

SINGAPURA FINANCE LTD
Co. Reg. No. 196900340N

Six Months And Full Year Financial Statements Announcement

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group					
		6 months ended 31 Dec 2022	6 months ended 31 Dec 2021	+/-	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021	+/-
		\$'000	\$'000	%	\$'000	\$'000	%
Interest income and hiring charges		19,467	14,939	30.3	34,078	29,623	15.0
Interest expense		(5,310)	(2,492)	113.1	(7,859)	(5,027)	56.3
Net interest income and hiring charges		14,157	12,447	13.7	26,219	24,596	6.6
Fee and commission income		127	234	(45.7)	301	372	(19.1)
Other operating income		255	451	(43.5)	458	939	(51.2)
Income before operating expenses		14,539	13,132	10.7	26,978	25,907	4.1
Staff costs		(5,267)	(4,170)	26.3	(9,111)	(8,015)	13.7
Depreciation of property, plant and equipment		(775)	(647)	19.8	(1,330)	(1,201)	10.7
Other operating expenses		(2,948)	(1,905)	54.8	(4,986)	(3,974)	25.5
Total operating expenses		(8,990)	(6,722)	33.7	(15,427)	(13,190)	17.0
Profit from operations before allowances		5,549	6,410	(13.4)	11,551	12,717	(9.2)
Allowances for impairment losses on loans and advances		(547)	(736)	(25.7)	(1,422)	(1,184)	20.1
Profit before tax	7	5,002	5,674	(11.8)	10,129	11,533	(12.2)
Tax expense	8	(914)	(963)	(5.1)	(1,785)	(1,915)	(6.8)
Profit after tax		4,088	4,711	(13.2)	8,344	9,618	(13.2)
Other comprehensive income							
<u>Items that will not be reclassified subsequently to profit or loss (net of tax):</u>							
Fair value changes of equity investments (net)		-	(241)	(100.0)	-	(1,275)	(100.0)
<u>Items that may be reclassified subsequently to profit or loss (net of tax):</u>							
Fair value changes of debt investments (net)		3,062	(2,130)	(243.8)	(6,151)	(4,210)	46.1
Total comprehensive income for the period		7,150	2,340	205.6	2,193	4,133	(46.9)
<u>Earnings per share for the profit for the period attributable to the owners of the Company during the year:</u>							
Basic earnings per share (cents)		5.15	5.94		5.26	6.06	
Diluted earnings per share (cents)		5.15	5.94		5.26	6.06	

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 158,685,890 for the periods ended 31 December 2022 and 2021. There are no potential dilutive ordinary shares for the periods ended 31 December 2022 and 2021.

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and balances with banks	5	100,260	114,768	100,243	114,751
Statutory deposit with the Monetary Authority of Singapore("MAS")		23,445	24,361	23,445	24,361
Investments	10.2	191,527	130,902	191,527	130,902
Loans and advances	11	844,464	895,966	844,464	895,966
Others receivables, deposits and prepayments		2,306	2,318	2,306	2,317
Subsidiaries		-	-	125	125
Property, plant and equipment	12	7,288	7,450	7,288	7,450
Deferred tax asset		3,152	1,835	3,152	1,835
Total assets		1,172,442	1,177,600	1,172,550	1,177,707
Equity					
Share capital	13	168,896	168,896	168,896	168,896
Reserves		83,326	87,480	81,053	85,216
Total equity attributable to owners of the Company		252,222	256,376	249,949	254,112
Liabilities					
Deposits and savings accounts of customers	15	893,826	907,987	896,437	910,591
Trade and other payables		12,332	9,034	12,103	8,805
Borrowings from MAS	14	10,000	-	10,000	-
Current tax liabilities		2,580	2,636	2,579	2,632
Staff retirement gratuities		1,482	1,567	1,482	1,567
Total liabilities		920,220	921,224	922,601	923,595
Total equity and liabilities		1,172,442	1,177,600	1,172,550	1,177,707
Net Asset Value					
Net asset value per ordinary share (\$)		1.59	1.62	1.58	1.60

The net asset value per share is calculated based on the number of shares of 158,685,890 ordinary shares in issue at the end of 31 December 2022 and 31 December 2021.

