

---

**THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**


---

Third quarter and nine months financial statements on consolidated results for the period ended 30 September 2020. These figures have not been audited.

**1(a)(i) Unaudited Consolidated Statement of Profit or Loss for the Quarter and Nine Months Ended 30 September 2020**

	3rd Qtr 2020	3rd Qtr 2019	+/-	9 months 2020	9 months 2019	+/( -)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>						
Interest income and hiring charges	20,782	21,895	(5.1)	63,874	63,656	0.3
Interest expense	(8,605)	(10,590)	(18.7)	(29,653)	(29,715)	(0.2)
<b>Net interest income and hiring charges</b>	<b>12,177</b>	<b>11,305</b>	<b>7.7</b>	<b>34,221</b>	<b>33,941</b>	<b>0.8</b>
Fees and commissions	520	272	91.2	1,366	796	71.6
Dividends	7	26	(73.1)	130	127	2.4
Rental income from investment properties	817	808	1.1	2,196	2,434	(9.8)
Other income	540	267	NM	2,385	517	NM
<b>Income before operating expenses</b>	<b>14,061</b>	<b>12,678</b>	<b>10.9</b>	<b>40,298</b>	<b>37,815</b>	<b>6.6</b>
Staff costs	(3,960)	(4,067)	(2.6)	(12,181)	(12,030)	1.3
Depreciation of property, plant and equipment	(474)	(261)	81.5	(1,368)	(719)	90.2
Depreciation of investment properties	(94)	(94)	0.0	(283)	(283)	-
Depreciation of right of use assets	(7)	(7)	0.0	(22)	(21)	4.8
Other operating expenses	(1,863)	(2,464)	(24.4)	(6,061)	(6,712)	(9.7)
<b>Total Operating Expenses</b>	<b>(6,398)</b>	<b>(6,893)</b>	<b>(7.2)</b>	<b>(19,915)</b>	<b>(19,765)</b>	<b>0.8</b>
<b>Profit from operations before allowances</b>	<b>7,663</b>	<b>5,785</b>	<b>32.5</b>	<b>20,383</b>	<b>18,050</b>	<b>12.9</b>
(Allowances for) / Write-back of credit losses on loans and other assets	(1,627)	5	NM	(4,974)	(260)	NM
<b>Profit before income tax</b>	<b>6,036</b>	<b>5,790</b>	<b>4.2</b>	<b>15,409</b>	<b>17,790</b>	<b>(13.4)</b>
Income tax expense	(1,119)	(983)	13.8	(2,448)	(2,966)	(17.5)
<b>Profit for the period attributable to equity holders of the Company</b>	<b>4,917</b>	<b>4,807</b>	<b>2.3</b>	<b>12,961</b>	<b>14,824</b>	<b>(12.6)</b>

NM: Not Meaningful

**1(a)(ii) Earnings Per Share of the Group**

	3rd Qtr 2020	3rd Qtr 2019	9 months 2020	9 months 2019
Annualised earnings per share (cents)				
- Basic	12.48	12.20	10.96	12.54
- Diluted	12.48	12.20	10.96	12.54

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 157,625,764 (30 September 2019: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 30 September 2020 and 2019.

**1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter and Nine Months Ended 30 September 2020**

	3rd Qtr 2020	3rd Qtr 2019	+ / (-) %	9 months 2020	9 months 2019	+ / (-) %
	\$'000	\$'000		\$'000	\$'000	
<b>Profit for the period</b>	<b>4,917</b>	4,807	2.3	<b>12,961</b>	14,824	(12.6)
<u>Other comprehensive income</u>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Gain on disposal of equity investments at FVOCI	-	14	NM	<b>17</b>	24	(29.2)
Net change in fair value of Equity Investments at FVOCI	<b>(226)</b>	(475)	(52.4)	<b>(1,154)</b>	(244)	NM
Income tax relating to items that will not be reclassified subsequently to profit or loss	<b>38</b>	78	(51.0)	<b>193</b>	37	NM
	<b>(188)</b>	(383)	(50.9)	<b>(944)</b>	(183)	NM
<b>Items that may be reclassified subsequently to profit or loss</b>						
Net change in fair value of Debt Investments at FVOCI	<b>(74)</b>	1,025	NM	<b>6,805</b>	1,251	NM
Net change in fair value of Debt Investments at FVOCI reclassified to profit or loss on disposal	-	-	-	<b>(276)</b>	-	NM
Income tax relating to items that may be reclassified subsequently to profit or loss	<b>13</b>	(175)	NM	<b>(1,109)</b>	(213)	NM
	<b>(61)</b>	850	NM	<b>5,420</b>	1,038	NM
<b>Other comprehensive income for the year - net of tax</b>	<b>(249)</b>	467	NM	<b>4,476</b>	855	NM
<b>Total comprehensive income for the period</b>	<b>4,668</b>	5,274	(11.5)	<b>17,437</b>	15,679	11.2

