

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 2018. These figures have been audited in accordance with Singapore Standards on Auditing.

1 (a) Audited Consolidated Income Statement for the year ended 31 December 2018

	2018	2017	Increase/ (Decrease)
	\$'000	\$'000	%
Interest income and hiring charges	27,766	30,766	(9.8)
Interest expense	(7,808)	(9,642)	(19.0)
Net interest and hiring charges	19,958	21,124	(5.5)
Fee and commission income	719	1,191	(39.6)
Dividend income	15	200	(92.5)
Gain on sale of investments	-	471	(100.0)
Other operating income	609	350	74.0
Income before operating expenses	21,301	23,336	(8.7)
Staff costs	(8,184)	(7,770)	5.3
Depreciation of property, plant and equipment	(782)	(665)	17.6
Other operating expenses	(4,354)	(5,466)	(20.3)
Total operating expenses	(13,320)	(13,901)	(4.2)
Profit from operations before allowances	7,981	9,435	(15.4)
Write-back/(Allowance) of impairment losses on loans and advances	1,006	(3,530)	(128.5)
Profit before tax	8,987	5,905	52.2
Tax expense ⁽¹⁾	(1,270)	(998)	27.3
Profit after tax	7,717	4,907	57.3

Note :

(1) Includes write-back of prior years over-provision for tax of \$247,000 (2017 : \$Nil).

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

	Year Ended Dec 2018	Year Ended Dec 2017
Annualised earnings per share (cents)		
- Basic	4.86	3.09
- Diluted	4.86	3.09

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 2018 and 2017.

There are no potential dilutive ordinary shares for the years ended 31 December 2018 and 2017.

1(c) Audited Consolidated Statement of Comprehensive Income for year ended 31 December 2018

	2018	2017	+ / (-)
	\$'000	\$'000	%
Profit for the year	7,717	4,907	57.3
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale investments ⁽¹⁾	NA	927	n.m.
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal ⁽¹⁾	NA	(471)	n.m.
Net change in fair value of investments measured at FVOCI ⁽¹⁾	(139)	NA	n.m.
Tax relating to items that may be reclassified subsequently to profit or loss	24	(78)	n.m.
Other comprehensive income for the year, net of tax	(115)	378	n.m.
Total comprehensive income for the year	7,602	5,285	43.8

n.m. – not meaningful

NA – Not Applicable

⁽¹⁾ Following the change in the classification and measurement requirements of financial assets in applying SFRS(I) 9 *Financial Instruments* with effect from 1 January 2018, available-for-sale investments in the prior year comparatives are now presented as investments measured at Fair Value through Other Comprehensive Income ("FVOCI").

2(a) Balance Sheets as at 31 December 2018

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Assets				
Cash and cash equivalents	115,519	137,628	115,348	137,434
Statutory deposit with the Monetary Authority of Singapore	18,641	20,778	18,641	20,778
Investments	172,753	161,013	172,753	161,013
Loans and advances	680,441	746,689	680,441	746,689
Others receivables, deposits and prepayments	1,597	2,063	1,593	2,058
Subsidiaries	-	-	125	125
Property, plant and equipment	7,937	7,902	7,937	7,902
Deferred tax assets	45	27	45	27
Total assets	996,933	1,076,100	996,883	1,076,026
Equity				
Share capital	168,896	168,896	168,896	168,896
Reserves	88,587	85,100	86,465	83,074
Total equity attributable to owners of the Company	257,483	253,996	255,361	251,970
Liabilities				
Deposits and savings accounts of customers	726,519	808,278	728,826	810,445
Trade and other payables	9,243	10,548	9,014	10,336
Current tax liabilities	2,223	1,910	2,217	1,907
Staff retirement gratuities	1,465	1,368	1,465	1,368
Total liabilities	739,450	822,104	741,522	824,056
Total equity and liabilities	996,933	1,076,100	996,883	1,076,026

2(b) Net Asset Value

Net asset value per ordinary share (\$)	1.62	1.60	1.61	1.59
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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 2018 and 31 December 2017.