C. Condensed interim consolidated statement of cash flows

	Note	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021
		\$'000	\$'000
Cash flows from operating activities			
Profit for the period		8,344	9,618
<u>Adjustments for:-</u>			
Depreciation of property, plant and equipment		1,330	1,201
Bad Debts written off		-	11
Allowances for impairment losses on loans and advances		1,422	1,184
Property, plant and equipment written off		5	-
Gain on disposal of property, plant and equipment		(46)	-
Gain on lease modification		(24)	-
Staff retirement gratuity		19	84
Interest on lease liabilities		287	399
Tax expense		1,785	1,915
		13,122	14,412
<u>Changes in working capital:</u>			
Statutory deposit with Monetary Authority of Singapore		916	(2,940)
Fixed Deposits with original maturity more than 3 months		270	46,535
Loans and advances		50,080	(59,275)
Other receivables, deposits and prepayments		12	(451)
Deposits and savings accounts of customers		(14,161)	513
Trade and other payables		3,801	(940)
Cash generated/(used in) operations		54,040	(2,146)
Taxes paid		(1,898)	(1,264)
Staff retirement gratuity paid		(104)	(32)
Net cash flows generated/(used in) operating activities		52,038	(3,442)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,087)	(529)
Proceed from sale of property, plant and equipment		46	-
Purchase of investments		(410,325)	(277,685)
Proceeds from sale and maturity of investments		342,289	265,176
Net cash flows used in investing activities		(69,077)	(13,038)
Cash flows from financing activities			
Payment of lease liabilities		(852)	(891)
Dividends paid	9	(6,347)	(2,380)
Borrowings from MAS	14	10,000	-
Net cash flows generated/(used in) financing activities		2,801	(3,271)
Net decrease in cash and cash equivalents		(14,238)	(19,751)
Cash and cash equivalents at beginning of period		111,498	131,249
Cash and cash equivalents at end of period	5	97,260	111,498

D. Condensed interim statements of changes in equity – Group

	Note	Share Capital	Capital Reserve	Regulatory Loss Allowance Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group									
At 1 Jan 2022		168,896	1,353	718	80,178	(8,191)	730	12,692	256,376
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	8,344	8,344
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	-	-	-	-
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(7,411)	-	-	(7,411)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	1,260	-	-	1,260
Total other comprehensive income		-	-	-	-	(6,151)	-	-	(6,151)
Total comprehensive income for the year		-	-	-	-	(6,151)	-	8,344	2,193
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 2 cents per share paid in respect of year 2021	9	-	-	-	-	-	-	(6,347)	(6,347)
Total transactions with owners		-	-	-	-	-	-	(6,347)	(6,347)
Transfer from profit for the year to Statutory Reserve		-	-	-	4,320	-	-	(4,320)	-
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	-	-	-	-	-	-
At 31 Dec 2022		168,896	1,353	718	84,498	(14,342)	730	10,369	252,222
The Group									
At 1 Jan 2021		168,896	1,353	1,985	75,388	(2,706)	730	8,977	254,623
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	9,618	9,618
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	(1,536)	-	-	(1,536)
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	261	-	-	261
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(5,072)	-	-	(5,072)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	862	-	-	862
Total other comprehensive income		-	-	-	-	(5,485)	-	-	(5,485)
Total comprehensive income for the year		-	-	-	-	(5,485)	-	9,618	4,133
Transaction with owners, recorded directly in equity									
Final dividend of 1.5 cents per share paid in respect of year 2020	9	-	-	-	-	-	-	(2,380)	(2,380)
Total transactions with owners		-	-	-	-	-	-	(2,380)	(2,380)
Transfer from profit for the year to Statutory Reserve		-	-	-	4,790	-	-	(4,790)	-
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(1,267)	-	-	-	1,267	-
At 31 Dec 2021		168,896	1,353	718	80,178	(8,191)	730	12,692	256,376

