ECL”)

ECL is measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL 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.

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 assumptions that relate to key drivers of credit risk.

Management is of the opinion that the key sources of estimation uncertainty is the calculation of loss allowances as discussed below:

Calculation of loss allowance

The following are key estimations that the management has used in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the 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”): 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”): 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.

5. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

6. Segmented revenue and results for business or geographical segments

Segment reporting is not required as the Group operates only in one segment. Its activities relate to financing business and related nominee services. All activities are carried out in the Republic of Singapore.

Notes to the Condensed Interim Consolidated Financial Statements
7. Profit before income tax

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

	Group	
	1st Half 2022	1st Half 2021
	\$'000	\$'000
Interest income and hiring charges		
Loans and advances and others measured at amortised cost	36,045	33,768
Cash and bank deposits at amortised cost	735	1,031
Singapore Government Securities and MAS bills measured at FVOCI	2,935	2,349
	<u>39,715</u>	<u>37,148</u>
Interest expense		
Deposits and others	6,246	7,901
Dividends		
Equity investments	119	70
Other income		
Government grant	134	583
Bad debts recovered	7	19
Others	17	18
	<u>158</u>	<u>620</u>
Staff costs		
Salaries and other benefits	7,930	7,936
Contributions to defined contribution plan	854	786
	<u>8,784</u>	<u>8,722</u>
Other operating expenses		
Audit fees	77	66
Non-audit fees	15	15
Operating expenses on investment properties	321	300
Maintenance, utilities and property tax	962	796
Legal and professional fees	173	95
Commission expense	648	1,018
Others	1,118	1,073
	<u>3,314</u>	<u>3,363</u>

Notes to the Condensed Interim Consolidated Financial Statements

7. Profit before income tax (continued)

	Group	
	1 st Half 2022 \$'000	1 st Half 2021 \$'000
Total net loss allowance charge/(write back) to P&L		
<u>Non impaired asset (ECL Stage 1 & 2)</u>		
Deposits, balances with and loans to bankers, agents and other financial institutions	-	79
Loans and advances	-	(2,129)
<u>Impaired asset (Stage 3)</u>		
Loans and advances	(1,170)	(499)
Total net write back to P&L	<u>(1,170)</u>	<u>(2,549)</u>

8. Income tax expense

	Group	
	1 st Half 2022 \$'000	1 st Half 2021 \$'000
Current tax expense		
Current period	3,967	3,744
Total income tax expense	<u>3,967</u>	<u>3,744</u>

9. Earnings per share

	Group	
	1 st Half 2022 \$'000	1 st Half 2021 \$'000
Basic and diluted earnings per share are based on: Net profit attributable to ordinary shareholders	<u>19,684</u>	<u>18,338</u>
Number of ordinary shares	<u>157,626</u>	<u>157,626</u>
Annualised earnings per share (cents)	<u>24.98</u>	<u>23.27</u>

There were no potential dilutive ordinary shares for the period ended 30 June 2022 and 2021.

Notes to the Condensed Interim Consolidated Financial Statements

10. Categories of financial instruments

The following tables set out the financial instruments:

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
<u>At amortised cost:</u>				
Cash and deposit with banks and Monetary Authority of Singapore ("MAS")	185,896	298,623	185,839	298,572
Statutory deposit with the MAS	60,503	60,848	60,503	60,848
Loans and advances	2,171,550	2,140,813	2,171,550	2,140,813
Other receivables, deposits and prepayments	2,787	2,413	2,787	2,413
<u>At FVOCI:</u>				
Singapore Government Securities and MAS bills	299,667	363,856	299,667	363,856
Investment in Equity Securities	5,695	5,669	5,434	5,404
Financial liabilities				
<u>At amortised cost:</u>				
Deposits and balances of customers	2,186,042	2,293,465	2,186,817	2,294,240
Other liabilities	19,565	20,635	19,082	20,159
Borrowings from MAS	162,578	190,806	162,578	190,806
Enterprise Singapore loans	1,332	1,118	1,332	1,118

11. Financial assets at fair value through other comprehensive income

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets at FVOCI				
<u>At FVOCI:</u>				
Singapore Government Securities and MAS bills	299,667	363,856	299,667	363,856
Investment in Equity Securities	5,695	5,669	5,434	5,404

During the six-month ended 30 June 2022, no disposal of the investment in equity securities of the Group was made (1st Half 2021: Disposal at fair value of \$71,000 with a cumulative gain, net of tax, of \$49,000 reclassified from fair value reserve to retained profits).

