CONNECTING SOUTHEAST ASIA

ANNUAL REPORT 2022

CONTENTS

MISSION & CORE VALUES

Mission

Our mission is to ensure that all creditworthy small-and-medium enterprises and individuals have access to capital and protection through simple and affordable solutions.

Core Values

1. **Do the right thing**
   We hold ourselves to high ethical standards in order to build our company to be a force for good within our communities.
   We deeply value honesty, welcome constructive disagreement, and insist on personal accountability.
2. **Operate with a growth mindset**
   We strive to develop our talents and abilities continuously through active learning and taking on increasing responsibilities, in order to achieve greater success for ourselves and our company in the long run.
   We do not allow existing limitations to confine our creativity and aspirations.
3. **Drive results**
   We set ambitious objectives for our business drivers and evaluate our performance honestly and regularly.
   We commit to continuous improvements in our products and services in order to find new ways to serve our clients and stakeholders through business cycles.
4. **Build and maintain trust**
   We understand that trust is difficult to gain, but easily lost.
   We strive for positive-sum outcomes in all our dealings over time.
5. **Think and act like owners**
   We take personal ownership of our mission.
   We have a responsibility to ourselves and our stakeholders to be a profitable and enduring company through high-quality decision-making, balanced risk-taking, and financial prudence.

IFS Capital Limited ("IFS"), is a regional provider of commercial financing services such as Accounts Receivable Purchase (Domestic and/or Export), property financing, hire-purchase/leasing, term loans, working capital loans and government-assisted schemes to business enterprises.

The Group also manages a diversified business portfolio from Asset Management to Insurance and FinTech.

IFS was incorporated in Singapore in 1987 and has been listed on the Mainboard of the Singapore Exchange since July 1993.

OVERVIEW OF PRODUCTS & SERVICES

Business Overview

IFS Capital Limited is the SGX-listed holding company for the Group, with key subsidiaries in Thailand, Malaysia, and Indonesia. IFS provides a range of financing, insurance and asset management services to corporations, SMEs, and consumers in Southeast Asia.

Accounts Receivable Purchase

Accounts Receivable Purchase (ARP), or factoring, is a financing method used by businesses to improve their cash-flow and access quick funding by selling their outstanding invoices to IFS. This can apply to both domestic and export sales with credit protection.

In this arrangement, the company receives an advance payment from IFS ranging between 70% to 100% of the value of their outstanding invoices. Once the company's customer pays the invoiced amount, IFS will return the balance amount to the company after deducting fees.

The main benefits for SMEs are:

1. **No collateral required**: In most cases, ARP does not require companies to put up collateral, making it attractive to companies that operate with little hard assets or those that do not wish to use their hard assets as collateral.
2. **Quick, flexible and scalable funding**: Once the line is set up, ARP provides quick and scalable funding, allowing fast-growing companies to meet their immediate funding needs.
3. **Cash-flow stability**: Companies can improve their cash-flow by receiving an advance of their outstanding invoices and using the funds received for operational expenses or to take advantage of new business opportunities.
4. **Reduced administrative work**: IFS can take over the responsibility of collecting payments from the company's customers and reduce the significant administrative burden on the company.
5. **Transparency and data analytics**: By allowing IFS to manage the collection, the company can rely on IFS for independent reconciliation of accounts receivables and access detailed reports and aging analysis.

Real Estate Financing

IFS's real estate financing helps business owners unlock the value of their residential, commercial and industrial properties, especially when they need an urgent bridging facility. Our responsible lending practices provide flexibility in customizing the facility to business owners' specific needs.

Leasing/Hire Purchase

IFS's leasing and hire purchase services to help capex-intensive businesses acquire commercial vehicles, heavy equipment, IT equipment and production machinery as they grow.

Consumer Finance

IFS Consumer Services (Friday Finance) is a licensed moneylender operating in Singapore to serve individuals and entrepreneurs through stress-free secured and unsecured loans. We offer:

1. Life-Stage Loans: Getting tailormade funding for important life events such as marriage, home renovation, education programs and medical treatments.
2. Start-Up Loans: To enable founders to fulfill their entrepreneurial aspirations while meeting their start-ups' cash flow needs.
3. Income Advance: Receiving salary or expected payments upfront. This will be useful for emergency needs for own-account workers, such as insurance & property agents or freelancers with variable income sources.

OVERVIEW OF PRODUCTS & SERVICES

Insurance
ECICS is a wholly owned subsidiary and a fully licensed general insurer approved by the Monetary Authority of Singapore under the Insurance Act 1966 from 2013.

Since 1975, ECICS has been a homegrown insurer in Singapore, providing essential personal and business insurance coverage for customers and businesses with our simplified underwriting and policy fulfilment process.

Our dedicated team is constantly innovating to provide our customers and partners with peace of mind through our:

– Motor insurance covering private cars, electric and commercial vehicles
– Property insurance indemnifies owners in the event of damage and loss
– Domestic helper insurance with coverage for personal accidents, hospitalization, and issuance of security bonds
– Bond and Guarantee insurance covering risk relating to client's performance and capabilities, payment obligations guarantee under contractual agreements

Asset Management
IFS Asset Management Private Limited (IFSAM) is a registered fund management company with the Monetary Authority of Singapore specializing in private credit and real estate products. Currently, IFSAM is the fund manager of its maiden fund, the IFSAM Private Credit Fund which extends secured bridging loans to SMEs in Singapore. It has an investor base comprising institutions (financial services, insurance, and family office) and high net worth (HNW) individuals.

Business Loan Marketplace/Personal Loan Aggregator
Lendingpot Private Limited (Lendingpot) is an online platform that connects consumers and SMEs to over 45 lenders through one window so that they can find the best loan offers with the least time and effort. Lenders currently offer mortgages, home equity loans, personal loans, and a wide range of business loans through Lendingpot.

CHAIRMAN'S MESSAGE

Dear Stakeholders,

As we reflect on the past year, we are faced with two main areas of concern in the business environment that warrant our attention.

First, inflation is on the rise across the world, and its impact is being felt broadly. While we cannot predict the future, we are concerned that inflation, once sparked, may not be easily restrained without extraordinary measures. Governments and central banks are faced with a difficult choice between balancing the economy/employment and price stability. Their policy actions will depend on which, according to their perspectives, is the larger problem at each point in time. A prolonged period of elevated inflation, coupled with high borrowing costs and slow or negative growth, presents significant business and financing risks to companies and consumers.

Second, geopolitical tensions have increased significantly, resulting in a rise in the use of trade and financial sanctions and restrictions. This has ignited a forced realignment of supply chains, which may necessitate significant adjustments and additional investments to minimise disruptions. Protectionist trade measures may also have unintended consequences, further adding to the business risks faced by companies across different industries in our region.

Despite these concerns, we remain optimistic about the re-opening of China and the promising growth prospects of ASEAN countries and India. As a company that is deepening our roots in Southeast Asia, we must continue to innovate and deliver effective financing and insurance solutions to the right segments of our economies while remaining vigilant for potential disruptions.

PERFORMANCE REVIEW

We entered FY2022 with a focus on rebuilding our loan book after seeing through the successful recovery of non-performing loans in the preceding year while maintaining a cautious lending approach. Our loan book grew from S$110 million at the beginning of the year to S$195 million as at 31 December 2022, mainly contributed by Singapore. Our factoring or account receivables purchase ("ARP") business remained relatively resilient despite economic and trade uncertainties, with a high single-digit growth in factored volume in Thailand but saw declines in Malaysia and Singapore.

CHAIRMAN'S MESSAGE

However, our net interest income fell 28.1%, primarily due to the low starting loan base at the beginning of the year and the progressive build-up throughout FY2022. We expect to see a fuller contribution to net interest income from the rebuilt loan book in FY2023.

Our experience in the FY2020-22 period reinforced our conviction to focus on building all-weather portfolios, underpinned by disciplined product design and underwriting as well as structured client management and operations. This principle extended to our maiden private credit fund under IFS Asset Management, which had S$26 million assets under management as at 31 December 2022. The fund saw twelve months of positive performance and gained 6.82% for the year.

In retrospect, we acknowledge that we could have done more to quickly rebuild the loan book in the second half of FY2021. Our delay in doing so largely contributed to the decline in income before operating expenses from S$40.4 million to S$32.6 million in FY2022. Despite managing our operating expenses and allowance for loan losses carefully, the decline in income, coupled with the high operating leverage inherent in our business, resulted in the company's profit falling 50% to S$4.86 million.

We continued to make progress in the turnaround of our insurance business. The ECICS team grew total gross written premiums by 52%, mainly contributed by the core motor portfolio. Net earned premium remained flat for the year, in part due to a new reinsurance program put in place in late FY2022 that will help lay the foundation for our future growth.

The team sealed two significant partnerships with SGcarmart and PhillipCapital to launch the Sgcarmart Warranty program and Phillip Protect Personal Accident insurance, respectively. Scaling the business while maintaining underwriting prudence continues to be the priority focus for ECICS.

Our balance sheet remained healthy, with a current ratio of 1.88x as at 31 December 2022, and cash and cash equivalent of S$53.8 million, down from S$112.6 million a year ago due mainly to the increase in the loan book.

The Board has proposed a dividend of 0.45 Singapore cents per share for approval at the upcoming annual general meeting (31 December 2021: 0.78 Singapore cents per share).

MOVING FORWARD 2023

While challenges abound in the external environment, we have growth roadmaps in place for each of our businesses, we are bringing together the talent needed, and we will focus on improving our execution in the year ahead. We remain committed to our disciplined approach to managing our businesses and to delivering long-term value to our people, clients, partners, and shareholders.

We thank you for your continued support.

LIM HUA MIN
Chairman & Non-Executive Director

GROUP FINANCIAL HIGHLIGHTS

S$000	2022	2021	2020	2019#	2018*
INCOME STATEMENT					
Net operating income	**32,621**	40,392	34,984	46,584	53,964
– net interest income	**19,347**	26,896	20,996	25,288	20,028
– net earned premium	**5,376**	5,398	4,830	6,169	6,853
– fees & commission	**7,084**	6,380	6,497	8,632	8,493
– investment income	**(153)**	785	709	4,982	1,797
– other income	**944**	914	461	1,513	16,793
– grant income	**23**	19	1,491	–	–
Profit/(loss) before tax – by business segment					
– Lending business	**6,910**	13,099	9,229	18,301	11,780
– Insurance	**(483)**	(410)	(6,692)	(4,892)	(5,509)
Profit/(loss) – Overall					
– before tax	**6,427**	12,689	2,537	13,409	6,271
– after tax	**4,856**	9,649	2,361	9,171	3,545
– attributable to shareholders	**3,059**	7,951	795	6,454	1,669

 # gain of $2.934 million arising on fair value gain on unquoted equity securities have been excluded from profit before & after tax and attributable to Owners of the Company

** gain of $16.318 million arising on sale of Suntec office have been excluded from profit before & after tax and attributable to Owners of the Company*

BALANCE SHEET					
Number of shares ('000)	**375,970**	375,970	375,970	375,970	375,970
Issued share capital	**137,302**	137,302	137,302	137,302	137,302
Shareholder's funds	**175,435**	178,955	175,750	179,008	169,205
Non-controlling interests ("NCI")	**23,143**	17,305	17,886	17,945	15,355
Total assets	**398,127**	401,249	481,427	504,784	506,455
Total liabilities	**199,549**	204,989	287,791	307,831	321,895
DIVIDEND INFORMATION					
Dividends proposed/paid for the year (net of tax)	**1,692**	2,933	752	2,932	2,067
Gross dividends declared per share					
– Ordinary (cents)	**0.45**	0.78	0.20	0.78	0.55
Dividend yield as of 31 December	**2.4%**	4.2%	1.1%	3.4%	2.4%
FINANCIAL RATIOS					
Earnings per share (cents)	**0.81**	2.11	0.21	1.71	0.44
Net tangible assets per share ($)	**0.47**	0.48	0.47	0.47	0.45
Return on average shareholders' funds	**2.7%**	5.4%	1.3%	5.3%	2.2%
Cost-income ratio	**71.2%**	61.6%	69.4%	55.4%	61.0%