FVOCI: Fair Value through Other Comprehensive Income

D. Condensed interim statements of changes in equity – Company

	Note	Share Capital	Capital Reserve	Regulatory Loss Allowance Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Company									
At 1 Jan 2022									
		168,896	1,353	718	80,178	(8,191)	730	10,428	254,112
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	8,335	8,335
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	-	-	-	-
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(7,411)	-	-	(7,411)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	1,260	-	-	1,260
Total other comprehensive income		-	-	-	-	(6,151)	-	-	(6,151)
Total comprehensive income for the year		-	-	-	-	(6,151)	-	8,335	2,184
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 2 cents per share paid in respect of year 2021	9	-	-	-	-	-	-	(6,347)	(6,347)
Total transactions with owners		-	-	-	-	-	-	(6,347)	(6,347)
Transfer from profit for the year to Statutory Reserve		-	-	-	4,320	-	-	(4,320)	-
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	-	-	-	-	-	-
At 31 Dec 2022		168,896	1,353	718	84,498	(14,342)	730	8,096	249,949
The Company									
At 1 Jan 2021									
		168,896	1,353	1,985	75,388	(2,706)	730	6,753	252,399
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	9,578	9,578
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	(1,536)	-	-	(1,536)
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	261	-	-	261
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(5,072)	-	-	(5,072)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	862	-	-	862
Total other comprehensive income		-	-	-	-	(5,485)	-	-	(5,485)
Total comprehensive income for the year		-	-	-	-	(5,485)	-	9,578	4,093
Transaction with owners, recorded directly in equity									
Final dividend of 1.5 cents per share paid in respect of year 2020	9	-	-	-	-	-	-	(2,380)	(2,380)
Total transactions with owners		-	-	-	-	-	-	(2,380)	(2,380)
Transfer from profit for the year to Statutory Reserve		-	-	-	4,790	-	-	(4,790)	-
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(1,267)	-	-	-	1,267	-
At 31 Dec 2021		168,896	1,353	718	80,178	(8,191)	730	10,428	254,112

FVOCI: Fair Value through Other Comprehensive Income

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Singapura Finance Ltd (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 months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those relating to finance companies operating under the Finance Companies Act 1967.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 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 financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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.

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.

Uncertain economic environment

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

The estimation uncertainty is associated with:

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

The Company has developed accounting estimates based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2022 about future events that management believes are reasonable in the circumstances.

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

3. Seasonal operations

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

4. Segment and revenue information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group operates in only one segment. Its activities relate to financing business. All activities are carried out in the Republic of Singapore. Revenue in respect of these activities is disclosed in the financial statements accordingly.

5. Cash and balances with banks

	----- Group -----		----- Company -----	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash at banks and in hand	22,209	92,629	22,192	92,612
Fixed deposits with banks	78,051	22,139	78,051	22,139
Cash and balances with banks in the balance sheet	100,260	114,768	100,243	114,751
Less: Fixed deposits with original maturity more than 3 months	(3,000)	(3,270)	(3,000)	(3,270)
Cash and cash equivalents in the cash flow statement	97,260	111,498	97,243	111,481

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	----- Group -----		----- Company -----	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Financial Assets				
- At amortised cost				
Cash and balances with banks	100,260	114,768	100,243	114,751
Statutory deposit with Monetary Authority of Singapore ("MAS")	23,445	24,361	23,445	24,361
Loans and advances	844,464	895,966	844,464	895,966
Other receivables and deposits (excludes prepayments)	1,475	1,375	1,475	1,374
- At fair value through other comprehensive income (FVOCI)				
Debt instruments	191,527	130,902	191,527	130,902
Unquoted equity instruments	*	*	*	*
	<u>1,161,171</u>	<u>1,167,372</u>	<u>1,161,154</u>	<u>1,167,354</u>
Financial Liabilities				
Deposits and savings accounts of customers	(893,826)	(907,987)	(896,437)	(910,591)
Trade and other payables	(12,332)	(9,034)	(12,103)	(8,805)
Borrowings from MAS	(10,000)	-	(10,000)	-
	<u>(916,158)</u>	<u>(917,021)</u>	<u>(918,540)</u>	<u>(919,396)</u>