Notes to the Condensed Interim Consolidated Financial Statements

12. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (**Level 3**)

The table below provides an analysis of categorisation of fair value measurements into the different levels of the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Group				
30 June 2022				
Financial instruments measured at FVOCI				
Financial Assets				
Quoted equity securities	5,695	-	-	5,695
Singapore Government Securities and MAS bills	299,667	-	-	299,667
31 December 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

13. Credit Risk

There has been no change to the Group's exposure to the type of financial risks as well as the risk management policies and processes as described in the last annual financial statements ended 31 December 2021. Credit Risk remains the key financial risk for the Group and the disclosures below provide the status as at 30 June 2022.

Notes to the Condensed Interim Consolidated Financial Statements
13. Credit Risk (continued)

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

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Cash and deposit with banks and MAS at amortised cost				
Group				
30 June 2022				
Strong	186,469	-	-	186,469
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	186,469	-	-	186,469
Loss allowance	(573)	-	-	(573)
Carrying amount	185,896	-	-	185,896
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
Company				
30 June 2022				
Strong	186,412	-	-	186,412
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	186,412	-	-	186,412
Loss allowance	(573)	-	-	(573)
Carrying amount	185,839	-	-	185,839

Notes to the Condensed Interim Consolidated Financial Statements
13. Credit Risk (continued)

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'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
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Singapore Government Securities ('SGS') & MAS bills				
Group & Company				
30 June 2022				
Strong	299,667	-	-	299,667
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	299,667	-	-	299,667
Loss allowance	-	-	-	-
Carrying amount	299,667	-	-	299,667
31 December 2021				
Strong	363,856	-	-	363,856
Satisfactory	-	-	-	-
Higher Risk	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	363,856	-	-	363,856
Loss allowance	-	-	-	-
Carrying amount	363,856	-	-	363,856

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

Notes to the Condensed Interim Consolidated Financial Statements
13. Credit Risk (continued)

	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Loans and advances at amortised cost				
Group & Company				
30 June 2022				
Strong	62,080	15,017	-	77,097
Satisfactory	1,534,632	438,541	-	1,973,173
Higher Risk	31,688	78,385	-	110,073
Impaired	-	-	21,885	21,885
Total gross carrying amount	1,628,400	531,943	21,885	2,182,228
Loss allowance	(1,694)	(1,471)	(7,513)	(10,678)
Carrying amount	1,626,706	530,472	14,372	2,171,550
31 December 2021				
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
	12-month ECL	Lifetime ECL	Lifetime ECL	
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Total net loss allowance (write back) / charge to P&L				
Group & Company				
Loans and advances	(556)	556	(1,170)	(1,170)
Total write back in 1H 2022	(556)	556	(1,170)	(1,170)
Deposits, balances with and loans to bankers, agents and other financial institutions	79	-	-	79
Loans and advances	(1,269)	(860)	(499)	(2,628)
Total write back in 1H 2021	(1,190)	(860)	(499)	(2,549)

Notes to the Condensed Interim Consolidated Financial Statements

14. Capital Adequacy Ratio (CAR)

The Group's capital position was as follows:

<u>Capital element</u>	Group	
	30 Jun	31 Dec
	2022	2021
	\$'000	\$'000
Core capital		
Share capital	180,008	180,008
Disclosed reserves	195,169	207,782
	<u>375,177</u>	<u>387,790</u>
Risk weighted assets	<u>2,364,977</u>	<u>2,279,886</u>
Capital adequacy ratio:		
Core capital/risk weighted assets (%)	<u>15.9</u>	<u>17.0</u>

15. Loans and advances

	Group and Company	
	30 Jun	31 Dec
	2022	2021
	\$'000	\$'000
Housing, factoring receivables and other loans	1,652,096	1,655,550
Hire purchase receivables	582,417	552,902
Unearned interests and charges	(52,285)	(55,737)
Allowances for impairment on loans and advances	(10,678)	(11,902)
	<u>2,171,550</u>	<u>2,140,813</u>
Due within 12 months	508,211	385,370
Due after 12 months	1,663,339	1,755,443
	<u>2,171,550</u>	<u>2,140,813</u>

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

	Group and Company	
	2022	2021
	\$'000	\$'000
Stage 3 loss allowance		
At 1 January	8,736	5,535
Write back of impairment losses during the period	(1,170)	(499)
Receivables written off against allowances	(53)	(10)
At 30 June	<u>7,513</u>	<u>5,026</u>