PERFORMANCE AT A GLANCE

Net operating income (By countries) %

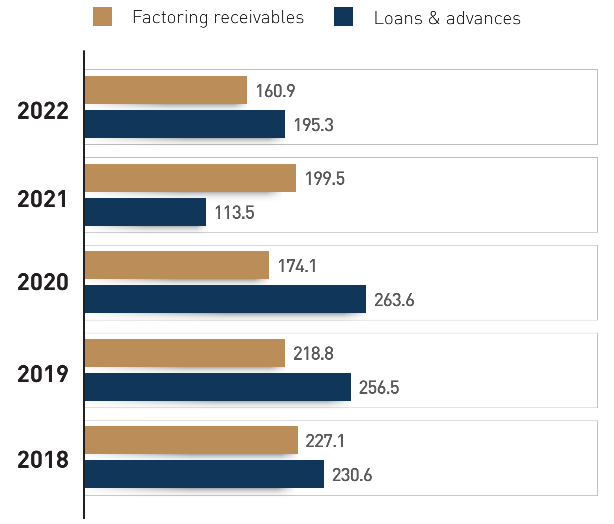
	2022	2021	2020	2019	2018
■ Singapore					
– Lending business	29.2%	43.1%	34.4%	33.9%	50.3%
– Insurance	19.3%	15.8%	16.5%	17.8%	13.5%
■ Thailand	45.7%	35.9%	41.7%	38.0%	29.3%
■ Malaysia	4.0%	3.7%	5.3%	5.4%	3.9%
■ Indonesia	1.8%	1.5%	2.1%	4.9%	3.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

Net operating income (By countries) million

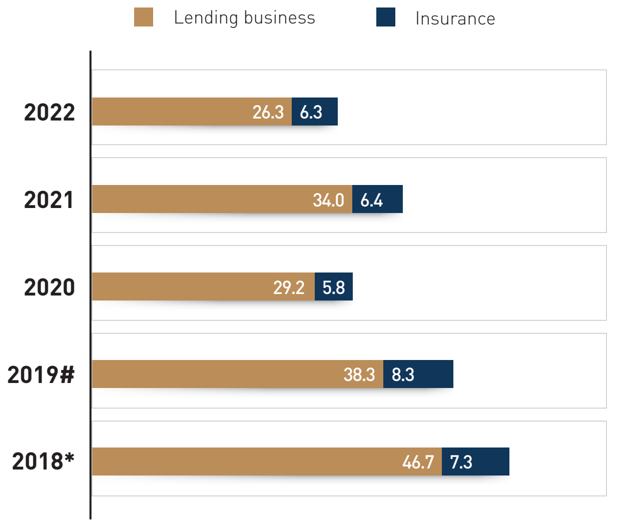
	2022	2021	2020	2019	2018
■ Singapore					
– Lending business	9.5	17.4	12.0	15.8	27.2
– Insurance	6.3	6.4	5.8	8.3	7.3
■ Thailand	14.9	14.5	14.6	17.7	15.8
■ Malaysia	1.3	1.5	1.9	2.5	2.1
■ Indonesia	0.6	0.6	0.7	2.3	1.6
	32.6	40.4	35.0	46.6	54.0

PERFORMANCE AT A GLANCE

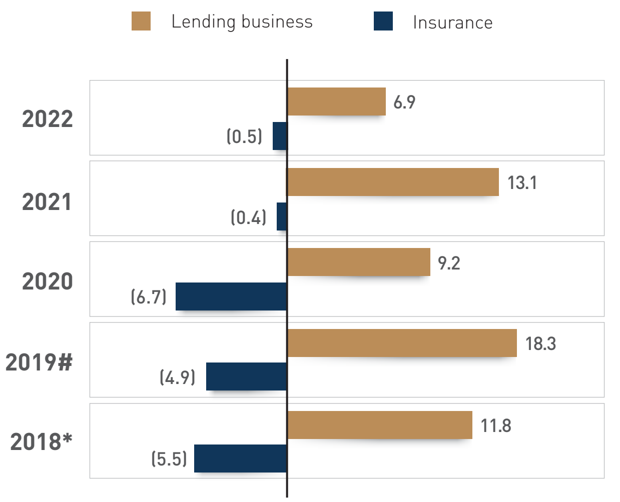
Outstanding Loan Book
(S$ million)



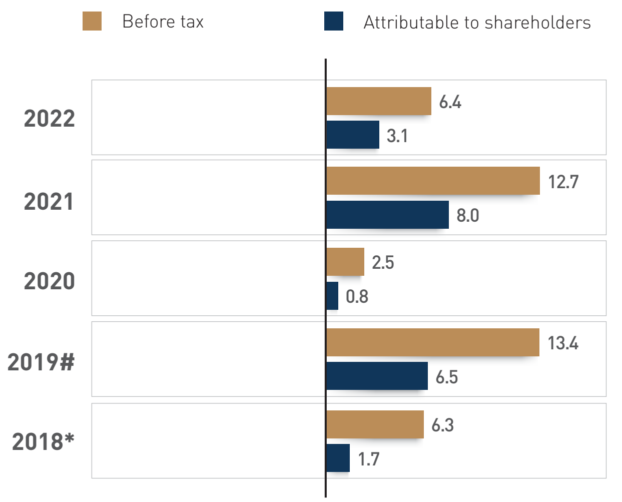
Net Operating Income
(S$ million)



Profit/(loss) before tax – by business segment
(S$ million)



Profit Overall
(S$ million)



BOARD OF DIRECTORS

Date of first appointment as director : 20 May 2003
Date of last re-election as director : 22 April 2022

IFS Board Committee(s) served on:

- Executive Resource & Compensation Committee (Member)

Academic & Professional Qualifications

- Bachelor of Science Degree (Honours) in Chemical Engineering, University of Surrey, England
- Master Degree in Operations Research and Management Studies, Imperial College, London University

Present Directorships in Other Listed Companies

- Walker Crisps Group plc. (UK)

Other Principal Commitments

Directorship in Other Companies

- Phillip Group of Companies (Executive Chairman)
- ECICS Limited (Chairman)
- Phillip Bank Plc, Cambodia

Other Major Appointments (other than Directorships)

Nil

Past Directorships in other listed companies held over the preceding three years

Nil

Background & Experience

- Currently the Executive Chairman of the PhillipCapital Group
- Held senior positions in Stock Exchange of Singapore ("SES") and the Securities Research Institute

Past Key Appointments

- Chairman of SES Review Committee
- Director of Inland Revenue Authority of Singapore

Awards

- Public Service Medal by Singapore Government
- "IBF Distinguished Fellow" by the Institute of Banking and Finance

Date of first appointment as director : 31 January 2011
Date of last re-election as director : 23 April 2021

IFS Board Committee(s) served on:

- Audit & Risk Committee (Member)
- Executive Resource & Compensation Committee (Member)

Academic & Professional Qualifications

- Bachelor of Science (Maths, First Class Honours), University of Singapore
- Master of Science (Actuarial Science), Northeastern University
- Fellow Member of the Society of Actuaries, USA

Present Directorships in Other Listed Companies

- Great Eastern Holdings Ltd

Other Principal Commitments

Directorship in Other Companies

- Frasers Hospitality Asset Management Pte Ltd (Chairman)
- Frasers Hospitality Trust Management Pte Ltd (Chairman)

Other Major Appointments (other than Directorships)

Nil

Past Directorships in other listed companies held over the preceding three years

Nil

Background & Experience

- More than 30 years of experience in the insurance industry

Past Key Appointments

- Managing Director & Chief Executive Officer of Overseas Assurance Corporation
- Deputy Managing Director (Administration & Insurance) and Insurance Commissioner at Monetary Authority of Singapore
- President of Life Insurance Association, General Insurance Association, Singapore Actuarial Society and Chairman of the Singapore Insurance Institute
- Director of Asia Capital Reinsurance Group Pte Ltd, ACR Capital Holdings Pte Ltd and Asia Capital Reinsurance Malaysia Sdn Bhd
- Board member in the Inland Revenue Authority of Singapore, Singapore Deposit Insurance Corporation, Central Provident Fund Board and Manulife (Singapore) Pte Ltd

Awards

- A Public Service Commission Scholar
- Public Service Star (BBM)

BOARD OF DIRECTORS

Date of first appointment as director : 13 August 2019
Date of last re-election as director : 22 April 2022

IFS Board Committee(s) served on:
- Executive Resource & Compensation Committee (Chairman)
- Audit & Risk Committee (Member)

Academic & Professional Qualifications
- Bachelor of Arts (Computer Science), Rutgers, State of University of New Jersey, USA
- Diploma in Computer Studies, National Computing Centre (UK)
- Diploma in Electronic and Communications Engineering, Singapore Polytechnic
- Master in Christian Studies, Biblical Graduate School of Theology, Singapore

Present Directorships in Other Listed Companies
Nil

Other Principal Commitments
Directorship in Other Companies
Nil

Other Major Appointments (other than Directorships)
Nil

Past Directorships in other listed companies held over the preceding three years
Nil

Background & Experience
- Currently is the Vice-Chairman of the Council of the Biblical Graduate School of Theology
- Spent 20 years in the IT industry in various capacities such as regional and general management, sales & marketing, channels and business development
- Worked for multinational companies such as Cisco Systems, Lucent Technologies and Hewlett Packard
- Served on the Councils of the Singapore Computer Society and Singapore IT Federation

Past Key Appointments
- Managing Director and General Manager of Microsoft Singapore Pte Ltd
- Independent Director and IT Committee Chairman of JurongHealth Services (Ng Teng Fong General Hospital and Jurong Community Hospital, now part of the National University Health System)
- Director of Integrated Healthcare Information Systems and as a member of MOH's Healthcare IT Steering Committee

Date of first appointment as director : 22 May 2020
Date of last re-election as director : 23 April 2021

IFS Board Committee(s) served on:
- Audit & Risk Committee (Chairman)

Academic & Professional Qualifications
- Fellow Chartered Accountant of both England & Wales and Singapore

Present Directorships in Other Listed Companies
- Boustead Projects Limited

Other Principal Commitments
Directorship in Other Companies
- Kairos Corporate Advisory Pte Ltd
- LAI City Holdings Pte Ltd

Other Major Appointments (other than Directorships)
- NTUC Education & Training Fund, Board Member

Past Directorships in other listed companies held over the preceding three years
- GSH Corporation Limited

Background & Experience
- More than 38 years' experience in corporate and financial advisory
- Previously worked in accounting firms (KPMG, PwC, Andersen and Deloitte) in London, Hong Kong and Singapore across a wide range of industries and portfolios
- Extensive public accounting experience, having been the partner in charge of audits in several major listed companies

Past Key Appointments
- Group Chief Financial Officer of Fullerton Healthcare Corporation Ltd
- Deputy Managing Partner, Markets Deloitte Singapore
- Leader, Deloitte Private Southeast Asia
- Partner, Family Enterprise Consulting of Deloitte Private Southeast Asia
- Regional Managing Partner, Financial Advisory Services of Deloitte Southeast Asia
- Council Member, Institute of Singapore Chartered Accountants
- Board Member, Deloitte Southeast Asia
- Honorary Steward, Singapore Turf Club
- Board Member, YMCA