3 Consolidated cash flow statement
Year ended 31 December 2018

	GROUP	
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Profit for the year	7,717	4,907
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	782	665
Property, plant and equipment written off	16	-
Bad debts written off	44	2
(Write-back)/Allowance of impairment losses on loans and advances	(1,006)	3,530
Gain on sale of investments	-	(471)
Staff retirement gratuities	97	92
Dividend income	(15)	(200)
Tax expense	1,270	998
	8,905	9,523
<u>Changes in working capital:</u>		
Statutory deposit with Monetary Authority of Singapore	2,137	1,402
Loans and advances	67,856	88,163
Other receivables, deposits and prepayments	466	1,013
Deposits and savings accounts of customers	(81,759)	(48,650)
Trade and other payables	(1,305)	(2,319)
Cash (used in)/from operations	(3,700)	49,132
Taxes paid	(951)	(1,010)
Net cash flows (used in)/from operating activities	(4,651)	48,122
Cash flows from investing activities		
Purchase of property, plant and equipment	(833)	(321)
Dividends received	15	200
Purchase of investments	(652,777)	(437,574)
Proceeds from sale and maturity of investments	640,898	393,586
Net cash used in investing activities	(12,697)	(44,109)
Cash flows from financing activities		
Dividends paid	(4,761)	(3,174)
Net cash used in financing activities	(4,761)	(3,174)
Net (decrease)/increase in cash and cash equivalents	(22,109)	839
Cash and cash equivalents at 1 January	137,628	136,789
Cash and cash equivalents at 31 December	115,519	137,628

4(a) Consolidated statements of changes in equity - Group

	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 2018	168,896	1,353	-	65,488	309	730	17,220	253,996
Adjustment on initial application of SFRS(I) 9	-	-	-	-	-	-	646	646
Adjusted balance as at 1 Jan 2018	168,896	1,353	-	65,488	309	730	17,866	254,642
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	7,717	7,717
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI*	-	-	-	-	(139)	-	-	(139)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-	24	-	-	24
Total other comprehensive income	-	-	-	-	(115)	-	-	(115)
Total comprehensive income for the year	-	-	-	-	(115)	-	7,717	7,602
Transaction with owners, recorded directly in equity								
Contributions by and Distribution to owners								
Final dividend paid of 2 cents per share and Special dividend paid of 1 cent in respect of year 2017	-	-	-	-	-	-	(4,761)	(4,761)
Total transactions with owners	-	-	-	-	-	-	(4,761)	(4,761)
Transfer from profit for the year to Statutory Reserve	-	-	-	3,820	-	-	(3,820)	-
Transfer from accumulated profits to Regulatory Loss Allowance Reserve	-	-	1,854	-	-	-	(1,854)	-
At 31 Dec 2018	168,896	1,353	1,854	69,308	194	730	15,148	257,483
The Group								
At 1 Jan 2017	168,896	1,353	-	63,058	(69)	730	17,917	251,885
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	4,907	4,907
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
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)
Total other comprehensive income	-	-	-	-	378	-	-	378
Total comprehensive income for the year	-	-	-	-	378	-	4,907	5,285
Transaction with owners, recorded directly in equity								
Contributions by and Distributions to owners								
Final dividend paid of 2 cents per share in respect of year 2016	-	-	-	-	-	-	(3,174)	(3,174)
Total transactions with owners	-	-	-	-	-	-	(3,174)	(3,174)
Transfer from profit for the year to Statutory Reserve	-	-	-	2,430	-	-	(2,430)	-
At 31 Dec 2017	168,896	1,353	-	65,488	309	730	17,220	253,996

*FVOCI - Fair Value through Other Comprehensive Income

4(b) Consolidated statements of changes in equity - Company

	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 2018	168,896	1,353	-	65,488	309	730	15,194	251,970
Adjustment on initial application of SFRS(I) 9	-	-	-	-	-	-	646	646
Adjusted balance as at 1 Jan 2018	168,896	1,353	-	65,488	309	730	15,840	252,616
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	7,621	7,621
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI*	-	-	-	-	(139)	-	-	(139)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-	24	-	-	24
Total other comprehensive income	-	-	-	-	(115)	-	-	(115)
Total comprehensive income for the year	-	-	-	-	(115)	-	7,621	7,506
Transaction with owners, recorded directly in equity								
Contributions by and Distributions to owners								
Final dividend paid of 2 cents per share and Special dividend paid of 1 cent in respect of year 2017	-	-	-	-	-	-	(4,761)	(4,761)
Total transactions with owners	-	-	-	-	-	-	(4,761)	(4,761)
Transfer from profit for the year to Statutory Reserve	-	-	-	3,820	-	-	(3,820)	-
Transfer from accumulated profits to Regulatory Loss Allowance Reserve	-	-	1,854	-	-	-	(1,854)	-
At 31 Dec 2018	168,896	1,353	1,854	69,308	194	730	13,026	255,361
The Company								
At 1 Jan 2017	168,896	1,353	-	63,058	(69)	730	15,942	249,910
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	4,856	4,856
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
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)
Total other comprehensive income	-	-	-	-	378	-	-	378
Total comprehensive income for the year	-	-	-	-	378	-	4,856	5,234
Transaction with owners, recorded directly in equity								
Contributions by and Distributions to owners								
Final dividend paid of 2 cents per share in respect of year 2016	-	-	-	-	-	-	(3,174)	(3,174)
Total transactions with owners	-	-	-	-	-	-	(3,174)	(3,174)
Transfer from profit for the year to Statutory Reserve	-	-	-	2,430	-	-	(2,430)	-
At 31 Dec 2017	168,896	1,353	-	65,488	309	730	15,194	251,970

