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## RESPONSES TO QUESTIONS RECEIVED IN RELATION TO THE ANNUAL REPORT 2022

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The Board of Directors (the "**Board**") of Sing Investments & Finance Limited (the "**Company**" and together with its subsidiary, the "**Group**") refers to the Company's announcement dated 27 March 2023 on the Notice of Annual General Meeting ("**Notice**"). Further to the Notice, the Board did not receive any questions from shareholders.

The Board has however, received questions from the Securities Investors Association (Singapore) ("**SIAS**") ("**Questions**") on behalf of the shareholders.

The Board would like to thank SIAS for the questions raised and is pleased to respond as follows:

### Question 1

**For the second year running, the group recorded an all-time high profit, with net profit after tax rising by 18% to \$37.2 million. This robust performance was primarily due to the write-back of loan recoveries, growth in net interest margin, and a record lending volume.**

**In addition, the group's loan book expanded by 12%, exceeding \$2.4 billion for the first time in its history. Asset quality has "remained resilient", with the non-performing loan ratio improving to 1.1%, down from 1.7% the previous year. The group had also written back \$6.5 million in net loan recovery, which mainly stemmed from non-performing loans to a corporate client.**

- (i) **What are the reasons that loans to "financial institutions, and investment and holding companies" increased to \$666.2 million as at 31 December 2022 from \$443.0 million a year ago?**

#### Concentration of credit risk

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the end of the reporting period is shown below:

	Loans and advances	
	2022	2021
	\$'000	\$'000
<b>Carrying amount</b>	<b>2,405,641</b>	2,140,813
<b>Concentration by sector</b>		
Hire purchase/block discounting	580,359	510,454
Housing loans secured by property under finance	68,981	56,234
Other loans and advances:		
Building and construction	478,091	534,124
Financial institutions, and investment and holding companies	666,230	442,988
Professional and individuals	165,366	138,311
General commerce	249,431	183,932
Transport, storage and communication	104,538	127,143
Manufacturing	6,802	11,828
Others	97,288	147,701
	<b>2,417,086</b>	2,152,715
Less: Loss allowance	(11,445)	(11,902)
Total	<b>2,405,641</b>	2,140,813

(Source: company annual report; emphasis added)

The Company's core business, primarily lending to small and medium-sized enterprises ("SME"), expanded in FY 2022, in line with the recovery of our local economy from the COVID-19 pandemic. As a result, our loan book increased across most segments of our business.

**(ii) What are the profiles of the major customers? Could management provide more information regarding the risk management measures in place to manage the group's single customer risk?**

The Company's customer base is well diversified, spanning various business sectors and industries. Financial institutions / investment and holding companies, building developers and general commerce are among the Company's top categories of customers.

A robust risk management framework has been put in place to manage the Company's credit risk exposures to customers. Under the Finance Companies Act, there is a limit of 25% of the company's shareholders' funds for credit exposure to any single customer. The Company has put in place an internal single customer limit that is lower than the regulatory limit. An independent team monitors the Company's exposures to the top borrowing groups to ensure that the limits are not breached. The Company also monitors its exposures to top borrowing customers to ensure there is no concentration risk. In addition, the Company has also established limits for its exposures to various industries. The information on exposures to top borrowers and to industries are reported to the Risk Management Committee periodically.

**(iii) Additionally, what is management's perspective on the current state of the economy and interest rate trends?**

According to the Ministry of Trade and Industry, Singapore's economic growth is forecast to moderate to "0.5% and 2.5%" in 2023 from a 3.6% expansion in 2022. Hence, we expect the economic environment to be more challenging in 2023 and economic growth likely to be lower than in 2022.

With inflation still at a relatively high level in Singapore and in some major economies, interest rates may need to stay at relatively high levels to tame inflation.

**(iv) Does management foresee any possible weaknesses, threats or systematic risks in the banking sector, similar to the turmoil observed in the US banking system in the past month?**

The Monetary Authority of Singapore's assessment is that Singapore's financial systems remain sound and stable despite the uncertainties caused by the banking turmoil in the US, which we concur.

Management will continue to monitor global developments closely as we manage our business.

**(v) Can management share with us what are the strategies in place to keep the momentum going in 2023 and any changes in management's priorities in 2023?**

The Company's top strategic priorities are:

- Accelerating our digital transformation in order to provide customers with additional and more convenient ways of conducting financial transactions with the Company. We understand that different customers may have different preferences in how they would like to transact with the Company. We believe in providing our customers with more options to meet their needs and preferences, including digital channels to cater to our customers who are digitally savvy.
- Driving sustainability and integrating environmental, social and governance (ESG) in the way we operate our businesses across the Group.
- Over the years, the Company has earned the trust of our customers. The Company has many loyal customers who have supported us for many year. The Company will continue to build on its strong SME franchise and grow its business with integrity and a high standard of business ethics. At the same time, the Company will continue to be responsive to its customers' needs by offering flexible financing solutions to meet their financing needs and be their go-to financial partner.

