

## Full Year Financial Statements And Dividend Announcement

The Directors of Singapura Finance Ltd are pleased to announce the audited financial statements on consolidated results for full year ended 31 December 2017. These figures have been audited in accordance with Singapore Standards on Auditing.

### 1 (a) Audited Consolidated Income Statement for the year ended 31 December 2017

	1 Jan 17 to 31 Dec 17	1 Jan 16 to 31 Dec 16 <sup>(1)</sup>	Increase/ (Decrease)
	\$'000	\$'000	%
Interest income and hiring charges	30,766	33,424	(8.0)
Interest expense	(9,642)	(13,627)	(29.2)
<b>Net interest and hiring charges</b>	<b>21,124</b>	<b>19,797</b>	<b>6.7</b>
Fee and commission income	1,191	1,557	(23.5)
Dividend income	200	201	(0.5)
Gain on sale of investments	471	539	(12.6)
Other operating income	350	419	(16.5)
<b>Income before operating expenses</b>	<b>23,336</b>	<b>22,513</b>	<b>3.7</b>
Staff costs	(7,770)	(7,541)	3.0
Depreciation of property, plant and equipment	(665)	(783)	(15.1)
Other operating expenses	(5,466)	(7,062)	(22.6)
<b>Total operating expenses</b>	<b>(13,901)</b>	<b>(15,386)</b>	<b>(9.7)</b>
<b>Profit from operations before allowances</b>	<b>9,435</b>	<b>7,127</b>	<b>32.4</b>
Allowances for loan losses (net)	(3,530)	(3,856)	(8.5)
<b>Profit before tax</b>	<b>5,905</b>	<b>3,271</b>	<b>80.5</b>
Tax expense	(998)	(541)	84.5
<b>Profit after tax</b>	<b>4,907</b>	<b>2,730</b>	<b>79.7</b>

**Note :**

(1) In 2015, the Company changed its financial year end from 30 June to 31 December (please refer to the announcement reference no. SG151204OTHRAK7A dated 4 December 2015). The last audited full year financial results for FY2015/2016 covered a 18 month period from 1 July 2015 to 31 December 2016. The 12 month period results ended 31 December 2016, which is computed by deducting the results of the 6 month period ended 31 December 2015 (1 July 2015 to 31 December 2015) from that of 18 month period ended 31 December 2016, is presented for comparative purposes only.

**1(b) Earnings per ordinary share of the group (annualised):-**

	<b>12 months Dec 2017</b>	12 months Dec 2016 <sup>(1)</sup>
Annualised earnings per share (cents)		
- Basic	<b>3.09</b>	1.72
- Diluted	<b>3.09</b>	1.72

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 years ended 31 December 2017 and 2016.

There are no potential dilutive ordinary shares for the years ended 31 December 2017 and 2016.

**1(c) Audited Consolidated Statement of Comprehensive Income for year ended 31 December 2017**

	<b>12 Months Dec 2017</b>	12 Months Dec 2016 <sup>(1)</sup>	+ / (-)
	<b>\$'000</b>	\$'000	%
<b>Profit for the year</b>	<b>4,907</b>	2,730	79.7
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net change in fair value of available-for-sale investments	<b>927</b>	2,799	(66.9)
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	<b>(471)</b>	(539)	(12.6)
Tax relating to items that may be reclassified subsequently to profit or loss	<b>(78)</b>	(385)	(79.7)
<b>Other comprehensive income for the period, net of tax</b>	<b>378</b>	1,875	(79.8)
<b>Total comprehensive income for the period</b>	<b>5,285</b>	4,605	14.8

**Note :**

(1) In 2015, the Company changed its financial year end from 30 June to 31 December (please refer to the announcement reference no. SG151204OTHRAK7A dated 4 December 2015). The last full year financial results for FY2015/2016 covered a 18 month period from 1 July 2015 to 31 December 2016. The 12 month period results ended 31 December 2016, which is computed by deducting the results of the 6 month period ended 31 December 2015 (1 July 2015 to 31 December 2015) from that of 18 month period ended 31 December 2016, is presented for comparative purposes only.