*Amount less than S\$1,000

7. Profit before taxation

7.1. Significant items

	Group			
	6 months ended 31 Dec 2022 \$'000	6 months ended 31 Dec 2021 \$'000	12 months ended 31 Dec 2022 \$'000	12 months ended 31 Dec 2021 \$'000
Interest income and hiring charges				
Interest income on:				
- loans and advances	16,960	13,686	30,253	27,279
- bank deposits	577	242	731	516
- Singapore Government Securities	1,930	1,011	3,094	1,828
	<u>19,467</u>	<u>14,939</u>	<u>34,078</u>	<u>29,623</u>
Interest expense				
Interest expense on customer deposits	5,305	2,492	7,852	5,027
Interest expense on Borrowings	5	-	7	-
	<u>5,310</u>	<u>2,492</u>	<u>7,859</u>	<u>5,027</u>
Other operating income				
Bad debts recovered	19	2	24	20
Others	236	189	395	365
Government grant	-	260	39	554
	<u>255</u>	<u>451</u>	<u>458</u>	<u>939</u>
Staff costs				
Salaries and other benefits	4,696	3,746	8,110	7,194
Contributions to defined contribution plans	571	424	1,001	821
	<u>5,267</u>	<u>4,170</u>	<u>9,111</u>	<u>8,015</u>

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

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

	Group			
	6 months ended 31 Dec 2022 \$'000	6 months ended 31 Dec 2021 \$'000	12 months ended 31 Dec 2022 \$'000	12 months ended 31 Dec 2021 \$'000
Other operating expenses				
Audit fees to auditors				
- provision in respect of current year	79	59	159	143
Non-audit fees to auditors of the Company	69	(9)	77	38
Property, plant and equipment written-off	8	-	8	-
Interest expense on lease liabilities				
- related corporations	91	225	258	365
- third parties	15	17	29	34
Other operating expense paid to:				
- related corporations	25	26	49	51
- third parties	2,661	1,587	4,406	3,343
	<u>2,948</u>	<u>1,905</u>	<u>4,986</u>	<u>3,974</u>

7.2. Related party transactions

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group			
	6 months ended 31 Dec 2022 \$'000	6 months ended 31 Dec 2021 \$'000	12 months ended 31 Dec 2022 \$'000	12 months ended 31 Dec 2021 \$'000
Directors' fees	240	270	480	540
Directors' Ex-Gratia	750	-	750	-
Short-term employee benefits	760	995	1,812	1,610
Post-employment benefits	45	54	108	104

Total remuneration to personnel who are both Directors and key management personnel amounted to \$2,639,000 (31 December 2021: \$1,814,000). Key management personnel refer to the Board of Directors and senior management of the Group.

Other transactions with related corporations

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

	Group			
	6 months ended 31 Dec 2022 \$'000	6 months ended 31 Dec 2021 \$'000	12 months ended 31 Dec 2022 \$'000	12 months ended 31 Dec 2021 \$'000
Profit/(loss) transactions				
- Interest on deposits paid to related parties	1,802	521	2,251	1,107

	Company			
	6 months ended 31 Dec 2022	6 months ended 31 Dec 2021	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Interest on deposits paid to subsidiaries	7	5	15	9
Interest on deposits paid to related parties	1,802	521	2,251	1,107