BOARD OF DIRECTORS

Date of first appointment as director : 1 July 2020
Date of last re-election as director : 23 April 2021

IFS Board Committee(s) served on:
Nil

Academic & Professional Qualifications
- Bachelor of Engineering (Honours), Electrical and Electronic Engineering, Nanyang Technological University, Singapore

Present Directorships in Other Listed Companies
- IFS Capital (Thailand) Public Company Limited (Chairman)

Other Principal Commitments
Directorship in Other Companies
Nil

Other Major Appointments (other than Directorships)
Nil

Past Directorships in other listed companies held over the preceding three years
Nil

Background & Experience
- Currently the Group Chief Executive of IFS Capital Limited and is responsible for the overall management of the entities within the IFS Group
- Held the position as the Chief Executive Officer/Country Head of the Singapore business of IFS Capital Limited
- Began career in the Singapore Economic Development Board and subsequently spent eight years in Citibank across its consumer and commercial banking businesses

Past Key Appointments
- Chief Executive Officer/Country Head of the Singapore business of IFS Capital Limited

GROUP MANAGEMENT TEAM

RANDY SIM CHENG LEONG
EXECUTIVE DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER

CHIONH YI CHIAN
GROUP CHIEF RISK OFFICER
RISK MANAGEMENT, LEGAL, COMPLIANCE & SECRETARIAT

Yi Chian joined IFS Capital Limited in 1995. Prior to joining the Group, she practiced law in Singapore. She was appointed as the Group Chief Risk Officer in May 2009 and is responsible for risk management, legal, compliance and secretariat functions. She is also a Director of IFS Capital (Thailand) Public Company Limited and IFS Capital (Malaysia) Sdn. Bhd. and was previously appointed as a Director of ECICS Limited from February 2009 to October 2016. Yi Chian holds a Master's degree in Law as well as a Bachelor of Laws (Honours) from the National University of Singapore. In addition, she holds a Graduate Diploma in Compliance awarded by the International Compliance Association and is also a CFA charterholder.

ANG IRIS
GROUP CHIEF FINANCIAL OFFICER
FINANCE, CORPORATE DEVELOPMENT

Iris joined IFS Capital Limited as the Group Chief Financial Officer in February 2017. She is responsible for all accounting, financial and treasury management functions, including debt and equity fund raising and managing investor relations for the Group. She is also a Director of IFS Consumer Services Private Limited and IFS Asset Management Private Limited. Prior to joining the Group, she has over 10 years of experience as Chief Financial Officer in several listed companies in Singapore. Iris holds a professional qualification from the Association of Chartered Certified Accountants and is a fellow member of the Institute of Singapore Chartered Accountants. She is also an Associate Chartered Valuer and Appraiser, conferred by the Singapore Accountancy Commission.

ZENG RENCHUN
CHIEF EXECUTIVE OFFICER AND COUNTRY HEAD
IFS CAPITAL LIMITED

Renchun joined IFS Capital Limited in October 2020 as the Chief Executive Officer and Country Head for Singapore Office. He is responsible for the overall management of IFS Capital Limited's business in Singapore. Renchun began his career at Citibank and spent more than 10 years in the banking industry across both the consumer and commercial banking businesses, including a 3-year stint in Shanghai. He was instrumental in driving the growth of these franchises in China and the ASEAN region. Renchun graduated from the Nanyang Technological University with First Class Honours in Bachelor of Science/Biological Sciences.

GROUP MANAGEMENT TEAM

CHOI KIN SENG
CHIEF EXECUTIVE OFFICER
ECICS LIMITED

Kin Seng joined ECICS Limited in January 2019, as the Chief Executive Officer. Kin Seng holds a Bachelor of Science from Universiti Malaysia Sabah. He started his career in the Insurance industry in Malaysia. In 2005, he moved to Singapore when he joined MACS-UIB Insurance Brokers Pte Ltd. In 2008, he joined Etiqa Insurance Bhd., Singapore Branch. Rising through the ranks, he was appointed as the Chief Executive in 2014. He also had the honour of winning the prestigious 'Claims Awards Asia 2014 under the category of Claims Innovation of the Year' during his stint with Etiqa. Prior to joining ECICS Limited, he was with FWD Singapore, as the Chief Operations Officer. Altogether, Kin Seng has at least 15 years of experience in the Insurance Industry.

TAN LEY YEN
DIRECTOR AND CHIEF EXECUTIVE OFFICER
IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

Ley Yen was appointed as the Chief Executive Officer in February 2007 of IFS Capital (Thailand) Public Company Limited. He was seconded to Thailand's subsidiary as General Manager in May 1991 and was appointed Executive Director in October 2000. He has been with the Group since August 1985 and was seconded to PB International Factors Sdn. Bhd. as its General Manager in September 1990. Prior to joining the Group, he was with a local bank for several years. Ley Yen holds an MBA in International Management from the University of London and a Bachelor of Science (Honours) in Management Sciences from the University of Manchester Institute of Science and Technology.

AB. RAZAK KHALIL
CHIEF EXECUTIVE OFFICER AND COUNTRY HEAD
IFS CAPITAL (MALAYSIA) SDN. BHD.

Razak was appointed as the General Manager and Country Head of IFS Capital (Malaysia) Sdn. Bhd. in January 2015. He joined the Malaysia's subsidiary in June 2010 as the Head of Marketing and was responsible to grow the business in Malaysia. Prior to joining the Group, he worked with established organisations including Pembangunan Leasing Corporation (Subsidiary of Development Bank of Malaysia), Philips Malaysia and ISS Facility Services in various capacities which include Marketing, Credit & Legal, Logistics & Planning, Corporate Purchasing and Facilities Management. Razak holds a Bachelor of Science in Applied Science from Sunderland University, United Kingdom.

GIOVANNI FLORENTINUS E.J
PRESIDENT DIRECTOR AND COUNTRY HEAD
PT. IFS CAPITAL INDONESIA

Giovanni rejoined in May 2020 as the President Director and Country Head of PT. IFS Capital Indonesia. Prior to rejoining the Group, he was the president director of PT. Tirta Finance. He was the Assets Based Finance Risk Head of Bank Danamon Indonesia for 11 years before he first joined us in January 2016. He was then responsible for all risk matters related to Asset Based Financing. Overall, he has more than 32 years of working experience in the leasing and banking industry. He has held senior positions in his past employments including Gunung Sewu Kencana, Garishindo Buana Finance Indonesia and Brahma Saka Cipta. Giovanni holds a Bachelor Degree from the University of Indonesia majoring in Accountancy.

CORPORATE STRUCTURE

CORPORATE SOCIAL RESPONSIBILITY

Our organisation's Corporate Social Responsibility (CSR) is an extension of our mission to provide accessible and affordable capital and protection solutions for creditworthy small and medium-sized enterprises (SMEs) and individuals. We prioritize reaching underserved communities and aim to support them through sustainable initiatives that protect their interests. To ensure effective CSR implementation, we emphasize cultivating core values within our organisation, which guide both employee behavior and our external CSR strategies.

1. **Do the right thing**
   We hold ourselves to high ethical standards in order to build our company to be a force for good within our communities. We deeply value honesty, welcome constructive disagreement, and insist on personal accountability.

CORPORATE SOCIAL RESPONSIBILITY

2. **Operate with a growth mindset**
We strive to develop our talents and abilities continuously through active learning and taking on increasing responsibilities, in order to achieve greater success for ourselves and our company in the long run. We do not allow existing limitations to confine our creativity and aspirations.

3. **Drive results**
We set ambitious objectives for our business drivers and evaluate our performance honestly and regularly. We commit to continuous improvements in our products and services in order to find new ways to serve our clients and stakeholders through business cycles.

4. **Build and maintain trust**
We understand that trust is difficult to gain, but easily lost. We strive for positive-sum outcomes in all our dealings over time.

5. **Think and act like owners**
We take personal ownership of our mission. We have a responsibility to ourselves and our stakeholders to be a profitable and enduring company through high-quality decision-making, balanced risk-taking, and financial prudence.

Our volunteer work at Food from the Heart (FFTH) continued throughout the year. FFTH is an IPC-status food charity that feeds the needy in Singapore through regular distribution of essential food items. Every year, nearly 70% of our local staff strength come together voluntarily to put in the hours and labour at the FFTH warehouse once every few months. The volunteer work entails assembling food supplies into curated Community Food Packs for the poor and underprivileged individuals or families in Singapore. Our staff took this initiative with a growth mindset and went beyond the frequency originally planned. Actions speak louder than words. We have every intention to press on with this commitment regularly.

We continued our partnership with Club Rainbow, for they support and empower more than 1,000 families and children living with chronic illnesses. These children and their families face long-drawn battles with illnesses and they need the loving support of an empathetic community. We collaborated with Club Rainbow in their Christmas Kris Kringle initiative to bless the children with Christmas gifts. The campaign aims to bring the children elements of love, hope and joy during the festive season. Staff adopts a child's wish voluntarily and takes personal ownership to get the gift in accordance to what the little one specified. This campaign drew a personal connection between the giver and receiver. We were touched by the priceless smiles of the recipients of our gifts.

CORPORATE SOCIAL RESPONSIBILITY

2022 also saw our organisation supporting the "22 Days of Doing Good" campaign that had put together over 218 volunteering activities to bring Singapore together and strengthened corporate purpose among companies. Interestingly, the more we tried to bring CSR coherence to business ethos, the more coherence is brought to our staff when they come together as a force for good.

We also continued to participate in the Corporate Share Program under the umbrella of Community Chest where donations are channelled to the various social service and charity programs supported by the Community Chest.

Beyond Singapore, IFS Malaysia reached out to the Lembaga Pengurusan Kebajikan Anak-Anak Yatim Dan Miskin Islam (Payasum) Orphanage in Malacca. Our staff spent meaningful time with 90 children aged between 9 to 17 years old over a hearty nasi lemak breakfast and KFC/pizza lunch. The team gave motivational talk to the children, led them to play explorace and creative games with prizes to be won. Indeed, we hope that the children are encouraged not to allow existing limitations to confine their creativity and aspirations. A donation of RM 2,000 was also given to the orphanage to help sustain their daily needs.

CORPORATE SOCIAL RESPONSIBILITY

Further up north, our team in IFS Thailand actively sought to bring practical resources to communities in need. The team donated office telephones to the Suankaew Foundation, and made monetary contributions to the Ratchaphiphat Hospital, Priest Hospital, and the Children's Hospital Foundation, to support the treatment of Covid-19 patients. Consumer goods were also donated to victims of the fire at Bon Kai. In situations when there are shortages, the organisation comes in to pool resources to bridge the gap and protect the basic interests of others.

CORPORATE SOCIAL RESPONSIBILITY

Every company exists to create value for society. It is our corporate responsibility to support the communities that we are a part of. Our organisation's approach to CSR is rooted in our core values, which are reinforced through these efforts. We are committed to upholding a high standard of corporate responsibility and fostering long-term, consistent engagement with the communities we serve.