## 2(a) Balance Sheets as at 31 December

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Assets</b>				
Cash and cash equivalents	137,628	136,789	137,434	136,627
Statutory deposit with the Monetary Authority of Singapore	20,778	22,180	20,778	22,180
Investments	161,013	116,098	161,013	116,098
Loans and advances	746,689	838,384	746,689	838,384
Others receivables, deposits and prepayments	2,063	3,076	2,058	3,072
Subsidiaries	-	-	125	125
Property, plant and equipment	7,902	8,246	7,902	8,246
Deferred tax assets	27	-	27	-
<b>Total assets</b>	<b>1,076,100</b>	1,124,773	<b>1,076,026</b>	1,124,732
<b>Equity</b>				
Share capital	168,896	168,896	168,896	168,896
Reserves	85,100	82,989	83,074	81,014
<b>Total equity attributable to owners of the Company</b>	<b>253,996</b>	251,885	<b>251,970</b>	249,910
<b>Liabilities</b>				
Deposits and savings accounts of customers	808,278	856,928	810,445	859,095
Trade and other payables	10,548	12,867	10,336	12,640
Current tax liabilities	1,910	1,724	1,907	1,718
Staff retirement gratuities	1,368	1,276	1,368	1,276
Deferred tax liabilities	-	93	-	93
<b>Total liabilities</b>	<b>822,104</b>	872,888	<b>824,056</b>	874,822
<b>Total equity and liabilities</b>	<b>1,076,100</b>	1,124,773	<b>1,076,026</b>	1,124,732

## 2(b) Net Asset Value

Net asset value per ordinary share (\$)	<b>1.60</b>	1.59	<b>1.59</b>	1.57
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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 2017 and 31 December 2016.

### 3 Consolidated cash flow statement

	<b>GROUP</b>	
	<b>12 Months Dec 2017 \$'000</b>	<b>12 Months Dec 2016 <sup>(1)</sup> \$'000</b>
<b>Cash flows from operating activities</b>		
Profit for the year	4,907	2,730
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	665	783
Loss on disposal of property, plant and equipment	-	2
Bad debts written off	2	-
Allowances on loan losses (net)	3,530	3,856
Gain on sale of investments	(471)	(539)
Staff retirement gratuities	92	108
Dividend income	(200)	(201)
Tax expense	998	541
	<b>9,523</b>	<b>7,280</b>
<u>Changes in working capital:</u>		
Statutory deposit with Monetary Authority of Singapore	1,402	3,220
Loans and advances	88,163	93,662
Other receivables, deposits and prepayments	1,013	3,245
Deposits and savings accounts of customers	(48,650)	(90,009)
Trade and other payables	(2,319)	706
<b>Cash from operations</b>	<b>49,132</b>	<b>18,104</b>
Taxes (paid)/recovered	(1,010)	55
Staff retirement gratuities paid	-	(79)
<b>Net cash from operating activities</b>	<b>48,122</b>	<b>18,080</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(321)	(100)
Proceeds from sale of property, plant and equipment	-	(2)
Dividends received	200	201
Purchase of investments	(437,574)	(411,621)
Proceeds from sale and maturity of investments	393,586	425,285
<b>Net cash (used in)/from investing activities</b>	<b>(44,109)</b>	<b>13,763</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(3,174)	-
<b>Net cash used in financing activities</b>	<b>(3,174)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>839</b>	<b>31,843</b>
Cash and cash equivalents at 1 January	136,789	104,946
<b>Cash and cash equivalents at 31 December</b>	<b>137,628</b>	<b>136,789</b>

**Note :**

(1) In 2015, the Company changed its financial year end from 30 June to 31 December (please refer to the announcement reference no. SG151204OTHRK7A dated 4 December 2015). The last full year financial results for FY2015/2016 covered a 18 month period from 1 July 2015 to 31 December 2016. The 12 month period results ended 31 December 2016, which is computed by deducting the results of the 6 month period ended 31 December 2015 (1 July 2015 to 31 December 2015) from that of 18 month period ended 31 December 2016, is presented for comparative purposes only.