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	6 months ended 31 Dec 2022	6 months ended 31 Dec 2021	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Tax expense				
Current year	951	972	1,842	1,907
Deferred tax debit/(credit)				
Origination and reversal of temporary differences	(37)	(9)	(57)	8
	<u>914</u>	<u>963</u>	<u>1,785</u>	<u>1,915</u>

9. Dividend

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

	Group and Company	
	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021
	\$'000	\$'000
Paid by the Company to owners of the Company		
First and final		
2.0 cents per qualifying ordinary share (2021: 1.5 cents)	3,174	2,380
Special		
2.0 cents per qualifying ordinary share (2021: 0 cent)	3,173	-
	<u>6,347</u>	<u>2,380</u>
Dividend per share (net of tax) (cents)	4.0	1.5

10. Fair value of financial instruments

10.1. Fair value measurement

In assessing the fair value of financial instruments, the Group uses a variety of methods and make assumptions that are based on market conditions existing at each reporting date.

Although management have employed their best judgement in the estimation of fair values, there is inevitably a significant element of subjectivity involved in the calculations. Therefore, the fair value estimates presented below are not necessarily indicative of the amounts the Group could have realised in a sales transaction at the reporting date. For financial assets and liabilities not carried at fair value on the financial statements, the Group has determined that their fair values were not materially different from the carrying amounts at the reporting date. The carrying amounts and fair values of financial instruments of the Group are described below.

The methodologies and assumptions used depend on the terms and risk characteristics of the various instruments and include the following:

Financial instruments for which fair value approximates the carrying amount

The carrying values of statutory deposit with the Monetary Authority of Singapore, other receivables and deposits, cash and balances with banks and trade and other payables, approximate their fair values as these balances are short-term in nature or are receivable or payable on demand.

Investment in Singapore Government Securities

The fair values of FVOCI-debt instruments are determined by reference to their quoted closing bid prices at the reporting date.

10.2 Financial assets at fair value through other comprehensive income

The financial assets at fair value through other comprehensive income comprise the following:

Investments	Group and Company	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Singapore Government Securities	191,527	130,902
Unquoted equity securities	*	*
	<u>191,527</u>	<u>130,902</u>

*Amount less than S\$1,000

10.3 Fair value hierarchy

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:

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

The following table presented the assets measured at fair value:

Group and Company	Level 1	Level 2	Level 3	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
31 December 2022				
FVOCI investments	191,527	–	*	191,527
31 December 2021				
FVOCI investments	130,902	–	*	130,902

*Amount less than S\$1,000

11. Loans and advances

	Group and Company	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Mortgage and other secured loans	674,445	716,526
Unsecured loans	14,008	17,938
Hire purchase receivables	174,668	178,715
	<u>863,121</u>	<u>913,179</u>
Unearned charges and interest	(11,707)	(11,536)
	<u>851,414</u>	<u>901,643</u>
Allowances for loan losses	(6,950)	(5,677)
	<u>844,464</u>	<u>895,966</u>
These comprise balances:		
Due within 12 months	206,784	102,224
Due after 12 months	637,680	793,742
	<u>844,464</u>	<u>895,966</u>

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

	Group and Company			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL – credit impaired	
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2021	2,024	825	3,898	6,747
Allowances for/(write-back)	1,399	(248)	33	1,184
Amounts written off	-	-	(2,254)	(2,254)
Balance as at 31 Dec 2021	<u>3,423</u>	<u>577</u>	<u>1,677</u>	<u>5,677</u>
Allowances for/(write-back)	104	548	770	1,422
Amounts written off	-	-	(149)	(149)
Balance as at 31 Dec 2022	<u>3,527</u>	<u>1,125</u>	<u>2,298</u>	<u>6,950</u>

12. Property, plant and equipment

During the year ended 31 December 2022, the Group acquired fixed assets amounting to \$1,087,000 (31 December 2021: \$529,000) and right-of-use assets of \$110,000 (31 December 2021: \$1,003,000).