Notes to the Condensed Interim Consolidated Financial Statements

15. Loans and advances (continued)

	Group and Company	
	2022	2021
	\$'000	\$'000
Stage 1 and 2 loss allowance		
At 1 January	3,166	5,786
Write back for impairment losses during the period	-	(2,129)
At 30 June	<u>3,166</u>	<u>3,657</u>
Total allowances for impairment on loans and advances		
At 1 January	<u>11,902</u>	<u>11,321</u>
At 30 June	<u>10,678</u>	<u>8,683</u>

16. Property, plant and equipment

During the six-month ended 30 June 2022, the Group and the Company acquired assets amounting to \$848,343 (30 June 2021: \$274,016) and disposed of assets amounting to Nil (30 June 2021: \$6,229)

17. Investment properties

	Group and Company	
	2022	2021
	\$'000	\$'000
At cost:		
At 1 January	<u>28,794</u>	<u>28,794</u>
Accumulated depreciation:		
At 1 January	6,985	6,608
Depreciation charge for the period	189	189
At 30 June	<u>7,174</u>	<u>6,797</u>
Carrying amount:		
At 30 June	<u>21,620</u>	<u>21,997</u>

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 lessees.

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 Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at every year end, based on the property's highest and best use. There has been no significant change to the fair value as described in the annual financial statements for 2021 and based on the fair value hierarchy, it is considered in the Level 2 hierarchy.

Notes to the Condensed Interim Consolidated Financial Statements

18. Borrowings from MAS

	Group and Company	
	30 Jun	31 Dec
	2022	2021
	\$'000	\$'000
Due within 12 months	159,524	136,090
Due after 12 months	3,054	54,716
	162,578	190,806

Borrowings from MAS represent amounts advanced by MAS to the Group in order to partially finance the Enterprise Singapore (“ESG”) loan schemes for Small and Medium Enterprises (“SMEs”), which are 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”).

19. Borrowings from Enterprise Singapore

	Group and Company	
	30 Jun	31 Dec
	2022	2021
	\$'000	\$'000
Due within 12 months	221	803
Due after 12 months	1,111	315
	1,332	1,118

Enterprise Singapore loans represent amounts advanced by Enterprise Singapore under the Local Enterprise Finance Scheme (“LEFS”) and Extended Local Enterprise Finance Scheme (“ELEFS”) to finance LEFS and ELEFS borrowers. The interest rates and repayment periods vary in accordance with the type, purpose and security of the facilities granted under the above schemes.

20. Share capital

	Group and Company			
	30 Jun	31 Dec	30 Jun	31 Dec
	2022	2021	2022	2021
	No. of shares	No. of shares	\$'000	\$'000
	(’000)	(’000)		
Issued and fully paid:	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.

21. Reserves

	Group		Company	
	30 Jun	31 Dec	30 Jun	31 Dec
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Statutory reserve	128,723	128,723	128,723	128,723
Fair value reserve	(9,040)	6,167	(9,206)	5,996
Accumulated profits	85,335	79,151	84,951	78,766
Regulatory Loss Allowance Reserve	12,606	11,716	12,606	11,716
	217,624	225,757	217,074	225,201

Notes to the Condensed Interim Consolidated Financial Statements

21. Reserves (continued)

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

22. Related company and related party transactions

There were no changes in the related party transactions described in the Annual Report 2021 that have had a material effect on the financial position or performance of the Group in the period ended 30 June 2022. All related party transactions that have taken place in the period were similar in nature to those disclosed in the Annual Report 2021.

The transactions with directors of the Company and other related parties are as follows:

	Group and Company	
	30 Jun	30 Jun
	2022	2021
	\$'000	\$'000
(a) Deposits	13,271	5,080
(b) Profit or loss transactions		
- Interest expenses on deposits	22	17
- Professional fee	4	-
- Rental income	116	116

23. 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	
	30 Jun	31 Dec
	2022	2021
	\$'000	\$'000
Guarantees issued and financing of goods imported	8,735	7,730

As at 30 June 2022, guarantees issued for the Group and the Company's operational requirements amounted to Nil (31 Dec 2021 : Nil). 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.

Notes to the Condensed Interim Consolidated Financial Statements

24. Net asset value

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	\$	\$	\$	\$
Net asset value per ordinary share	2.52	2.57	2.52	2.57

25. Dividends

No dividend has been recommended for the six-month ended 30 June 2022 (30 June 2021: Nil).

26. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.