#### 4 (a) Consolidated statements of changes in equity

	Share Capital	Capital Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>The Group</b>							
<b>At 1 Jan 2017</b>	168,896	1,353	63,058	(69)	730	17,917	251,885
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	4,907	4,907
<b>Other comprehensive income</b>							
<b>Items that may be reclassified subsequently to profit or loss:</b>							
Net change in fair value of available-for-sale investments	-	-	-	927	-	-	927
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	-	-	-	(471)	-	-	(471)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(78)	-	-	(78)
<b>Total other comprehensive income</b>	-	-	-	378	-	-	378
<b>Total comprehensive income for the year</b>	-	-	-	378	-	4,907	5,285
<b>Transaction with owners, recorded directly in equity</b>							
<b>Distributions to owners</b>							
Dividends declared and paid	-	-	-	-	-	(3,174)	(3,174)
<b>Total transactions with owners</b>	-	-	-	-	-	(3,174)	(3,174)
Transfer from profit for the year to statutory reserve	-	-	2,430	-	-	(2,430)	-
<b>At 31 December 2017</b>	168,896	1,353	65,488	309	730	17,220	253,996
<b>The Group <sup>(1)</sup></b>							
<b>At 1 Jan 2016</b>	168,896	1,353	61,178	(1,944)	730	17,067	247,280
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	2,730	2,730
<b>Other comprehensive income</b>							
<b>Items that may be reclassified subsequently to profit or loss:</b>							
Net change in fair value of available-for-sale investments	-	-	-	2,799	-	-	2,799
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	-	-	-	(539)	-	-	(539)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(385)	-	-	(385)
<b>Total other comprehensive income</b>	-	-	-	1,875	-	-	1,875
<b>Total comprehensive income for the year</b>	-	-	-	1,875	-	2,730	4,605
Transfer from profit for the year to statutory reserve	-	-	1,880	-	-	(1,880)	-
<b>At 31 December 2016</b>	168,896	1,353	63,058	(69)	730	17,917	251,885

(1) The 12 month period results ended 31 December 2016, which is computed by deducting the results of the 6 month period ended 31 December 2015 (1 July 2015 to 31 December 2015) from that of 18 month period ended 31 December 2016, is presented for comparative purposes only.

#### 4 (b) Consolidated statements of changes in equity

	Share Capital	Capital Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>The Company</b>							
<b>At 1 Jan 2017</b>	168,896	1,353	63,058	(69)	730	15,942	249,910
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	4,856	4,856
<b>Other comprehensive income</b>							
<b>Items that may be reclassified subsequently to profit or loss:</b>							
Net change in fair value of available-for-sale investments	-	-	-	927	-	-	927
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	-	-	-	(471)	-	-	(471)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(78)	-	-	(78)
<b>Total other comprehensive income</b>	-	-	-	378	-	-	378
<b>Total comprehensive income for the year</b>	-	-	-	378	-	4,856	5,234
<b>Transaction with owners, recorded directly in equity</b>							
<b>Distributions to owners</b>							
Dividends declared and paid	-	-	-	-	-	(3,174)	(3,174)
<b>Total transactions with owners</b>	-	-	-	-	-	(3,174)	(3,174)
Transfer from profit for the year to statutory reserve	-	-	2,430	-	-	(2,430)	-
<b>At 31 December 2017</b>	168,896	1,353	65,488	309	730	15,194	251,970
<b>The Company <sup>(1)</sup></b>							
<b>At 1 Jan 2016</b>	168,896	1,353	61,178	(1,944)	730	15,195	245,408
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	2,627	2,627
<b>Other comprehensive income</b>							
<b>Items that may be reclassified subsequently to profit or loss:</b>							
Net change in fair value of available-for-sale investments	-	-	-	2,799	-	-	2,799
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	-	-	-	(539)	-	-	(539)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(385)	-	-	(385)
<b>Total other comprehensive income</b>	-	-	-	1,875	-	-	1,875
<b>Total comprehensive income for the year</b>	-	-	-	1,875	-	2,627	4,502
Transfer from profit for the year to statutory reserve	-	-	1,880	-	-	(1,880)	-
<b>At 31 December 2016</b>	168,896	1,353	63,058	(69)	730	15,942	249,910

(1) The 12 month period results ended 31 December 2016, which is computed by deducting the results of the 6 month period ended 31 December 2015 (1 July 2015 to 31 December 2015) from that of 18 month period ended 31 December 2016, is presented for comparative purposes only.

**5 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.**

Nil.