*FVOCI - Fair Value through Other Comprehensive Income

- 5 Group's borrowings and debt securities as at the end of the current financial year 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 year 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 year.**

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 have adopted all the relevant new or revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which came into effect from 1 January 2018. The initial adoption of SFRS(I) does not have a material impact on the financial statements of the Group and the Company except SFRS(I) 9 *Financial Instruments*.

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model ("ECL") for calculating impairment of financial assets, and new hedge accounting requirements. There is no material impact in the area of classification and measurement of financial instruments and the Group does not apply any hedge accounting.

Based on the ECL model under SFRS(I) 9, there was a reversal/decrease of \$0.6 million in the opening balance of allowances for loan losses as at 1 January 2018, with a corresponding credit/increase to accumulated profits.

In addition, a revised regulatory requirement of maintaining Minimum Regulatory Loss Allowance ("MRLA") for non-credit-impaired exposures became effective on the same date as SFRS(I) 9. If loss allowances under SFRS(I) 9 falls below the MRLA, the Group will set aside the shortfall amount in the non-distributable Regulatory Loss Allowance Reserve ("RLAR") from accumulated profits. As at 1 January 2018, the Group did not set aside additional amount to RLAR as loss allowances under SFRS(I) 9 was above the MRLA.

Except as described above, the accounting policies and methods of computation used in the financial statements for the year under review are consistent with those applied in the audited financial statements for the year ended 31 December 2017.

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

The Group recorded a profit after tax of \$7.7 million for the financial year ended 31 December 2018, an improvement of 57.3% compared to \$4.9 million for the same period last year. The stronger performance was mainly attributed to a net write back on loan impairment losses which cushioned the decline in total income.

Total income declined by \$2.0 million or 8.7% mainly due to lower net interest income and non-interest income. Net interest income contracted by \$1.2 million or 5.5% as the decline in interest income outweighed the drop in interest expense while non-interest income fell by \$0.9 million or 39.3% mainly due to decline in fees and commissions income and the absence of gain on sale of investments. This is cushioned by a fall in total operating expenses by \$0.6 million or 4.2% owing to the strict discipline in the management of operating costs in the light of lower interest income.

The Group's total loan net of allowances dipped 8.9% to \$680 million as at 31 December 2018 compared to \$747 million as at 31 December 2017. In line with the lower loan balance, the Group has also actively managed the total deposits downwards by 10.1% to \$727 million as at 31 December 2018. Net write back for loan impairment losses amounted to \$1.0 million for the year ended 31 December 2018. For the same period last year, there was a net charge for loan allowances of \$3.5 million. The Group continues to set aside adequate loss allowance for the loan portfolio.

In compliance with the revised regulatory requirement for loan loss allowance, \$1.9 million was transferred from the accumulated profit to the Regulatory Loss Allowance Reserve for the year under review. The transfers are reflected in the Statement of Changes in the Equity.

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

The Singapore economy grew by 1.9% on a year-on-year basis in the fourth quarter of 2018, easing from the 2.4% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 1.4%, unchanged from the preceding quarter. For the whole of 2018, the economy grew by 3.2%, a moderation from the 3.9% growth recorded in 2017.