## **Question 2**

**The group became the first finance company in Singapore to launch a retail and a corporate banking mobile application. The number of customers using SIF banking apps increased by 50% in 2022.**

**Management is cognisant that it will use technology to complement its core strength of personalised and customised services. The goal of the group's technology adoption is to provide customers with the best of both worlds – digital options with human touch.**

- (i) What percentage of the group's retail and corporate customers have switched to online banking and/or mobile banking (via mobile apps)?**

In FY2022, the number of customers using the Company's e-services apps increased by 50%. Over the last few years, there has been a shift towards mobile/online banking as more of the Company's customers make use of digital channels to manage their finances, enjoying the convenience that digital platforms provide. This trend is expected to continue as we expect more of the Company's customers to embrace the convenience of mobile/online banking.

- (ii) Does management see any cost savings as a result?**

While the adoption of digital platforms requires upfront investment, we believe that the investment would bear fruit in the future. Management believes that digitalisation when properly implemented, can help lower costs, increase scalability, improve customer experience, and enable the Company to reach a wider group of customers. .

- (iii) With the digitalisation of its operations, how is management leveraging data analytics and artificial intelligence to further improve its services/efficiency?**

Digitalisation has enabled us to leverage data analytics and artificial intelligence ("AI") to further improve the Company's efficiency/services and effectiveness in a number of ways which include

improving customer experience, process automation, fraud detection, and compliance and risk management.

The Company uses AI automation tools to streamline the Company's processes and reduce manual tasks. This increases productivity, reduces errors, saves time, and enable us to deploy our staff to undertake more productive work. The Company also leverages on data analytics to monitor regulatory compliance.

**(iv) Can management give some examples of the personalised and customised services that the group offers customers?**

The Company provides its customers with personalised and customised services based on their specific needs and preferences. For example, the Company offers a non-standard fixed deposit tenure that is customised to the customer's needs at any of the Company's branches.

All the Company's SME customers are assigned a specific relationship manager who will be the customer's first point of contact and one-stop shop for all of their banking needs with the Company. Hence, customers do not have to deal with different people for their various needs, resulting in significant time saving and better customer service. The relationship manager is also able to have a more in depth understanding of the customer and hence able to offer products and services that better meet customers' needs.

**Question 3**

**The attendance of directors at board and board committee meetings is shown on page 15 of the annual report and reproduced below.**

**Attendance at the Board and Board Committee Meetings**

Board/Board Committees	Board	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Non-Executive Directors' meeting (without presence of management) **	Annual General Meeting (AGM)
No. of Meetings Held	4	4	5	2	1	3	1
Mr Chee Jin Kiong	4	4	-	-	1	3	1
Mr Lee Sze Leong	4	4*	4	2	1*	-	1
Mr Lee Sze Siong	4	4*	5	-	1*	-	1
Mr Michael Lau Hwai Keong	4	4*	5	2	1	3	1
Mr Joseph Toh Kian Leong	4	4	-	2	1*	3	1
Ms Quan Wai Yee	4	4	5	-	1	3	1

\* By invitation

\*\* Inclusive of meetings with external and internal auditors

**(i) Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend the audit committee and the remuneration committee meetings?**

Non-board committee members (i.e. executive directors) attend the audit committee and the remuneration committee only by invitation to present management reports, the financial

performance of the Company and staff remuneration matters, and to answer questions that the committees may have. However, executive directors are not involved in the decision-making of the audit committee and remuneration committee.

- (ii) Such board committee meetings would have included agenda items on interested party transactions, performance assessment and remuneration of the executive directors and the audit/financial reporting/internal controls of the group. What is the dynamic of the board committee meetings given that the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?**

When any decision-making will or is likely to result in a conflict of interest, the director involved will always abstain from deliberations and from voting on the matter. For that matter, the executive directors will be excused from the meetings at that juncture till the decisions are finalised. For example, during remuneration committee meetings, the executive directors would excuse themselves and would not be present when remuneration matters involving the executive directors are discussed.

In addition, the non executive members of the Board would meet periodically (without the presence of executive directors and management). In FY2022, three non-executive directors' meetings (without the presence of executive directors and management) were held.

- (iii) Specifically, would these board committee meetings be turned into "standard" board meetings and thus negating the purpose of having independent board committees?**

No, non-board committee members only attend the board committee meeting by invitation and for a specific purpose. As mentioned above, such non-board committee members are not involved in the decision-making process of the respective board committees. The board committees discuss issues freely and objectively.

- (iv) Are the committees able to make decisions objectively and independently?**

There is a strong independent element in the current Board. Out of the six directors, the majority are independent – four Non-Executive and Independent Directors and two Executive Directors. In addition, the audit committee and the remuneration committee comprised only Non-Executive and Independent Directors, while the nominating committee comprised majority independent directors (two independent directors and one executive director).

**Separately, it has been announced that Mr. Chee Jin Kiong will step down as the chairman and director of the company after the conclusion of the AGM.**

- (v) Could you provide an update on the company's efforts to search and identify new independent directors?**

The Company conducts regular reviews on succession planning to ensure the continuity of leadership for Board members. A new independent director has been selected and the appointment of the new director will be announced in due course.

- (vi) Would the company consider engaging an external consultant to identify potential candidates, rather than leveraging the personal networks of the directors, in order to widen the pool of potential director candidates?**

Yes, the Company has and would continue to consider different sources for potential candidates including engaging an external consultant.

**BY ORDER OF THE BOARD**

Ong Beng Hong  
Joint Company Secretary  
Date: 20 April 2023  
Singapore