NM: Not meaningful

FVOCI: Fair Value through Other Comprehensive Income

**2(a) Statements of Financial Position as at 30 September 2020**

	Group		Company	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
Cash on deposit, at banks and in hand	368,655	282,862	368,595	282,798
Statutory deposit with the Monetary Authority of Singapore ("MAS")	65,031	69,623	65,031	69,623
Singapore Government Securities and MAS bills	288,864	316,316	288,864	316,316
Equity Securities	3,561	4,621	3,308	4,231
Loans and advances	2,103,648	2,186,617	2,103,648	2,186,617
Other receivables, deposits and prepayments	5,645	7,815	5,645	7,815
Subsidiary	-	-	25	25
Property, plant and equipment	25,202	25,378	25,202	25,378
Investment properties	22,280	22,564	22,280	22,564
<b>Total assets</b>	<b>2,882,886</b>	<b>2,915,796</b>	<b>2,882,598</b>	<b>2,915,367</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits and balances of customers	2,354,194	2,497,637	2,354,967	2,498,401
Other liabilities	28,401	30,421	27,925	29,941
Borrowings from MAS	104,923	-	104,923	-
Enterprise Singapore loans (unsecured)	5,949	10,007	5,949	10,007
Provision for employee benefits	598	598	598	598
Current tax payable	4,187	1,393	4,187	1,393
Deferred tax liabilities	3,673	2,759	3,640	2,703
<b>Total liabilities</b>	<b>2,501,925</b>	<b>2,542,815</b>	<b>2,502,189</b>	<b>2,543,043</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	180,008	180,008	180,008	180,008
Reserves	200,953	192,973	200,401	192,316
<b>Total equity</b>	<b>380,961</b>	<b>372,981</b>	<b>380,409</b>	<b>372,324</b>
<b>Total liabilities and equity</b>	<b>2,882,886</b>	<b>2,915,796</b>	<b>2,882,598</b>	<b>2,915,367</b>
<b>Off-balance sheet items</b>				
Undrawn loan commitments	692,459	432,494	692,459	432,494
Guarantees issued	1,699	2,009	1,699	2,009
<b>Total off-balance sheet items</b>	<b>694,158</b>	<b>434,503</b>	<b>694,158</b>	<b>434,503</b>

**2(b) Net asset value per ordinary share (\$)** **2.42**      2.37      **2.41**      2.36

The net asset value per ordinary share of the Group and of the Company is calculated based on the net assets of the Group and of the Company and the number of ordinary shares in issue of 157,625,764 (31 December 2019: 157,625,764) shares.