13. Share capital

	Group and Company			
	31 Dec 2022		31 Dec 2021	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
Fully paid ordinary shares, with no par value:				
At the beginning and end of financial year	158,686	168,896	158,686	168,896

The Company did not hold any treasury shares as at 31 December 2022.

The Company's subsidiaries did not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

14. Borrowings from MAS

	Group and Company	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Due within 12 months	-	-
Due after 12 months	10,000	-
	<u>10,000</u>	<u>-</u>

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"). Borrowings from MAS SGD Facility is secured by assignment of eligible loan agreements as collaterals amounting to \$11,163,000 (2021: \$Nil) as collaterals under ESG's Enhanced Enterprise Financing Scheme.

15. Deposits and savings accounts of customers

These include deposits placed by subsidiaries amounting to \$2,611,000 (2021: \$2,604,000) in the Company and \$182,421,000 (2021: \$216,201,000) placed by related parties of the Group and the Company, accepted in the ordinary course of business.

16. Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current.

	----- Group -----		----- Company -----	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Assets				
Investments	84,967	95,870	84,967	95,870
Loans and advances	637,680	793,742	637,680	793,742
Other receivables, deposits and prepayments	324	323	324	323
Subsidiaries	–	–	125	125
Property, plant and equipment	7,288	7,450	7,288	7,450
Deferred tax assets	3,152	1,835	3,152	1,835
	<u>733,411</u>	<u>899,220</u>	<u>733,536</u>	<u>899,345</u>
Liabilities				
Deposits and savings accounts of customers	97,724	121,948	97,724	121,948
Trade and other payables	815	256	815	256
Borrowings from MAS	10,000	-	10,000	-
Staff retirement gratuities	982	1,546	982	1,546
	<u>109,521</u>	<u>123,750</u>	<u>109,521</u>	<u>123,750</u>

17. Subsequent events

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

Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Singapura Finance Ltd and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Second Half 2022

For the second half of 2022, the Group recorded a profit after tax of \$4.1 million, a decline of 13.2% as compared to the same period last year. The weaker performance was primarily attributed to higher operating expenses.

Net interest income and hiring charges grew by 13.7% to \$14.2 million compared to the previous corresponding period. Non-interest income declined by \$0.3 million or 44.2% with the curtailment of the Government Covid-19 grants. Total operating expenses increased by 33.7% to \$9.0 million with the increase coming largely from other operating expenses and staff cost as the Group continued to forge ahead with our digital transformation.

Net allowance for loan impairment losses of \$0.5 million was set aside compared to \$0.7 million during the same period last year. The Group continues to set aside adequate specific and collective allowances in respect of its loan portfolio.

Full Year 2022

For the year ended 31 December 2022, the Group recorded a profit after tax of \$8.3 million, a decline of 13.2% compared to last year. The weaker performance was primarily due to higher operating expenses and impairment allowances on loans.

Net interest income and hiring charges improved by 6.6% to \$26.2 million compared to \$24.6 million last year. Total interest income rose by \$4.5m or 15.0% mainly attributed to the increase in interest income from loans and advances, Singapore Government Securities (“SGS”) and other interest earning assets amidst a higher interest rate environment. Correspondingly, total interest expense increased sharply by \$2.8m or 56.3% during the year. Non-interest income declined by \$0.6 million or 42.1% mainly due to the curtailment of the Government Covid-19 grants. Total operating expenses increased by 17.0% or \$2.2 million compared to last year as the Group continued to forge ahead with our digital transformation.

There was a net charge for loan impairment losses amounting to \$1.4 million for the year ended 31 December 2022 compared to \$1.2 million for year ended 31 December 2021. The Group continues to set aside adequate specific and collective allowances in respect of its loan portfolio.

The Group’s shareholders’ funds remain robust at \$252 million as at 31 December 2022, and is more than adequate to buffer further volatility in the current economic slowdown. Our capital adequacy ratio continues to be well above the regulatory minimum requirement.