Heightened uncertainties and risks in the global economy have led to a rise in volatility in global financial markets. Should the downside risks materialise, financial market volatility could spike and adversely affect investor sentiments, thereby exacerbating the negative effects on global growth. There remains the risk of a further escalation of the trade conflicts between the US and its key trading partners, which could trigger a sharp fall in global business and consumer confidence. Should this happen, global investment and consumption spending would decline, with an adverse impact on global economic growth. A sharper-than-expected slowdown of the Chinese economy could adversely affect the region's growth due to falling import demand from China, especially given regional economies' close interlinkages with China through their participation in manufacturing and trade-related services value chains. Furthermore, there is a risk that the UK will leave the EU without a withdrawal agreement. A "no-deal" Brexit could lead to substantial trade frictions between the UK and its trading partners, and weigh on consumer and business sentiments in the UK and EU, with potential negative effects on global growth. In late January 2019, the US Federal Reserve decided to keep interest rate on hold and signalled a prolonged pause on rate hikes. The policy U-turn, just six weeks after it raised rates and forewarned of two hikes in 2019, reflected its concerns over the global uncertainties and risks as mentioned above.

Against these external backdrop, the pace of growth in the Singapore economy is expected to slow in 2019 as compared to 2018. Taking into account the global and domestic economic environment, Ministry of Trade and Industry has maintained the 2019 GDP growth forecast at “1.5% to 3.5 %”, with growth expected to come in slightly below the mid-point of the forecast range.

Given the modest economic outlook, 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 2 cents per share for the year ended 31 December 2018.

	<u>Year ended 31 December 2018</u>	<u>Year ended 31 December 2017</u>
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	2 cents per share	1 cent per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
Total Dividend	\$3,173,718	\$1,586,859
<u>Total Annual Dividend</u>		
Ordinary	\$6,347,436	\$4,760,577
Preference	-	-
Total	<u>\$6,347,436</u>	<u>\$4,760,577</u>

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 Monday, 6 May 2019 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 Friday, 3 May 2019 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, 26 April 2019 at 11.00 a.m., will be paid on Friday, 10 May 2019.

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

	Year ended 31 December 2018	Year ended 31 December 2017	Increase/ (Decrease)
	\$'000	\$'000	%
Total Income			
First Half Year	11,028	11,188	(1.4)
Second Half Year	10,273	12,148	(15.4)
Profit After Tax			
First Half Year	3,040	3,951	(23.1)
Second Half Year	4,677	956	389.2

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 year
Jamie Teo Miang Yeow	45	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

22 February 2019

Extract of Independent auditors' report from the Financial Statements of Singapura Finance Ltd and its Subsidiaries for the year ended 31 December 2018

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 consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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 '*Auditors' 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 *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 period. 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.

Loan impairment losses amounting to \$8,324,000 (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 68% of its total assets.</p> <p>SFRS(I) 9 “Financial Instruments”, effective 1 January 2018, introduces the concept of expected credit loss (“ECL”), which is a probability-weighted estimate of the:</p> <p>i) 12-month ECLs for financial assets where credit risk has not increased significantly since initial recognition or if there is no longer a significant increase in credit risk (“Stage 1 ECLs”); or</p> <p>(ii) Lifetime ECLs for financial assets where there has been a significant increase in credit risk since initial recognition (“Stage 2 ECLs”) or are credit impaired (“Stage 3 ECLs”).</p> <p>Judgement is involved in determining the methodology and assumptions used on the ECL assessment.</p>	<p>We tested the design, implementation and operating effectiveness of the key controls in place over the credit approval and review processes.</p> <p>We performed sample checks of credit reviews on loans and advances to critically assess the appropriateness of the credit grading and any objective evidence of impairment.</p> <p>For credit impaired exposures, we assessed the reasonableness of management estimates of expected future cashflows, including the realisable value of collaterals if relevant.</p> <p>For non-credit impaired exposures, we reviewed the appropriateness of the ECL methodology and management’s assumptions used in the ECL model, including key assumptions such as probability of default term structure, loss given default and exposure at default.</p> <p>We also tested the accuracy of key inputs into the ECL models for a sample of exposures as at year-end by checking them against source systems.</p> <p>We independently re-calculated the ECL allowance for a sample of credit exposures to test the mathematical accuracy of the calculations produced by the ECL model.</p>
<i>Our findings</i>	
We found that the methodology and management’s assumptions used in the ECL model were appropriate and the ECL allowances computation was consistent with the ECL model.	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors’ report thereon.

We have obtained all other information prior to the date of this auditors’ report except for the analysis of shareholding (‘the Report’), which is expected to be made available to us after the date of the auditors’ report.

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 Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 controls 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude 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

22 February 2019