### 3 Consolidated Statement of Cash Flows for the Quarter and Nine Months Ended 30 September 2020

	3rd Qtr 2020	3rd Qtr 2019	9 months 2020	9 months 2019
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before income tax	6,036	5,789	15,409	17,789
Adjustments for:				
Impact of accrual of interest income	1,760	850	2,438	535
Impact of accrual of interest expense	(2,539)	1,811	(2,607)	8,896
Interest expense on lease liabilities	1	1	3	2
Depreciation of property, plant and equipment	474	261	1,369	720
Depreciation of investment properties	94	94	282	282
Depreciation of right of use assets	7	7	21	21
Allowances for / (Write-back of) credit losses on loans and other assets	1,627	(5)	4,979	260
Gain on disposal of investments	17	(206)	(276)	(206)
Dividends	(7)	(27)	(131)	(127)
Operating cash flows before movements in working capital	7,470	8,575	21,487	28,172
<b>Changes in operating assets and liabilities</b>				
Deposits and balances of customers	(60,411)	91,164	(143,444)	54,762
Other liabilities	967	(2,708)	668	(4,559)
Borrowings from MAS	78,538	-	104,923	-
Enterprise Singapore loans	(2,458)	881	(4,059)	552
Statutory deposits with the MAS	604	(3,157)	4,592	(3,692)
Singapore Government Securities and MAS bills	470	(24,269)	33,184	(18,762)
Loans and advances	49,684	(55,289)	77,992	(115,381)
Other assets	381	511	721	(2,042)
Cash generated from / (used in) operating activities	75,245	15,708	96,064	(60,950)
Income taxes (paid) / refund	(1,115)	(2,876)	344	(5,740)
Net cash generated from / (used in) operating activities	74,130	12,832	96,408	(66,690)
<b>Investing activities</b>				
Purchase of property, plant and equipment and investment properties	-	(2,245)	(1,192)	(2,728)
Purchase of equity securities	-	-	(286)	(1)
Dividends received	5	26	129	66
Proceeds from disposal of equity securities	-	-	212	10
Net cash generated from / (used in) investing activities	5	(2,219)	(1,137)	(2,653)
<b>Financing activities</b>				
Cash payments of lease liabilities	(7)	(7)	(21)	(21)
Dividend paid	0	-	(9,457)	(11,034)
Net cash used in financing activities	(7)	(7)	(9,478)	(11,055)
Net increase / (decrease) in cash and cash equivalents	74,128	10,606	85,793	(80,398)
Cash and cash equivalents at beginning of the period	294,527	226,115	282,862	317,119
<b>Cash and cash equivalents at end of the period</b>	<b>368,655</b>	<b>236,721</b>	<b>368,655</b>	<b>236,721</b>

#### 4 Statements of Changes in Equity

Group	Share	Statutory	Regulatory	Fair value	Accumulated	Total
	capital	reserve	Loss Allowance Reserve	reserve	profits	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>						
Balance at 1 January 2020	180,008	115,965	9,940	9,446	57,622	372,981
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,112	4,112
Other comprehensive income for the period - net	-	-	-	2,508	-	2,508
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,508</b>	<b>4,112</b>	<b>6,620</b>
Balance at 31 March 2020	180,008	115,965	9,940	11,954	61,734	379,601
Total comprehensive income for the period						
Profit for the period	-	-	-	-	3,932	3,932
Other comprehensive income for the period - net	-	-	-	2,200	17	2,217
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,200</b>	<b>3,949</b>	<b>6,149</b>
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2019 of 6 cents per share	-	-	-	-	(9,457)	(9,457)
Balance at 30 June 2020	180,008	115,965	9,940	14,154	56,226	376,293
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,917	4,917
Other comprehensive income for the period - net	-	-	-	(249)	-	(249)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(249)</b>	<b>4,917</b>	<b>4,668</b>
Balance at 30 September 2020	180,008	115,965	9,940	13,905	61,143	380,961
<b>2019</b>						
Balance at 1 January 2019	180,008	110,964	8,391	8,473	55,169	363,005
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,964	4,964
Other comprehensive income for the period - net	-	-	-	(649)	8	(641)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(649)</b>	<b>4,972</b>	<b>4,323</b>
Transfer to Loss Allowance Reserve	-	-	41	-	(41)	-
Balance at 31 March 2019	180,008	110,964	8,432	7,824	60,100	367,328
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,053	5,053
Other comprehensive income for the period - net	-	-	-	1,029	-	1,029
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,029</b>	<b>5,053</b>	<b>6,082</b>
Transfer to Regulatory Loss Allowance Reserve	-	-	774	-	(774)	-
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2018 of 7 cents per share	-	-	-	-	(11,034)	(11,034)
Balance at 30 June 2019	180,008	110,964	9,206	8,853	53,345	362,376
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,807	4,807
Other comprehensive income for the period - net	-	-	-	456	11	467
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>456</b>	<b>4,818</b>	<b>5,274</b>
Transfer to Regulatory Loss Allowance Reserve	-	-	144	-	(144)	-
Balance at 30 September 2019	180,008	110,964	9,350	9,309	58,019	367,650