SUSTAINABILITY REPORT

CONTENT PAGE

SUSTAINABILITY REPORT

INTRODUCTION

ABOUT THIS REPORT

This Sustainability Report has been prepared with reference to the following regulations, standards, and guidelines:

- The Global Reporting Initiative (GRI) standards 2021
- Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules 711A and 711B on Sustainability Reporting, and Practice Note 7.6 Sustainability Reporting Guide
- The Task Force on Climate-related Financial Disclosure (TCFD)

The reporting period of this report covers from 1 January 2022 to 31 December 2022 and encompasses data from our operations in Singapore, with mention of our overseas subsidiaries in respect of their community engagement.

IFS Capital Limited is taking a phased approach to our sustainability reporting. As a result, the reporting for FY2022 will remain qualitative, as we have set FY2023 as the baseline year for quantitative disclosures. We are currently in the process of strengthening the data collection, monitoring and analysis processes across the entities.

Except for information submitted to relevant authorities, the information included has only been verified internally and has not been verified by an independent third party.

CONTACT

All feedback, questions and information are valued and welcomed at info@ifscapital.com.sg.

BOARD STATEMENT ON SUSTAINABILITY

The Board strongly believes that integrating sustainability into our business strategy and operations is critical to the long-term success of IFS Capital Limited ("IFS Capital") and essential in creating value for our stakeholders, including our shareholders, clients, employees, and the communities we serve.

At IFS Capital, we recognise that climate change is one of the most significant environmental challenges of our time. The Board acknowledges the importance of building resilience in our business strategies as the world pivots toward a lower-carbon economy. We are committed to aligning ourselves with the Singapore Government's pledge to address climate change issues. We are starting our journey to adopt the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in a phased approach, with FY2023 as the baseline year for TCFD reporting.

The Board is responsible for the setting of the sustainable strategies for the Group, centred on our aim to be an accountable and responsible corporate citizen that is a force for good in the communities we serve, as well as an institution that engages in responsible financing and business practices. The Board provides guidance and support to the management team in continuing to develop sustainable initiatives that align with our business strategy and values.

The Board recognises that sustainability requires ongoing attention and commitment. We will continue to collaborate with our stakeholders to ensure our sustainability initiatives align with our values and create long-term value for all our stakeholders.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

Audit and Risk Committee

Sustainability Working Group

At the Group level, the **Board of Directors** is responsible for setting the tone for the direction of sustainability and strategies in addition to monitoring the sustainability progress and its reporting. The Board is also responsible for the effectiveness of the risks management system and internal controls within IFS Capital and overseeing the execution of sustainability initiatives across IFS Capital.

To assist the Board, the **Audit and Risk Committee** will be responsible for approving the review of environmental, social, and governance risks in IFS Capital. The **Working Group** for FY2022 was pivotal in data gathering, coordinating efforts and advancing sustainability ideas.

To enhance our sustainability focus, the Group plans to further review and fine-tune the governance structure including expanding the working group so as to foster greater collaboration across the various entities in the Group.

SUSTAINABILITY REPORT

OUR APPROACH

KEY HIGHLIGHTS FOR FY2022

- Completed deployment of new end-to-end core operating system for Malaysia and kicked off testing in Thailand.
- Launched specialised Electric Vehicle (EV) insurance program in Singapore.
- Launched electronic submission of trade documents for clients in Singapore.

- Facilitated mid-career change opportunities for motivated employees.
- Lendingpot certified by the Singapore Fintech Association as it attempts to address information asymmetry in SME and consumer lending in Singapore.

- Zero whistle-blowing cases throughout network offices.

Overview

IFS Capital's approach to sustainability is centred around a culture of empowering our people and strengthening our communities through the work that we do.

Environment

As we continue to grapple with the consequences of climate change, both as individuals and as a Group, we remain committed to developing strategies that address not only our direct environmental impact but also create awareness and the impetus for change within our organisations and with other organisations that we work with.

IFS Capital is actively finding ways to decarbonize, including the progressive digitalisation of our end-to-end workflows throughout our network offices.

Social

Our employees are vital to our success as they continuously innovate our products and services. We prioritize the well-being and growth of our employees through our talent recruitment, retention and development strategies. In doing so, we also provide direction, resources and motivation for our employees to contribute positively to our communities, specifically by supporting the underserved and underprivileged segments of our communities.

Governance

We approach governance as holding ourselves accountable to all our stakeholders in building a profitable and lasting business that adds value to our communities. At IFS Capital, we have taken steps to fortify a sustainable culture through our strategies, policies, training and initiatives.

To ensure compliance with ethical and legal standards, we have policies and procedures in place pertaining to IT Cyber Security, Code of Business Conduct, Anti-Money Laundering and Countering the Financing of Terrorism, Personal Data Protection, Handling of Confidential Information & Prevention of Insider Trading, Fraud and Whistleblowing.

These policies and procedures are reinforced through regular communication and engagement with employees and mandatory training.

STAKEHOLDER ENGAGEMENT

At IFS Capital, we acknowledge the importance of stakeholder engagement in achieving our sustainability goals, and we understand regular dialogue sessions and collaboration with our stakeholders are essential in fostering meaningful relationships.

Through regular communication with our stakeholders, we can identify emerging trends and opportunities and adjust our sustainability strategies and initiatives accordingly. During FY2022, we continued to engage with our internal and external stakeholders as summarised below:

Identification of stakeholders

We adopt an inclusive approach that involves a diverse group of stakeholders, i.e. regulators, investors, clients, employees, and community.

<u>Employees</u>

We engage our employees through our **Town Halls** and **Regular Email Communication.**

We also avail to them our **Internal Training Programmes** and conduct yearly **Employee Appraisal** and **Employee Satisfaction Survey** on their concerns relating to issues such as remuneration, benefits, training and professional development.

<u>Government and Regulators</u>

We have **Regular Engagements** via way of **Meetings, Consultations** and **Site Visits**, with our regulators and relevant government agencies.

<u>Investors & Shareholders</u>

With our investors, we hold an **Annual General Meeting** to keep them apprised of the Company's financial performance and development. Additionally, we regularly update our Company Website and release timely **Half Year Financial Results and Announcements**.

<u>Communities</u>

In addition to our regular **Local Community Outreach Programmes**, we also participate in **Business Forums and Industry Events**. Furthermore, we provide valuable insights through **Informative Articles and Write-ups** available on our various websites.

<u>Client</u>

We engage our clients through our relationship managers, senior management and through multiple platforms including **Live Help Chat** and **Live Help Appointment** functions.

We also **Interact and Follow up** on feedback and queries through our social media platforms such as LinkedIn, Google and Facebook.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

IDENTIFY
Identify the relevant stakeholders and the related sustainability risks

EVALUATE
Evaluate risks identified across the business units

PRIORITISE
Prioritise risks by rating them and building risk mitigations across business units

As an organisation committed to sustainability, we understand the importance of identifying and addressing material sustainability factors that are relevant to our businesses and stakeholders. To accomplish this, we have outlined a procedure for identifying the material sustainability factors, which is a critical component of our sustainability strategy.

In demonstrating our commitment to sustainability, we are working with an external consultant on this journey. To develop IFS Capital's sustainability strategy, which focuses on empowering our people and strengthening the community, and ultimately fostering a culture of sustainability, we conducted a materiality exercise in FY2022. Internal stakeholders from various business units were identified and engaged to evaluate sustainability issues that are most relevant to our businesses, stakeholders, and the broader community. As a result, several material ESG factors were identified, including:

Material ESG Factors	How We Respond
1. Preventing corruption, fraud and money laundering 2. Data privacy and governance	We have policies and annual refresher training for our employees, refer to "Governance" for further elaboration.
3. Climate change 4. Managing our environmental impact	We digitalised our business processes and have extended our insurance to cover Electric Vehicles (EVs), refer to "Environment" for further elaboration.
5. Community engagement 6. Diversity & equal opportunity 7. Employee development	We continue to serve the underserved in our community, ensure equal opportunity and have invested in training and career development for our employees, refer to "Social" for further elaboration.

It is an ongoing effort to continuously engage with our stakeholders, assessing and addressing the material sustainability factors to ensure relevancy to our businesses and stakeholders.

ENVIRONMENT

IFS Capital recognises the significant risks that climate change brings to our business, the society, and our future generations.

As a financial institution, we see an increasing need to reduce the impact of climate change through our operations.

Climate Change Risk Management/TCFD

IFS Capital is reviewing its sustainability risks, including climate change, and the risk rating system with its internal stakeholders as we want to ensure that the rating system in development will be relevant and aligned with our business approach. For FY2022, we applied our existing enterprise risk management to identify regulatory risks related to our operations as a financial institution.

<u>Scenario Analysis</u>

We explored our sustainability context in FY2022, including climate change, and we are in the midst of confirming and aligning our framework with all our subsidiaries. We will be preparing scenario analysis reviews with our stakeholders in FY2023.

<u>Climate Change Metrics and Targets</u>

We started exploring our carbon emissions in FY2022 by identifying the sources of emissions. We are currently establishing a structure in terms of our reporting and measures. As our baseline year for carbon emissions will be FY2023, our emissions targets will be based on the reduction of absolute carbon emissions.

For FY2022, we focused on how we support a national effort to transition towards a lower-carbon economy. We believe that our continued investment in technology can transform business processes and operations to reduce environmental waste and costs whilst improving our productivity.

Digitalisation

We continue to make progress against our digitalisation roadmap across all our businesses.

In FY2022, we enhanced the Client Portal for our clients which enables them to submit trade documents and funding requests electronically as well as access a real-time dashboard on their receivables. This reduces the use of paper and courier services as well as improves cashflow and data transparency for our clients by providing them with real-time analysis on their receivables.

EV

ECICS Insurance launched a specialised EV insurance program to provide consumers in Singapore with affordable and accessible protection. This supports the Singapore Green Plan 2030 which targets an ambitious transition to cleaner energy vehicles by 2040.

Green Projects

We recognise that through our financing business, we can play our part by actively partnering with our clients who are developing projects or initiatives that will contribute to the national drive to decarbonization and transition to net-zero emissions.

SUSTAINABILITY REPORT

GOVERNANCE

Corporate Governance is crucial in our ability to grow, mitigate risk, and safeguard the interests of our stakeholders.

We believe that effective governance entails strong accountability to our various stakeholders.

Our internal policies form the foundation of governance in ensuring that our staff uphold the highest ethical standards when conducting our business in addition to being compliant with all applicable laws and regulations. All IFS Capital employees are required to undergo mandatory training, with yearly refresher modules on **IT Cybersecurity, Code of Business Conduct, Anti-Money Laundering & Countering the Financing of Terrorism, Personal Data Protection Laws** and the **Handling of Confidential Information and Prevention of Insider Trading**.

Our **Code of Business Conduct** provides a broad and clear understanding of the standard expected of every employee and highlights the fundamental principles of having good moral conduct, good judgment and common sense in all dealings, both professionally and personally.

In staying accountable to our stakeholders, IFS Capital has zero tolerance towards any form of corruption, bribery and fraud.

Our **Fraud Policy and Procedure** facilitates the development of controls that aid in the detection and prevention of fraud and our **Whistleblowing Policy** sets out the procedures to raise matters of concern without fear of possible reprisals.

The avenue for Whistleblowing encourages employees to report any misconduct within the Group. All complaints are handled directly by the Chairman of the Audit and Risk Committee who will then assess the appropriate investigation to be conducted.

SOCIAL

Our Workforce

Our employees are the heart and soul of what we do. At the same time, we aim to provide an environment in which they can do their best work and grow together with the Group.

Diversified Workplace

We believe that having a diversified workforce promotes and enhances innovation and ensures the durability of the business as we benefit from perspectives gleaned across different backgrounds and experiences.

We do not discriminate in our hiring processes, whether by age or gender. In FY2022, about 57% of our new hires were females and 43% males, with a good mix of ages hired, with the youngest hire at 20 years old and the oldest hire at 66 years old.

