Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Singapura Finance Ltd

Stock code: S23

Meeting details:
Date: 11 June 2020
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman's statement, while the group's total loan (net of allowances) increased by 8.2% to $736 million as at 31 December 2019, the group had actively managed the total deposits upwards by 16.4% to $846 million as at 31 December 2019 (page 2 of the annual report).

Accordingly, the loans-to-deposits ratio slipped to 87.1% as at 31 December 2019, from 93.7% as at 31 December 2018.

(i) **Can management help shareholders understand the rationale of actively managing up total deposits in FY2019?**

(ii) **Given that the pandemic has greatly affected livelihoods and businesses in the past 2-3 months, can management help shareholders understand the impact on the group, especially the allowances and credit quality of customers? Also, how is the group helping its customers during this challenging period?**

(iii) After a drop in FY2017 to 59.6% from 68.3% (on a 12-month adjusted basis for FY2016), the group's cost-to-income ratio has steadily increased to 62.5% in FY2018 and to 64.9% in FY2019. **What are the efforts by management to control its costs? What are the group's plans to increase its efficiency by leveraging technology and by redesigning business processes?**

Q2. In October 2019, the group launched a new product, the VIVID savings account which comes with an option for customers to apply for a VIVID prepaid Mastercard for cashless payments.

In his statement, the chairman has also stated that the group see financial technology ("Fintech") businesses as complementary to the group's business. The group has and will continue to pursue opportunities to collaborate with Fintech businesses and invest in technology to enhance work processes, productivity and customers' experience. In 2019, the group entered into an agreement to subscribe for a 1.6% stake in the share capital of a local digital payments firm Matchmove Pay Pte Ltd.

(i) **Can management help shareholders understand the uptake of the VIVID prepaid Mastercard for cashless payments? With so many e-wallets and credit cards in the marketplace, how does the new VIVID product help the group to stand out?**

(ii) **Can management elaborate further on the group's digital strategy?**

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(iii) In addition, the group is part of the consortium (together with MatchMove) that submitted an application for a digital full bank licence to the Monetary Authority of Singapore. **Would the board elaborate further on its role in the consortium and how the group would operate and grow alongside the digital bank, if the consortium is given a digital full bank licence?**

Q3. At the annual general meeting scheduled to be held on 11 June 2020, the company is seeking shareholders' approval for the payment of directors' fees of $540,000 for the year ended 31 December 2019.

This is a 15% increase in directors' fees paid for the FY2018 of $470,000.

In fact, the directors' fees are as follows:
- Financial year ending 30 June 2014: $380,000
- Financial year ending 30 June 2015: $380,000
- Financial year ending 31 December 2016: $570,000 (18 months following a change in the financial year end)
- Financial year ending 31 December 2017: $440,000
- Financial year ending 31 December 2018: $470,000
- Financial year ending 31 December 2019: $540,000

It would appear that between FY2016 (using a 12-month basis) and FY2019, the fees for directors have gone up by 42%.

(i) **Can the remuneration committee ("RC") confirm that executive directors also receive director fees? Is it a common practice for executive directors to not receive director fees?**

The directors' fees started increasing in FY2017.

(ii) **Can the RC help shareholders understand the reasons for the increase in fees?**

(iii) **What is the frequency of the fee review? Can the RC help shareholders understand how the fee review was carried out?**

(iv) **Would the company disclose the fee structure used in determining the fees for the non-executive directors?**

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In addition, the company has stated that there are no schemes to encourage non-executive directors to hold shares in the company that can better align the interests of such non-executive directors with the interests of shareholders (page 36).

(v) **Given that the company believes that the non-executive directors can be better aligned with the interests of shareholders if they hold shares in the company, would the RC be considering how it might incorporate that in the payment to the non-executive directors?** For instance, a reasonable percentage of the fees (maybe 30-40%) can be paid out in shares to the directors, with no increases in the total fees.

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)