#### 4 Statements of Changes in Equity

	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Company</b>						
<b>2020</b>						
Balance at 1 January 2020	180,008	115,965	9,940	9,172	57,239	372,324
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,111	4,111
Other comprehensive income for the period - net	-	-	-	2,615	-	2,615
Total	-	-	-	2,615	4,111	6,726
Balance at 31 March 2020	180,008	115,965	9,940	11,787	61,350	379,050
Total comprehensive income for the period						
Profit for the period	-	-	-	-	3,926	3,926
Other comprehensive income for the period - net	-	-	-	2,198	17	2,215
Total	-	-	-	2,198	3,943	6,141
<b>Transactions with owners, recognised directly in equity</b>						
Final one-tier tax exempt dividend paid for financial year 2019 of 6 cents per share	-	-	-	-	(9,457)	(9,457)
Balance at 30 June 2020	180,008	115,965	9,940	13,985	55,836	375,734
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,915	4,915
Other comprehensive income for the period - net	-	-	-	(240)	-	(240)
Total	-	-	-	(240)	4,915	4,675
Balance at 30 September 2020	180,008	115,965	9,940	13,745	60,751	380,409
<b>2019</b>						
Balance at 1 January 2019	180,008	110,964	8,391	8,243	54,799	362,405
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,964	4,964
Other comprehensive income for the period - net	-	-	-	(713)	8	(705)
Total	-	-	-	(713)	4,972	4,259
Transfer to Loss Allowance Reserve	-	-	41	-	(41)	-
Balance at 31 March 2019	180,008	110,964	8,432	7,530	59,730	366,664
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,045	5,045
Other comprehensive income for the period - net	-	-	-	1,018	-	1,018
Total	-	-	-	1,018	5,045	6,063
Transfer to Regulatory Loss Allowance Reserve	-	-	774	-	(774)	-
<b>Transactions with owners, recognised directly in equity</b>						
Final one-tier tax exempt dividend paid for financial year 2018 of 7 cents per share	-	-	-	-	(11,034)	(11,034)
Balance at 30 June 2019	180,008	110,964	9,206	8,548	52,967	361,693
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,801	4,801
Other comprehensive income for the period - net	-	-	-	481	11	492
Total	-	-	-	481	4,812	5,293
Transfer to Regulatory Loss Allowance Reserve	-	-	144	-	(144)	-
Balance at 30 September 2019	180,008	110,964	9,350	9,029	57,635	366,986

## 5. Accounting Policies

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period as in the audited financial statements for the year ended 31 December 2019 except for the adoption of the new and revised "SFRS(I)s, and Interpretations of SFRS(I) ("SFRS(I) INTs") that are effective for the annual period beginning on 1 January 2020. The adoption of these SFRS(I)s and SFRS(I) INTs does not have any material effect on the financial statements of the Group and the Company

## 6. Review of Performance

The Group reported a net profit after tax of \$4.9 million for the third quarter of 2020, an improvement of \$0.1 million or 2.3% from the same period last year. The Group's operating profit before loan allowances registered a growth of \$1.9 million or 32.5%, which cushioned the additional allowances for credit losses of \$1.6 million made during the quarter. Operating profit was supported by higher net interest income, driven by lower cost of deposits, as well as non-interest income arising from higher fees and commissions, and the Government grant from the Job Support Scheme ("JSS"). The Group also managed to reduce the operating expenses by \$0.5 million or 7.2% with lower business promotion and commission expenses. The additional net loan allowances booked during the third quarter were largely general allowances for the non-impaired assets.

For the nine months ended 30 September 2020, the Group has built up an additional \$5.0 million allowances for credit losses compared to \$0.3 million in the previous corresponding period. These were primarily general allowances for non-impaired assets made in view of the severe impact of the Covid-19 pandemic on the macroeconomic situation and outlook. As a result of the additional loan allowances, the Group's net profit after tax declined by \$1.8 million or 12.6% to \$13.0 million compared to \$14.8 million in 2019.

Operating profit before allowances and tax for the first nine months in 2020 was \$20.4 million, an improvement of 12.9% over last year, largely assisted by the grant from JSS, which was included and disclosed as other income in the Statement of Profit or Loss, as well as higher fees and commissions. Net interest income and hiring charges also increased marginally by \$0.3 million or 0.8% to \$34.2 million, compared to \$33.9 million in the previous corresponding period. Total operating expenses was well contained, with a marginal increase of 0.8%, despite higher depreciation charges arising from our digital transformation investments.

Other Comprehensive Income for the nine months ended 30 September 2020 was \$4.5 million, attributed largely to the increase in fair value of Singapore Government Securities bonds, which are part of our liquid assets for the purposes of maintaining the minimum liquid assets required under the Finance Companies Act.