As of FY2022, our workforce comprised of locals and a number of individuals hailing from 7 different countries.

There was no discrimination incident reported in FY2022.

Developing our Future Leaders

For the 3rd year running, we have ramped up our efforts in recruiting talented graduates across different areas of study for our Management Associate (MA) Program. The MA program reaffirms IFS Capital's commitment towards grooming Singapore's next generation of leaders in finance. Management Associates are given opportunities to participate in cross-business and cross-country projects as well as take on people management and P&L responsibilities.

Training and Development Opportunities

Even as we focus on identifying and recruiting new talent for the company, we continue to take the professional development of all our existing employees seriously by providing them with a wide range of internal and external training opportunities.

We facilitate internal and external trainings as well as annual e-learning training for our staff.

Internal Mobility

Further, as part of our talent development and succession planning, IFS Capital supported the internal transitions of five employees within the Company.

Employee Satisfaction Score ("ESS")

In FY2022, our ESS improved from 74% in 2021 to 77% and the Management will continue to garner feedback to build a more conducive work environment for all.

Giving Back

As we first manage our employees' well-being and growth, we are able to be in a position to then give back to our communities. More information on our community outreach efforts can be found on pages 14 to 18 of our Annual Report.

Client Community

In line with being a force for good within our communities, we ensure that our businesses add value to society, in particular micro, small and medium enterprises (MSME) as well as consumers, through facilitating simple and affordable access to capital and insurance protection.

SUSTAINABILITY REPORT

Lendingpot

Lendingpot was established with the goal of assisting MSMEs and individuals in matching them with the loan products/lenders that can best serve their needs. Lendingpot brings together a diverse group of lenders to compete for our clients' business, fostering transparency and empowering borrowers as an online platform aggregator for loans.

We evaluate our success based on three key parameters: competitive pricing that ensures our clients secure the best deals; convenience and efficiency, making the loan search experience as smooth as possible through technology; and top-tier support services for our clients every step of the way. These are aligned with our mission to increase financial inclusivity for businesses and individuals. Since FY2019, Lendingpot has onboarded over 45 partner lenders.

Friday Finance

As our consumer lending business, Friday Finance continues to reward positive financial behaviour from individuals as part of our values towards responsible lending. In FY2022, 33% of borrowers benefited from having 50% of their admin fees refunded as a result of timely loan repayments.

One of the initiatives undertaken by Friday Finance in FY2022 includes the Earned Wage Access Program. This is a financial wellness program in partnership with employers to enable their employees to access their earned wages on a daily basis, allowing them to meet any unexpected cash needs. This program is expected to launch in FY2023, with the full support of the IFS Capital.

OUR SINGAPORE WORKFORCE IN A SNAPSHOT

GENDER

Senior and Middle Management

Male
64%

Female
36%

Current Employees

Male
41%

Female
59%

New Hires

Male
43%

Female
57%

Turnover

Male
46%

Female
54%

AGE

	Under 30 years old	30-50 years old	Over 50 years old
Current Employees	4%	72%	24%
New Hires	32%	57%	11%
Turnover	27%	61%	12%

TURNOVER RATE/CURRENT EMPLOYEES

	No.	Percentage
Current Employees	94	n/a
Turnover	41	41%

APPENDICES
GRI CONTENT INDEX

Statement of Use	IFS Capital Limited has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI standards
GRI 1 Used:	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page Reference
GRI 2: General Disclosures 2021		
Disclosure 2-1	Organisational details	1
Disclosure 2-2	Entities included in the sustainability reporting	20
Disclosure 2-3	Reporting period, frequency and contact point	20
Disclosure 2-4	Restatements of information	Not Applicable
Disclosure 2-5	External Assurance	20
Disclosure 2-6	Activities, value chain and other business relationships	1-2, 13
Disclosure 2-7	Employees	28
Disclosure 2-9	Governance structures and composition	21, 34
Disclosure 2-10	Nomination of Selection of the Highest Governance Body	21, 36-40
Disclosure 2-11	Chair of the highest governance body	21, 37-38
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	21
Disclosure 2-13	Delegation of responsibility for managing impacts	21
Disclosure 2-14	Role of the highest governance body in sustainability reporting	21
Disclosure 2-15	Conflicts of interest	33-34, 36
Disclosure 2-16	Communication of critical concerns	not applicable
Disclosure 2-17	Collective knowledge of the highest governance body	35
Disclosure 2-18	Evaluation of the performance of the highest governance body	41
Disclosure 2-19	Remuneration policies	42-43
Disclosure 2-22	Statement on sustainable development strategy	24
Disclosure 2-25	Processes to remediate negative impacts	24
Disclosure 2-26	Mechanisms for seeking advice and raising concerns	23, 26, 49-50
GRI 3: Material Topics 2021		
Disclosure 3-1	Process to determine material topics	24
Disclosure 3-2	List of material topics	24
Disclosure 3-3	Management of material topics	24
GRI 401: Employment 2016		
Disclosure 401-1	New employees hires and employee turnover	29
GRI 413: Local Communities 2016		
Disclosure 413-1	Operations with local community engagements, impact assessments, and development programmes	14-18

MAPPING TO TCFD INDEX

	Recommended Disclosures	Response & Reference	Page Number
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Refer to 'Our Sustainability Governance Structure'	21
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Refer to 'Our Sustainability Governance Structure'	21
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Refer to 'Environment' Partial Disclosure	25
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Refer to 'Environment' Partial Disclosure	25
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Refer to 'Environment' Partial Disclosure	25

SUSTAINABILITY REPORT

	Recommended Disclosures	Response & Reference	Page Number
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks	Refer to 'Materiality Assessment'	24
	b) Describe the organisation's processes for managing climate-related risks	Refer to 'Materiality Assessment'	24
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Refer to 'Materiality Assessment' To be disclosed next year	24
Metrics and Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Refer to 'Environment' To be disclosed next year	25
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Refer to 'Environment' To be disclosed next year	25
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Refer to 'Environment' To be disclosed next year	25

CORPORATE GOVERNANCE REPORT

The Board of Directors is committed to maintaining high standards of corporate governance in the Group to preserve and maximize shareholders value. The Company has adopted the Code of Corporate Governance 2018 (the "2018 Code") as a benchmark for its corporate governance practices during the financial year ended 31 December 2022. This report sets out the corporate governance processes and activities with specific reference made to the principles of the 2018 Code and in so far as any provision has not been adhered to, appropriate explanations have been provided.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS
Principle 1
The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board oversees the businesses and affairs of the Group, works with Management and is accountable to the shareholders for the long-term performance and financial soundness of the Group. In this regard, the Board supervises the achievements of the Management's performance targets. The Board sets the appropriate tone-from-the-top for the Group in respect of ethics, values and desired organisational culture, and also ensures proper accountability within the Group.

In addition to its statutory responsibilities, the Board:

- sets the Group's overall strategic direction and long-term objectives and ensures the necessary financial and human resources are in place for the Group to meet its objectives;
- reviews the Group's operational and financial performance;
- reviews the performance of management;
- identifies the key stakeholder groups and recognises that their perceptions affect the Group's reputation;
- sets the Group's values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;
- oversees the processes of evaluating the adequacy and effectiveness of internal controls and risk management systems; and
- considers sustainability issues as part of its strategic formulation.

The Board has a formal schedule of matters reserved to it for its decision and these include:

- Group strategic direction and long-term plans;
- Announcements of financial results;
- Statutory accounts;
- Declaration of dividends;
- Budgets and financial planning;
- Establishment of joint ventures;
- Investments or increase in investments in businesses, projects, subsidiaries and associated companies;
- Acquisition or disposal of significant assets, businesses, subsidiaries or associated companies;
- Capital expenditure or any expenditure of significant amount;
- Borrowings of the Company beyond a certain limit in amount as set by the Board; and
- All major transactions or events.

The above reserved matters requiring the Board's approval are clearly communicated to Management in writing.

CORPORATE GOVERNANCE REPORT

The Directors discharge their duties and responsibilities in the best interest of the Group at all times and make decisions independently and objectively. If there are situations of conflict or potential conflict of interest, the Director in question will recuse himself from the discussion and abstain from participating in any Board decision.

Delegation by the Board

The Board has set up two Board committees, namely the Audit and Risk Committee[1] and the Executive Resource and Compensation Committee, to assist the Board in the execution of its responsibilities. The two Board committees are constituted with clear terms of reference, setting out specific roles and responsibilities including reporting back to the Board. The details on the composition and functions of the Audit and Risk Committee and the Executive Resource and Compensation Committee can be found in the subsequent sections in this Report.

Management is responsible for the day-to-day operations of the Group as well as ensuring the implementation of the agreed Group's strategies and sound system of risk management and internal controls. The Group Chief Executive Officer is assisted by a Management Committee chaired by the Group Chief Executive Officer and comprising senior management staff. In the absence of the Group Chief Executive Officer, the appointed designate is authorised to make decisions on his behalf.

Annual General Meeting, Board and Board Committee Meetings and Attendance

The Board holds four scheduled meetings in a year. In addition, special meetings may be convened as and when warranted to deliberate on urgent substantive matters.

During the financial year ended 31 December 2022, the Board held four meetings.

The attendance of the Board members at the Annual General Meeting ("AGM"), Board and Board committee meetings during the financial year ended 31 December 2022 is set out as follows:

Attendance at the AGM, Board and Board Committee Meetings

	AGM	Board		Audit and Risk Committee[1]		RMC[1]		ERCC	
Name of Director	**Attendance**	**No. of Meetings[3]**	**Attendance**	**No. of Meetings[3]**	**Attendance**	**No. of Meetings[3]**	**Attendance**	**No. of Meetings[3]**	**Attendance**
Lim Hua Min	1	4	4	NA	NA	1	1	1	1
Law Song Keng	1	4	4	4	4	1	1	1	1
Tan Hai Leng Eugene[2]	–	0	0	NA	NA	1	1	NA	NA
Barney Lau Tai Chiau	1	4	4	4	4	NA	NA	1	1
Tam Chee Chong	1	4	4	4	4	NA	NA	NA	NA
Randy Sim Cheng Leong	1	4	4	NA	NA	1	1	NA	NA

RMC Risk Management Committee
ERCC Executive Resource and Compensation Committee
NA Not applicable
[1] With effect from 24 February 2022, the Risk Management Committee was merged with the Audit Committee to form the Audit and Risk Committee
[2] Mr Tan Hai Leng Eugene resigned as a director of the Company and ceased to be the Chairman of the Risk Management Committee with effect from 17 February 2022
[3] The number of meetings held during which each director was in office

[1] With effect from 24 February 2022, the Risk Management Committee was merged with the Audit Committee to form the Audit and Risk Committee.

CORPORATE GOVERNANCE REPORT

Board Induction and Training

All new directors are briefed on their roles, duties and obligations as directors and the Group's key governance policies and practices.

The Company conducts a comprehensive induction programme to familiarise new directors with the Group's business and industry-specific knowledge. The induction programme gives new directors an understanding of the Group's operations to enable them to assimilate into their new roles. The Company also ensures that for any director who has had no prior experience as a director of a listed company to undergo mandatory training on the roles and responsibilities of a listed company director.

Development and training of directors is an ongoing process so that they can perform their duties appropriately. Such development and training programme is reviewed by the Executive Resource and Compensation Committee. The directors are provided with continuing briefings or updates in areas such as directors' duties and responsibilities, corporate governance, relevant changes in laws and regulations, changes in financial reporting standards and issues which have a direct impact on financial statements as well as industry trends and developments relevant to the Group's business operations. The Company Secretary circulates availability of relevant training courses which the directors may attend, with costs borne by the Company.