**6 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.

**7 Number of shares held as treasury shares and the number of subsidiary holdings as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.**

Nil.

**8 Sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the financial period.**

Not applicable. During the financial year, no shares were held as treasury shares and there were no subsidiary holdings.

**9 Accounting Policies**

For the current financial year, the Group and the Company have adopted all the relevant new or revised Financial Reporting Standards ("FRS") and interpretations ("INT FRS") which came into effect for the Group and the Company from 1 January 2017.

The adoption of these new or revised FRS and INT FRS does not have any material impact on the financial statements of the Group and the Company for the financial year under review.

The accounting policies and methods of computation adopted in the financial statements for the financial year under review are consistent with those applied in the financial statements for the financial period ended 31 December 2016.

**10 Review of the Performance of the Company and its Principal Subsidiaries**

The Group recorded a profit after tax of \$4.9 million for the financial year ended 31 December 2017, an improvement of 79.7% compared to \$2.7 million for the same period last year. The stronger performance was mainly attributed to higher total income and lower total operating expenses.

Total income improved by \$0.8 million or 3.7% as net interest income increased \$1.3 million or 6.7% partly offset by lower non-interest income by \$0.5 million or 18.6%. Net interest income increased as the decline in interest expense outweighed the drop in interest income while non-interest income dropped mainly due to decline in fees and commissions income. Total operating expenses were well managed, with the decline of \$1.5 million or 9.7% coming largely from other operating expenses and depreciation charge on fixed assets.

The Group's total loan net of allowances dipped 10.9% to \$747 million as at 31 December 2017 compared to \$838 million as at 31 December 2016. In line with the lower loan balance, the Group has also actively managed the total deposits downwards by 5.7% to \$808 million as at 31 December 2017. Net allowances for loan losses amounted to \$3.5 million for the year ended 31 December 2017. For the same period last year, there was a net charge for loan allowances of \$3.9 million. The Group continues to set aside adequate specific and collective allowances for the loan portfolio.

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

## 11 Comments on Significant Trends and Competitive Conditions in the Industry

Statistics from the Ministry of Trade and Industry (“MTI”) showed that the Singapore economy grew by 3.6% on a year-on-year basis in the fourth quarter of 2017, easing from the 5.5% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 2.1% compared to the 11.2% growth in the preceding quarter. For the whole of 2017, the economy grew by 3.6%, marginally faster than the initial estimate of 3.5%.

The external demand outlook for Singapore is expected to be slightly weaker in 2018 as compared to 2017 as its key trading partners enter a more mature phase of recovery. Furthermore, while global macroeconomic risks have receded to some extent since the end of 2017, some remain, including concerns over protectionist sentiment and trade policies, especially in the United States, as well as higher-than-expected inflation, which could prompt the US central bank to raise interest rates more quickly. This could in turn cause global financial conditions to tighten more than anticipated and potentially lead to sharp corrections in financial markets. Should this occur, regional economies with elevated debt levels could be disproportionately affected, and there could be some pullback in investment and consumption growth in these economies. Against this external backdrop, the pace of growth in the Singapore economy is expected to moderate in 2018 as compared to 2017, but remain firm. Barring the materialisation of any downside risks, MTI tipped the GDP growth in 2018 to come in slightly above the middle of the forecast range of “1.5% to 3.5%”.

Given the modest economic outlook as well as the likely competitive pressures on the funding costs, the Group expects a challenging time ahead. Nevertheless, the Group will continue to be prudent in seeking new business opportunities and be proactive in managing our credit exposure and operating expenses to remain competitive.

## 12 Dividends

Subject to shareholders’ approval at the forthcoming Annual General Meeting, the Board of Directors is recommending a first & final dividend (one-tier tax-exempt) of 2 cents per share and a special dividend (one-tier tax-exempt) of 1 cent per share for the year ended 31 December 2017.