Fair value reserve for the year ended 31 December 2022 declined by \$6.2 million due to decrease in the fair value of the SGS. The Group purchases SGS for the purposes of maintaining minimum liquid assets as required under the Finance Companies Act.

The Group’s total loan, net of allowances, dipped by 5.7% to \$844 million as at 31 December 2022 compared to \$896 million as at 31 December 2021. In line with the lower loan balance, total customers’ deposits were managed downwards by 1.6% to \$894 million as at 31 December 2022 compared to \$908 million as at 31 December 2021.

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

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

Not applicable.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The Ministry of Trade and Industry (“MTI”) announced on 13 February 2023 that the Singapore economy grew by 2.1% on a year-on-year basis in the fourth quarter of 2022, moderating from the 4.0% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 0.1%, easing from the 0.8% growth in the third quarter. For the whole of 2022, the economy grew by 3.6%, slower than the 8.9% growth in 2021.

MTI forecast Singapore’s economic growth to slow to 0.5% to 2.5% in 2023 amid global uncertainties. Since August 2022, Singapore’s external demand outlook has softened due to the weaker outlook for the Eurozone economy amid an energy crunch, as well as for China as it grapples with recurring COVID-19 outbreaks and a property market downturn. GDP growth rates in most major economies are expected to moderate further from 2022 levels, with sharp slowdowns projected in the US and the Eurozone. Global supply disruptions are likely to continue as the war in Ukraine continues, although the extent and frequency of disruptions are expected to ease.

Global growth is forecast by International Monetary Fund (“IMF”) to slow from 6% in 2021 to 3.4% in 2022, and 2.9% in 2023. The world faces a recession in 2023 as interest rate hikes aimed at tackling inflation will cause a number of economies to contract. 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.

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

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 any other purpose since the end of the previous period reported.

Nil.

6. Group’s borrowings and debt securities as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

The Group and the Company’s borrowings are as disclosed under Note 14 to the condensed interim consolidated financial statements. There are no outstanding debt securities issuance as at 31 December 2022 and 31 December 2021 for the Group and the Company.

7. Dividend Information

7a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? Yes.

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Board of Directors is recommending a first and final dividend one-tier tax-exempt of 2.0 cents per share and a special one-tier tax exempt dividend of 1.25 cents per share in cash for the year ended 31 December 2022.

Name of Dividend	First & final	Special
Dividend Type	Cash	Cash
Dividend Rate	2.0 cents per share	1.25 cents per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
Total Dividend	\$3,173,718	\$1,983,573

Total Annual Dividend	
Ordinary	\$5,157,291
Preference	-
Total	<u>\$5,157,291</u>

The book closure and dividend payment dates are subject to shareholders' approval at the forthcoming Annual General Meeting and will be announced at a later date.

7b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	First & final	Special
Dividend Type	Cash	Cash
Dividend Rate	2.0 cents per share	2.0 cents per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
Total Dividend	\$3,173,718	\$3,173,718

Total Annual Dividend	
Ordinary	\$6,347,436
Preference	-
Total	<u>\$6,347,436</u>

8. Half-Yearly Income and Profit After Tax

	Year ended 31 December 2022	Year ended 31 December 2021	Increase/ (Decrease)
	\$'000	\$'000	%
Total Income			
First Half Year	12,439	12,775	(2.6)
Second Half Year	14,539	13,132	10.7
Profit After Tax			
First Half Year	4,256	4,907	(13.3)
Second Half Year	4,088	4,711	(13.2)

9. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

11. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director, CEO 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
Jamie Teo Miang Yeow	49	Son of Executive Chairman Teo Chiang Long	Chief Executive Officer Year appointed: 2007 Oversees the business activities and operations of the Group	Nil

Confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month and full year ended 31 December 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Teo Chiang Long
Director

Tan Hui Keng, Martha
Director

By Order of the Board
Sarah Zeng
Company Secretary

17 February 2023