During the financial year ended 31 December 2022, the Board members were provided with updates to keep them abreast of industry trends, developments in accounting standards and changes in relevant laws and regulations and the code of corporate governance through presentations by Company Secretary, management and external auditors during Board or Board committee meetings. In addition, all directors have completed the mandatory sustainability training course as required by the enhanced SGX sustainability reporting rules announced in December 2021.

Access to Information

Management provides all the members of the Board with a progress report on the performance of the Group (including group consolidated accounts) on a monthly basis.

Prior to each Board meeting, the Board members are provided with board papers in advance of meetings so that sufficient time is given to the Board members to prepare. The board papers will set out information which includes background or explanatory information relating to the matters to be brought before the Board. In respect of budgets, any material variances between projections and actual results are explained.

The Chairman, with the assistance of the Company Secretary, exercises control over the quality and timeliness of information flow between the Board and management.

The directors have direct access to the Company's senior management and the Company Secretary. The Company Secretary attends and prepares minutes of all the Board meetings. The appointment and removal of the Company Secretary are subject to the approval of the Board.

The directors, whether as a group or individually, are also entitled to seek independent professional advice with costs to be borne by the Company on any issue(s) which may arise in the course of performing their duties.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Executive Resource and Compensation Committee reviews and assesses the Board's composition each year and having considered the nature and scope of the Group's businesses, is satisfied that the Board currently has the appropriate size, balance and mix of skills, knowledge and experience for the Board to carry out its duties effectively.

The profile of the directors and key information are set out on pages 8 to 10.

Board Independence

As at 31 December 2022, the Board comprises 5 directors of whom 2 are independent directors. Although the independent directors are not in a majority which is recommended in the 2018 Code where the Chairman of the Board is not an independent director, the Executive Resource and Compensation Committee and the Board, having conducted a thorough evaluation, believe that the composition of the current Board, with Non-Executive Independent Directors making up one-third of the Board and Non-Executive Directors making up majority of the Board, remains appropriate and effective with sufficient level of independence. All the Non-Executive Directors, with the Chairman being the exception, do not have any conflict of interests whatsoever, are independent minded and are therefore able to exercise objective judgement and duties in the best interest of the Company. The Board will continue to assess and evaluate the need to appoint an additional non-executive independent director. The Board has always discussed important issues robustly and has been able to reach a consensus on the votes without having to rely on any majority votes to decide nor having an individual or small group of individuals dominate the Board's decision-making process.

The nature of the directors' appointments on the Board as at 31 December 2022 is set out as follows:

Directors	Board Membership
Lim Hua Min	Non-Executive, Non-Independent, Chairman
Law Song Keng	Non-Executive, Non-Independent Director
Tam Chee Chong	Non-Executive, Independent Director
Barney Lau Tai Chiau	Non-Executive, Lead Independent Director
Randy Sim Cheng Leong	Executive Director, Group Chief Executive Officer

Annual Review of Director's Independence

The Executive Resource and Compensation Committee conducts a review and determines annually the independence of each director. In its deliberation as to the independence of a director, the Executive Resource and Compensation Committee took into account examples of relationships as set out in the 2018 Code, considered whether a director has business relationships with the Group, its substantial shareholders or its officers and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the interest of the Group. Each independent director is required to complete a Director Independence declaration annually to confirm his independence. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the 2018 Code.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2022, the Board, taking into account the views of the Executive Resource and Compensation Committee, considers Mr Tam Chee Chong and Mr Barney Lau Tai Chiau to be independent directors.

Each of the above Directors had recused himself from the Board's deliberations on his independence.

Board Diversity

The Company adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board, and states that the Executive Resource and Compensation Committee is responsible for setting the relevant objectives that promote and achieve diversity on the Board. In discharging its duties, the Executive Resource and Compensation Committee shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of the Group.

The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Group. The Board Diversity Policy provides that the Executive Resource and Compensation Committee shall endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed as new directors.

The Executive Resource and Compensation Committee is responsible for developing a framework to identify the skills that the Board collectively needs in order to discharge the Board's responsibilities effectively. The Executive Resource and Compensation Committee has put in place a skills matrix which classifies skills, experience and knowledge of Directors into the following broad categories (i) Industry knowledge and experience; (ii) Banking and Financing; (iii) Risk Management and Compliance; (iv) Digital Technology; and (v) Environmental, Social & Governance.

The Executive Resource and Compensation Committee believes that there is an appropriate balance of industry knowledge, skills, background, experience, professional qualifications and age on the Board, and is satisfied that the objectives of the Board Diversity Policy continue to be met.

The Executive Resource and Compensation Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

Role of Non-Executive Directors/Independent Directors

At Board Meetings, there is a deliberate culture of having Directors and management engage in open and constructive discussions on issues and proposals. The Non-Executive Directors and/or independent directors, led by the lead independent director, meet periodically without the presence of management and where appropriate, provide feedback to the Board and/or Chairman after such meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Separation of the Role of Chairman and the Group Chief Executive Officer

The Chairman and the Group Chief Executive Officer of the Company are separate persons and are not related to each other.

CORPORATE GOVERNANCE REPORT

The Chairman is a Non-Executive Director while the Group Chief Executive Officer is an Executive Director. The roles of the Chairman and the Group Chief Executive Officer are kept separate and the division of responsibilities between them is set out in writing.

The Chairman is primarily responsible for the workings of the Board. The Chairman's responsibilities include approving the schedules of meetings and meeting agenda with the assistance of the Company Secretary. As Chairman of the Board, he also leads the Board in its discussions and deliberation, facilitates effective contribution by Non-Executive Directors and exercises control over the timeliness of information flow between the Board and management.

The Group Chief Executive Officer manages the business of the Group, implements the Board's decisions and is responsible for the day-to-day operations of the Group.

Role of the Lead Independent Director

The Lead Independent Director is appointed by the Board to provide leadership in situations where the Chairman is conflicted. He will also be available to shareholders where they have concerns for matters which contact through the normal channels of the Chairman, the Group Chief Executive Officer or Group Chief Financial Officer has failed to resolve, or where such contact is inappropriate.

BOARD MEMBERSHIP
Principle 4
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Executive Resource and Compensation Committee

The Board has established the Executive Resource and Compensation Committee that performs both the roles of nominating committee and remuneration committee.

As at 31 December 2022, the Executive Resource and Compensation Committee comprises 3 members. Although there is no majority of independent directors which is recommended in the 2018 Code, the Chairman of the Executive Resource and Compensation Committee, Mr Barney Lau Tai Chiau, is independent and the Lead Independent Director. The Board believes that based on the composition of the current Executive Resource and Compensation Committee, with the Chairman being independent and all members being Non-Executive Directors, there is appropriate and sufficient level of independence as well as adequate safeguards and checks in place to ensure that the decision making process by the Executive Resource and Compensation Committee is independent.

The composition of the Executive Resource and Compensation Committee is set out as follows:

Barney Lau Tai Chiau	Chairman, Independent
Lim Hua Min	Member, Non-Independent
Law Song Keng	Member, Non-Independent

CORPORATE GOVERNANCE REPORT

The Executive Resource and Compensation Committee functions under the terms of reference as approved by the Board. Under the terms of reference, the Executive Resource and Compensation Committee (in respect of its function as a nominating committee):

(i) assists the Board to assess the effectiveness of the Board as a whole as well as the contribution of the directors to the effectiveness of the Board;

(ii) reviews the succession plans for directors, in particular, the appointment and/or replacement of the Chairman, the Group CEO and key management personnel;

(iii) establishes a formal process for the Group on the appointment of directors, re-nomination and re-election of directors;

(iv) considers and determines the independence of the directors, at least annually;

(v) recommends to the Board on all Board appointments and re-appointments and approves appointments of key management personnel; and

(vi) reviews the training and professional development programme for directors.

Criteria and Process for Nomination and Selection of New Directors

The Company has put in place a formal process for the selection of new directors to increase transparency of the nominating process in identifying and evaluating nominees for directors.

The Executive Resource and Compensation Committee assists the Board in reviewing the composition of the Board and making the appropriate recommendations to the Board.

The Executive Resource and Compensation Committee leads the process as follows:

(i) the Committee will consider the benefits of all aspects of diversity, and will evaluate the desired balance and diversity of skills, knowledge, gender and experience for the Board and, in the light of such evaluation, determines the role and the desirable competencies and attributes for a particular appointment;

(ii) various sources may be used to look for potential candidates;

(iii) the Committee meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and

(iv) the Committee makes recommendations to the Board for approval.

In assessing a potential candidate, the Executive Resource and Compensation Committee would take into account factors such as the candidate's integrity and reputation, attributes, capabilities, qualifications and past experience.

All proposed appointment of potential new directors is reviewed by the Executive Resource and Compensation Committee before the recommendation is put up to the Board for its approval.

CORPORATE GOVERNANCE REPORT

Directors' Time Commitments

The Executive Resource and Compensation Committee assesses if a director is able to and has been adequately carrying out his duties as a director of the Company, taking into account the director's number of listed company board representations and other principal commitments.

To address the time commitments of directors who sit on multiple boards, the meeting dates of the Board and Board committees are scheduled in advance at the beginning of each calendar year.

All directors are aware of their time commitment obligations. For the financial year ended 31 December 2022, each director signed a confirmation that, having regard to all his commitments, he has devoted sufficient time and attention to the affairs of the Company. The Executive Resource and Compensation Committee believes that putting a numerical limit on the number of listed board directorships a director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

The Executive Resource and Compensation Committee is of the view that the current qualitative assessment coupled with the annual confirmation of time commitment by directors is sufficient. Accordingly, the Board has not set a numerical limit on the maximum number of listed board representations a director can hold.

The Executive Resource and Compensation Committee is satisfied that all directors have discharged their duties adequately for the financial year ended 31 December 2022.

As at 31 December 2022, no alternate director has been appointed to the Board.

Rotation and Re-election of Directors

The directors submit themselves for re-nomination and re-election at regular intervals in accordance with Article 94 of the Company's Constitution which requires one-third of the directors for the time being to retire from office by rotation at each Annual General Meeting (or, if the number is not a multiple of three, the number nearest to but not less than one-third).

In accordance with Article 100 of the Company's Constitution, all new appointees to the Board, if not elected by the shareholders at the Annual General Meeting, will only hold office until the next Annual General Meeting after the date of their appointment whereupon they will seek re-election at the Annual General Meeting.

For the forthcoming Annual General Meeting, Mr Randy Sim Cheng Leong and Mr Law Song Keng will be retiring by rotation under Article 94 of the Company's Constitution. At the recommendation of the Executive Resource and Compensation Committee and as approved by the Board, Mr Randy Sim Cheng Leong and Mr Law Song Keng will be seeking re-election at the forthcoming Annual General Meeting.

The detailed information on Mr Randy Sim Cheng Leong and Mr Law Song Keng can be found on pages 203 to 207.

BOARD PERFORMANCE

Principle 5

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Board Evaluation Process

The Board has implemented a process carried out by the Executive Resource and Compensation Committee for assessing performance and the effectiveness of the Board and its Board committees.

In the beginning of each year, the Executive Resource and Compensation Committee conducts a self-assessment process that involves the completion of evaluation questionnaires on issues which include Board and Board committee performance, effectiveness, processes and composition. In the assessment process, the Executive Resource and Compensation Committee also takes into consideration the directors' inputs during the Board/Board Committee meetings and their contributions to the decision process offered by their different expertise and perspectives based on their background, industry, business knowledge and experience. The collated results are reviewed by the Executive Resource and Compensation Committee before they are submitted to the Board for discussion and determination of any areas for further improvements.