	<u>12 Months ended</u> <u>31 December 2017</u>	<u>18 Months ended</u> <u>31 December 2016</u> <sup>(1)</sup>
Name of Dividend	First & final	First & final
Dividend Type	Cash	Cash
Dividend Rate	2 cents per share	2 cents per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
Total Dividend	\$3,173,718	\$3,173,718
Name of Dividend	Special	Special
Dividend Type	Cash	Cash
Dividend Rate	1 cent per share	Nil cent per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
Total Dividend	\$1,586,859	-
<u>Total Annual Dividend</u>		
Ordinary	\$4,760,577	\$3,173,718
Preference	-	-
Total	<u>\$4,760,577</u>	<u>\$3,173,718</u>

(1) In 2015, the Company changed its financial year end from 30 June to 31 December (please refer to the announcement reference no. SG151204OTHR7A dated 4 Dec 2015). The last full year financial results for FY2015/2016 covered an 18 month period from 1 Jul 2015 to 31 Dec 2016.



### 13 Closure of Books and Dividend Payment Date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on Tuesday, 8 May 2018 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on Monday, 7 May 2018 will be registered to determine shareholders' entitlement to the dividend. Payment of dividend, if approved by shareholders at the Annual General Meeting to be held at 391A Orchard Road, Tower A, #26-00, Ngee Ann City Singapore 238873 on Friday, 27 April 2018 at 11.00 a.m., will be paid on Monday, 14 May 2018.

### 14 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. All activities are carried out in the Republic of Singapore.

### 15 Half-Yearly Income and Profit After Tax

	12 Months ended 31 December 2017	12 Months ended 31 December 2016 <sup>(1)</sup>	Increase/ (Decrease)
	\$'000	\$'000	%
<b>Total Income</b>			
First Half Year	11,188	11,523	(2.9)
Second Half Year	12,148	10,990	10.5
<b>Profit After Tax</b>			
First Half Year	3,929	794	394.8
Second Half Year	978	1,936	(49.5)

(1) The 12 month period results ended 31 December 2016, which is computed by deducting the results of the 6 month period ended 31 December 2015 (1 July 2015 to 31 December 2015) from that of 18 month period ended 31 December 2016, is presented for comparative purposes only.

### 16 Shareholders' mandate for Interested Party Transactions

The Group has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

### 17 The Company confirms that it has procured the undertakings required under Rule 720(1) from all its directors and executive officers.

### 18 Report of person occupying managerial position who are related to a Director, Chief Executive Officer or Substantial Shareholder pursuant to Rule 704(13) of the Listing Rules

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 period
Jamie Teo Miang Yeow	44	Son of Executive Chairman [Teo Chiang Long]	Chief Executive Officer Year appointed : 2007  Oversees the business activities and operations of the Group	Nil

By Order of the Board

Ngiam May Ling  
Company Secretary

23 February 2018

# Extract of Independent auditors' report from the Financial Statements of Singapura Finance Ltd and its Subsidiaries for the year ended 31 December 2017

## Independent auditors' report

Members of the Company  
Singapura Finance Ltd

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Singapura Finance Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2017, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS49.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *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.

#### 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.

Allowance for loan losses amounting to \$13,755,000 (Refer to Note 6 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's loans and advances to customers represent 71% of its total assets.</p> <p>The adequacy of allowance for loan losses was identified as a key focus area in our audit as there is a considerable degree of judgement in assessing the adequacy of the allowances.</p> <p>In addition, the Group has to meet Singapore regulatory requirements relating to the maintenance of collective impairment allowances.</p>	<p>Our audit procedures included assessing the controls over approving, recording and monitoring of loans and advances. We also assessed the controls over impairment allowances for individually significant loans and advances.</p> <p>We performed sample checks of credit reviews on individually significant loans and advances by critically assessing the credit grading and any objective evidence of impairment.</p> <p>We reviewed the Group's assumptions in assessing specific impairment for exposures subject to individual impairment assessment on a sample basis. This included considering the realisation of collateral and other possible sources of repayment.</p> <p>We also assessed the Group's comparison of collective impairment provided against its historical loss data and ascertained that the parameters used, agree to the underlying supporting documents.</p> <p>We recomputed management's calculation to ascertain that the Group's collective impairment is maintained in accordance with regulatory requirements.</p>
<i>Our findings</i>	
The impairment estimates were within an acceptable range of outcomes.	

### *Other information*

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the analysis of shareholdings which is 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 auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the analysis 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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 year and are therefore the key audit matters. We describe these matters in our auditors' 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 those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Hong Cho Hor Ian.

**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**  
23 February 2018