Loans and advances declined by 3.8% or \$83.0 million during the period, from \$2.19 billion as at 31 December 2019 to \$2.10 billion as at 30 September 2020. This decline is in line with the slowdown in business activities during the current period of pandemic crisis. However, the Group has been actively supporting our customers with their working capital and cash flows during this difficult period via the Enterprise Singapore ("ESG") Temporary Bridging Loans and Enhanced working capital loans. If not for these new ESG loans, the decline in the loan balances would have been greater. In tandem with lower loan balances, customers' deposits and balances also decreased by 5.7% to \$2.35 billion as at 30 September 2020 compared to 31 December 2019.

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.

## **7. Comments on Significant Trends and Competitive Conditions in the Industry**

According to the Ministry of Trade and Industry (“MTI”)’s advance GDP estimates for the third quarter of 2020 released on 14 October 2020, the Singapore economy expanded by 7.9% on a quarter-on-quarter seasonally-adjusted basis, rebounding from the 13.2% contraction in the preceding quarter. On a year-on-year basis, the economy contracted by 7.0%, an improvement from the 13.3% contraction in the second quarter, when Singapore was in a partial economic shutdown due to the COVID-19 pandemic.

Even as the advance GDP estimates seem to indicate that the economy started to recover in the third quarter of 2020, the recovery is expected to be uneven and gradual. To ensure a smooth and progressive transition out of the earlier loan instalment deferment schemes to full loan repayments, MAS together with the financial industry, including the finance companies, have introduced the Extended Support Scheme (“ESS”). The ESS seeks to give individuals and business currently under the loan repayment deferrals more time till early 2021 to resume full repayments. The ESS is also available to borrowers who were previously not under the any payment deferral, but are now facing cash flow challenges. Similarly, Enterprise Singapore has extended the application of the ESG Enhanced Working Capital Loan and Temporary Bridging Loan schemes by another six months to the end of September 2021. The low interest cost funding for these ESG schemes has also correspondingly been extended by another six months.

The Group is fully supportive of these above measures to provide more time and ensure a smooth transition to full loan instalment repayment for our customers, some of whom are still facing difficulties and challenges.

Notwithstanding the uncertainties ahead and the expected uneven and slow recovery, the Group will continue to support our customers, and be vigilant, proactive and disciplined in our risk and cost management as we navigate through the crisis.

## **8. Dividend**

No dividend has been recommended for the present financial period.

Dividend declared for the previous corresponding period – Nil.

## **9. 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 other purpose since the end of the previous period reported.**

There has been no change in the Company’s share capital arising from the above issues.

As at the end of the financial period, there were no outstanding convertibles (30 September 2019: Nil).

## **10. Sales, transfers, disposal, cancellation and /or use of treasury shares as at the end of the financial period.**

Not applicable. During the financial period, no shares were held as treasury shares.

## **11. Shareholders’ mandate for interested party transactions (“IPT”)**

The Group has not sought any shareholders’ mandate for IPTs pursuant to Rule 920 of the SGX-ST Listing Manual.



**12. SGX-ST Listing Manual Rule 720(1) – Procurement of undertakings to comply with listing rules from all directors and executive officers**

Pursuant to Rule 720(1) of the SGX-ST Listing Manual, the Company has procured undertakings to comply with the Exchange's listing rules from all its directors and executive officers.

**13. Comparative Figures of the Group's Borrowings and Debt Securities**

	As at 30/09/2020		As at 31/12/2019	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Monetary Authority of Singapore	104,923	-	-	-
Enterprise Singapore Loans	-	5,949	-	10,007

**14. Other Information**

Amount of profits on any sale of investments, property, plant and equipment:

– \$16,738 gain from sale of equity investments for nine months ended 30 September 2020 (Nine months ended 30 September 2019: \$23,500)

– \$275,623 gain from sale of Singapore Government Securities for nine months ended 30 September 2020 (Nine months ended 30 September 2019: \$205,663)

Amount of any adjustment for under-provision of tax in respect of prior years – \$69,622 (Nine months ended 30 September 2019: Nil)

By order of the Board

Lee Sze Leong  
Managing Director  
26 October 2020

**Directors' Confirmation**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results and the Company's statement of financial position and statement of changes in equity for the quarter and the half year ended 30 June 2020 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong  
Managing Director  
26 October 2020