Following the review in financial year ended 31 December 2022, the Board is of the view that the Board and its Board committees operate effectively and that each director is contributing to the overall effectiveness of the Board and its Board Committees.

There was no external consultant involved in the Board evaluation process in financial year ended 31 December 2022.

Board Evaluation Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board processes, board information and accountability, board performance in relation to discharging their responsibilities as set out in their respective terms of reference.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Executive Resource and Compensation Committee also performs the role of a remuneration committee.

The key responsibilities of the Executive Resource and Compensation Committee (in respect of its function as a remuneration committee), as delegated by the Board, are to:

(i) oversee the governance of the Group's overall remuneration policy;

(ii) review and make recommendations to the Board on the framework and policy of remuneration for the Board and key management personnel;

(iii) oversee the remuneration of the Board and key management personnel including reviewing the remuneration of the Group CEO upon recruitment or renewal (where applicable);

(iv) review and recommend to the Board, the specific remuneration packages for the Group CEO and each executive director, if any, against the achievement of their prescribed goals and targets;

Pursuant to the terms of reference, the Executive Resource and Compensation Committee reviews and approves the remuneration packages for each director and the key management personnel, and also decides on policies relating to remuneration and incentive programs (including employees benefits and bonuses) for the employees of the Group. In reviewing the remuneration framework, the Executive Resource and Compensation Committee takes into consideration industry practices and benchmarks to ensure that its remuneration and compensation package are competitive. The Committee, if it requires, may seek expert advice on executive compensation matters from professional firms. There being no specific necessity, the Committee did not seek the service of an expert adviser on executive compensation matters in the financial year ended 31 December 2022.

The Executive Resource and Compensation Committee also reviews the terms of compensation and employment for executive directors and key management personnel at the time of their employment including considering the Company's obligations in the event of termination of services. The service contracts of the Group Chief Executive Officer/Executive Director and key management personnel do not contain onerous removal clauses.

LEVEL AND MIX OF REMUNERATION
Principle 7
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Remuneration Policy

The Group's remuneration policy is directed towards the attraction, retention and motivation of talent to achieve the Group's business objectives. The remuneration framework aims to foster a strong performance-oriented culture within an appropriate overall risk management framework and long-term commitment on staff's career. The Group subscribes to linking executive remuneration to corporate and individual performance, hence the remuneration framework ensures that rewards and incentives relate directly to the performance of individuals, the operations and functions in which they work for which they are responsible, and the overall performance of the Group.

Remuneration of Executive Director and Key Management Personnel

The remuneration package of the Group Chief Executive Officer/Executive Director and key management personnel comprises of a fixed component which is benchmarked against the financial services industry and a variable component which is linked to the performance of the Group as well as the individual performance.

The variable component of the remuneration package is mainly in the form of cash-based variable bonuses which reward employees that commensurate with the performance of the Company. The performance-related variable cash bonus pool is computed based on guidelines approved by the Executive Resource and Compensation Committee. As such, the remuneration framework for key management personnel presently composed of short-term incentives, with a differentiated mix of fixed and variable compensation components for material risk takers and control functions. There were no share-based awards under long-term incentive scheme during the financial year ended 31 December 2022.

CORPORATE GOVERNANCE REPORT

Based on the current mix of fixed and variable compensation components and design of the variable cash bonus pool formula, the remuneration of executives is aligned with the interests of shareholders and other stakeholders.

Having reviewed and considered the variable components of the Group Chief Executive Officer/Executive Director and key management personnel and the principles behind the formulation of the variable cash bonus pool, the Executive Resource and Compensation Committee is of the view that there is currently no requirement to institute contractual provisions in the terms of employment to reclaim the variable component of their remuneration paid in prior years.

Remuneration of Non-Executive Director

For the Non-Executive Directors, they are remunerated based on a framework of basic director fees and committee fees which is formulated taking into account factors such as responsibilities, level of contribution and time spent. The framework reflects an equitable and adequate remuneration to motivate the Non-Executive Directors to provide good stewardship of the Company, taking into account the scope and extent of a Director's responsibilities and obligations. The framework is reviewed by the Executive Resource and Compensation Committee and endorsed by the Board.

Each of the Non-Executive Directors receives a basic annual retainer fee. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with Chairpersons of the Committees receiving a higher fee in respect of their service as Chairpersons of the respective Board Committees.

The structure of the fees payable to the Non-Executive Directors of the Company for the financial year ended 31 December 2022 is as follows:

	S$
Basic Annual Retainer Fee	
Board	35,150
Additional Chairman Fees for:	
Board	14,250
Audit and Risk Committee	13,300
Risk Management Committee[Note]	13,300
Executive Resource and Compensation Committee	9,500
Additional Committee Member Fees for:	
Audit and Risk Committee	9,500
Risk Management Committee[Note]	9,500
Executive Resource and Compensation Committee	5,700

Note: With effect from 24 February 2022, the Risk Management Committee was merged with the Audit Committee to form the Audit and Risk Committee.

The directors' fees payable to the Non-Executive Directors are subject to shareholders' approval at the Annual General Meeting. The Group Chief Executive Officer/Executive Director does not receive director's fees.

The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage independent directors to hold shares in the Company.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION

Principle 8

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Disclosure of Remuneration of the Directors

A breakdown showing the level and mix of each individual director's remuneration payable for the financial year ended 31 December 2022 is as follows:

	Number of Directors	
Remuneration Band	**FYE 31 Dec 2022**	**FYE 31 Dec 2021**
$500,000 to below $750,000	0	1
$250,000 to below $500,000	1	0
Below $250,000	5	5
Total	**6**	**6**

Remuneration Band/ Directors of Company		Directors' Fees[1] %	Fixed Pay %	Annual Wage Supplement and Variable Bonus %	Allowances & Others %	Total %
(i)	**$250,000 to below $500,000**					
	Mr Randy Sim Cheng Leong	–	57	43	–	100
(ii)	**Below $250,000**					
	Mr Lim Hua Min	100	–	–	–	100
	Mr Law Song Keng	100	–	–	–	100
	Mr Tam Chee Chong	100	–	–	–	100
	Mr Barney Lau Tai Chiau	100	–	–	–	100
	Mr Tan Hai Leng Eugene[2]	100	–	–	–	100

(1) Directors' Fees refer to fees for the financial year ended 31 December 2022, subject to approval by shareholders at the forthcoming AGM

(2) Mr Tan Hai Leng Eugene resigned as a director of the Company and ceased to be the Chairman of the Risk Management Committee with effect from 17 February 2022

Key Management Personnel's Remuneration

A breakdown of the compensation for the Group's key management personnel (who are not directors or the Group Chief Executive Officer of the Company) as at 31 December 2022 into remuneration bands of $250,000 is as follows:

Remuneration Band*	FYE 31 Dec 2022	FYE 31 Dec 2021
$500,000 to below $750,000	1	1
$250,000 to below $500,000	4	5
Below $250,000	2	1
Total	**7**	**7**

* The quantification of the remuneration band is based on exchange rate prevailing during the respective financial years.

In aggregate, the total remuneration paid to the above key management personnel of the Group (who are not directors or the Group Chief Executive Officer of the Company) is $2.2 million for the financial year ended 31 December 2022.

The 2018 Code recommends that the report should set out the names of at least the top five key management personnel (who are not directors or the Group Chief Executive Officer of the Company) as well as full disclosure of the remuneration figure for each director, the Group Chief Executive Officer and the top five key management personnel. Given the competitive industry conditions, the Board, after weighing the advantages and disadvantages, feels that it is in the interests of the Company that the names of the key management personnel are not disclosed and the remuneration of the Group Chief Executive Officer/Executive Director, the Non-Executive Directors and the key management personnel be disclosed in bands of $250,000.

During the financial year ended 31 December 2022, there was no employee of the Group who was a substantial shareholder or an immediate family member of a director or the Group Chief Executive Officer or a substantial shareholder of the Company and whose remuneration exceeds $100,000 during the year.

None of the current employees of the Group are related to the Directors of the Company.

Currently, the Company does not have any employee share schemes.

ACCOUNTABILITY & AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 9
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Risk Management and Internal Controls

The Board has oversight responsibility for risk management and internal controls of the Group.

The Board established a Risk Management Committee in FY 2020 as part of the Group's efforts to strengthen its risk management processes and framework, in overseeing the formulation and reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls and to report to the Board its observations on any matters under its purview. On 24 February 2022, the Board consolidated the Audit Committee and the Risk Management Committee and renamed it as the Audit and Risk Committee. Thereafter, the responsibility of overseeing the Company's risk management framework, policies and processes is assumed by the Audit and Risk Committee with the assistance of the internal auditors.

The Group recognises the importance of balancing risks and rewards to achieve the optimal level of risk that the Company can tolerate in its pursuit of its strategic priorities, value creation and business opportunities. In this regard, the Board, together with Management, has established the risk appetite boundaries to help bring discipline and reinforces the Group's risk culture through a "tone-from-the-top" direction demonstrating leadership and the extent of risks that the Group is willing to accept.

The Board takes adequate steps through the establishment of appropriate internal policies to ensure compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Manual.

To assist the Board, the Audit and Risk Committee reviews and recommends to the Board the type and level of risk that the Group undertakes to achieve its business strategy and the appropriate framework and policies for managing risks consistent with the Group's risk appetite. The key risks areas that the Audit and Risk Committee oversees include credit risk, interest rate risk, liquidity risk, currency risk, market price risk, operational risk and insurance contract risk.

Management is responsible for maintaining a sound system of risk management and internal controls. Risk assessment and evaluation is an ongoing process which forms an integral part of the Group's business cycle. The Group has in general adopted a standard procedure in managing risks. This includes the identification and evaluation of priority risks and a monitoring mechanism to respond to changes within both the enterprise and the business environment. In order to ensure smooth running of the risk management process, key business objectives have been communicated by management to the heads of the various departments in the Group. The Group's operating units are aware of their responsibilities for the internal control systems and the role they play in ensuring that the financial results are properly stated in accordance with statutory requirements and the Group's policies.

The Audit and Risk Committee reviews the adequacy and effectiveness of the internal control system that includes financial, operational, compliance and information technology controls established by management, with the assistance of the internal and external auditors. Any significant internal control weaknesses noted during their audits are highlighted to the Audit and Risk Committee and the internal auditors assist in monitoring that necessary actions are taken by management.

Board's Commentary on adequacy and effectiveness of internal controls

The Board has received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that, for the financial year ended 31 December 2022, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received assurance from the Group Chief Executive Officer and key management personnel who are responsible that as at 31 December 2022, the Group's risk management and internal control systems are effective and adequate to address the risks which the Group considers relevant and material to its operations.

Based on the risk management framework and the system of internal controls established and maintained by the Group, information furnished to the Board, the internal and external audits conducted and the reviews performed by management, the Board, with the concurrence of the Audit and Risk Committee, is of the opinion that the Group's system of risk management and internal controls addressing financial, operational, compliance and information technology risks was adequate and effective to meet the Group's current business objectives as at 31 December 2022.

The Board notes that all internal control systems contain its inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. Hence, the system of internal controls can only provide reasonable, but not absolute, assurance against material financial misstatement or loss.

AUDIT AND RISK COMMITTEE
Principle 10
The Board has an Audit Committee which discharges its duties objectively.

Composition of the Audit and Risk Committee

As at 31 December 2022, the Audit and Risk Committee comprises 3 members, all of whom are non-executive directors and the majority of whom, including the Chairman, are independent:

Tam Chee Chong	Chairman, Independent
Law Song Keng	Member, Non-Independent
Barney Lau Tai Chiau	Member, Independent

The Audit and Risk Committee members collectively have recent and relevant accounting or related financial management expertise or experience. The Board is of the view that the members of the Audit and Risk Committee have the requisite experience and expertise to discharge the functions of the Audit and Risk Committee. None of the Audit and Risk Committee members were previous partner or directors of the Company's existing external auditor, Ernst and Young LLP, within the last 24 months or hold any financial interest in Ernst and Young LLP.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the Audit and Risk Committee.

Authority and Duties of the Audit and Risk Committee

The Audit and Risk Committee functions under the terms of reference approved by the Board which sets out its duties and responsibilities. The role of the Audit and Risk Committee includes:

(i) review of significant financial reporting issues and judgments so as to ensure integrity of the financial statements of the Group;

(ii) review of the announcements relating to the Group's financial performance;

(iii) review of the adequacy and effectiveness of the Group's internal controls systems and risk management systems;

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(iv) review of the assurance from the Group Chief Executive Officer and the Group Chief Financial Officer on the financial records and financial statements;

(v) make recommendations to the Board on the appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;

(vi) review of the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit function;

(vii) review of any interested person transactions (as defined in Chapter 9 of SGX-ST Listing Manual); and

(viii) review of the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The Audit and Risk Committee is authorised to investigate any matters within its terms of reference, with full access to and co-operation by the management. The Audit and Risk Committee also has full discretion to invite any director or executive officer to attend its meetings and reasonable resources to carry out its functions.

In the course of the year, at Audit and Risk Committee meetings, the external auditor briefed the Audit and Risk Committee members on developments in accounting and governance standards as well as issues which have a direct impact on financial statements.

In performing its functions, the Audit and Risk Committee met with the internal and external auditors, without the presence of management, and reviewed the overall scope of both the internal and external audits, and the assistance given by management to the auditors.

Review of Financial Statements

In the review of the financial statements for the financial year ended 31 December 2022, the Audit and Risk Committee discussed with management and the external auditors on significant issues and assumptions that impact the financial statements, including the assurance from the Group Chief Executive Officer and the Group Chief Financial Officer on the financial records and financial statements. The most significant matters have also been included in the Independent Auditors' Report to the members of the Company under "Key Audit Matters", namely (i) valuation of loan and factoring receivables; (ii) valuation of unquoted investments; (iii) valuation of insurance contract provisions; and (iv) valuation of deferred tax assets. Based on its review as well as discussion with management and the external auditors, the Audit and Risk Committee is satisfied that those matters, including the four Key Audit Matters, have been properly dealt with and recommended the Board to approve the financial statements for the financial year ended 31 December 2022 and the Board has approved them.

Review of Independence of External Auditor

The Audit and Risk Committee also undertook the annual review of the independence of external auditors through discussions with the external auditors as well as reviewing all the non-audit services provided by the external auditors and the fees payable to them.

The Company changed its external auditors from KPMG LLP to Ernst & Young LLP during the financial year ended 31 December 2022. KPMG LLP resigned as external auditors of the Company with effect from 22 April 2022, and Shareholders approved the appointment of Ernst & Young LLP as external auditors of the Company at the annual general meeting of the Company held on 22 April 2022.

The Audit and Risk Committee is satisfied that the non-audit services performed by Ernst & Young would not affect the independence of the external auditors and has recommended the re-appointment of the external auditors at the Company's forthcoming Annual General Meeting.

A breakdown of the fees of audit and non-audit services paid to the external auditors for the financial year ended 31 December 2022 is found in note 35 of the financial statement on page 139 of this Annual Report.

Internal Audit

The Group has an in-house internal audit function that is independent of the activities it audits. The Internal Audit department was set up to ensure internal controls are adequate and to monitor the performance and effective application of the internal audit procedures with regards to these controls. In the course of their work, the internal auditors' activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors have full access to the Group's documents, records and personnel necessary for the purpose of their duties.

The internal auditors report functionally to the Chairman of the Audit and Risk Committee on audit matters and to the Group Chief Executive Officer on administrative matters.

Adequacy of the Internal Audit Function

The Audit and Risk Committee ensures that the internal audit function has adequate resources, is staffed with persons with relevant qualification and expertise and has appropriate standing within the Group. The Audit and Risk Committee, on an annual basis, assesses the effectiveness of the internal auditors, whose primary line of reporting is to the Audit and Risk Committee on audit matters, by examining:

(i) the scope of the internal auditors' work;

(ii) the quality of their reports, including major findings on internal audit during the year and Management's responses thereto, difficulties encountered during the course of the audit, significant changes to the audit programme and compliance with relevant professional internal audit standards;

(iii) the audit programme and the internal audit charter;

(iv) the hiring, removal, evaluation and compensation of the Head of Internal Audit;

(v) their relationship with the external auditors; and

(vi) their independence of the areas reviewed.

Whistleblowing Policy

The Company has in place a whistleblowing framework, endorsed by the Audit and Risk Committee, which provides the mechanisms where employees may, in confidence, raise concerns of any improprieties, including in relation to financial report, to the Audit and Risk Committee Chairman. Details of the whistleblowing policy, together with the communication channels have been made available to all employees. The whistleblowing framework has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law or victimisation for whistleblowing in good faith. Anonymous reporting will also be attended to and anonymity honoured. The whistleblowing policy and procedures are reviewed by the Audit and Risk Committee from time to time to ensure

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that they remain relevant. The Audit and Risk Committee reports to the Board on such matters at the Board meetings. Should the Audit and Risk Committee receive reports relating to serious offences and/or criminal activities in the Group, the Audit and Risk Committee and the Board have access to the appropriate external advice where necessary. There was no reported incident pertaining to whistle blowing during the financial year ended 31 December 2022 and until the date of this Annual Report.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS
Principle 11
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

To facilitate shareholders' ownership rights, the Board ensures that all material information is disclosed on a comprehensive, accurate and timely basis.

All shareholders are entitled to attend the Annual General Meeting and are afforded the opportunity to participate effectively. All shareholders are given the chance to raise relevant questions and to communicate their views in the Annual General Meeting. The Company's Constitution allows shareholders who are not "Relevant Intermediaries" (as defined in the Companies Act) to appoint not more than two proxies to attend, speak and vote in his place at general meetings of shareholders. Under the new multiple proxies regime, "Relevant Intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors to be appointed as proxies to participate at general meetings.

All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, were clearly explained by the scrutineers at such general meetings.

Conduct of Shareholder Meetings

Shareholders are informed of shareholdings' meetings through published notices and reports or circulars made available to all shareholders. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. The Annual General Meeting procedures provide shareholders the opportunity to raise relevant questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage and openly communicate their views on matters relating to the Group to the directors and the external auditors.

Voting in absentia by mail, electronic mail or fax may only be possible after careful study to ensure that the integrity of the information and authentication of identity of shareholders through the web are not compromised.

The Company conducts electronic poll voting for all the resolutions passed at the shareholders' meetings for greater transparency in the voting process. Before commencement of the proceedings at the shareholders' meetings, the independent scrutineer appointed by the Company will disclose the voting and vote tabulation procedures. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders at the meeting. The total numbers and percentage of votes cast for or against the resolutions are also announced after the meetings via SGXNet.

CORPORATE GOVERNANCE REPORT

All directors, in particular the Chairpersons of the Board Committees and the external auditors attend Annual General Meetings to address any questions which may be raised by the shareholders at such meetings.

Minutes of shareholder meetings which include substantive comments or queries from shareholders and responses from the Chairman, board members and Management are available on the Company's corporate website. The Company ensures that there are separate resolutions at general meetings for each substantially separate issue and avoids the "bundling" of separate resolutions.

The Company aims to pay a sustainable and growing dividend over time, consistent with long-term growth prospects. Dividends will be declared on an annual basis, taking into consideration the Group's financial performance, cash position, cash flow generated from operations, projected capital requirements for business growth, general global economic conditions and other factors as the Board may deem appropriate. As a guide, the Company endeavours to pay annual dividends up to 30% of its net profit after tax.

Conduct of Annual General Meeting in 2022 ("2022 AGM") amidst current Covid-19 pandemic

Due to prevailing Covid-19 restrictions, shareholders were not able to attend the 2022 AGM in person. Instead, the Company held the 2022 AGM by electronic means and shareholders were invited to participate in the virtual 2022 AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the 2022 AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2022 AGM.

Conduct of Annual General Meeting in 2023

With the improving COVID-19 situation in Singapore, the Company will be holding a wholly physical AGM in 2023 at 11 Eunos Road 8, Lifelong Learning Institute, Event 2-1 Level 2, Singapore 408601 on 20 April 2023 ("2023 AGM"). There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the 2023 AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the 2023 AGM, and voting at the 2023 AGM by shareholders or their duly appointed proxy(ies), are set out in a separate announcement released on SGXNET on 3 April 2023.

ENGAGEMENT WITH SHAREHOLDERS
Principle 12
The Company communicates regularly with its shareholders and facilities the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Board strives for timeliness in its disclosures to shareholders and the public and it is the Board's policy to keep shareholders informed of material developments that would have an impact on the Company or the Group through announcements via SGXNET. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, an announcement will be released to the public via SGXNet.

During the financial year ended 31 December 2022, the Board provided shareholders with half-yearly and annual financial reports. Results for the half-year were released to the shareholders within 45 days of the reporting period while the full-year results were released to the shareholders within 60 days of the financial year-end. In presenting the annual financial statements and announcements of financial results to the shareholders, the Board aims to provide a balanced and understandable assessment of the Group's financial performance and prospects.

CORPORATE GOVERNANCE REPORT

At general meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, Board members and management. The Company encourages and values shareholders' participation at the general meetings.

In addition, the Group also uses other channels where appropriate for communication with the shareholders, such as press releases, regularly updated corporate website, annual reports, analyst briefings and shareholders' meetings. The Company also notifies shareholders in advance of the date of release of its financial results through announcements via SGXNET and posting them on the corporate website.

The latest Annual Reports, financial results and company announcements are posted on the corporate website following the release to the market. The corporate website has a clearly dedicated "Investor Relations" link, which enables shareholders to raise their queries or concerns.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS
Principle 13
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Group has regularly engaged its material stakeholders through various medium and channels to have an understanding of the matters that they are most concerned with. This would help us define our strategic priorities and guide our initiatives. The material stakeholders are shareholders/investors, clients, employees, government and regulators, business partners and community.

The Group has also undertaken a process to determine the material environmental, social and governance issues which are important to these stakeholders. More details on the Group's approach to materiality assessment and stakeholder engagement are disclosed in the Sustainability Report on pages 19 to 32.

Code on Dealings in Securities

The Company has issued a Code on Dealings in IFS Securities (the "Internal Code") to directors and key employees (including employees with access to price-sensitive information in relation to the Company's shares) of the Company, setting out a code of conduct on dealings in the Company's shares by these persons in line with the best practices set out in Rule 1207(19) of the SGX-ST Listing Manual. The guidelines under the Internal Code, *inter alia*, provide that officers (i) should not deal in the Company's shares on short-term considerations; and (ii) should not deal in the Company's shares during the "black-out" period commencing one month before the announcement of the Company's half-year and full-year financial results, and ending on the date of announcement.

ADDITIONAL INFORMATION

Interested Persons Transactions

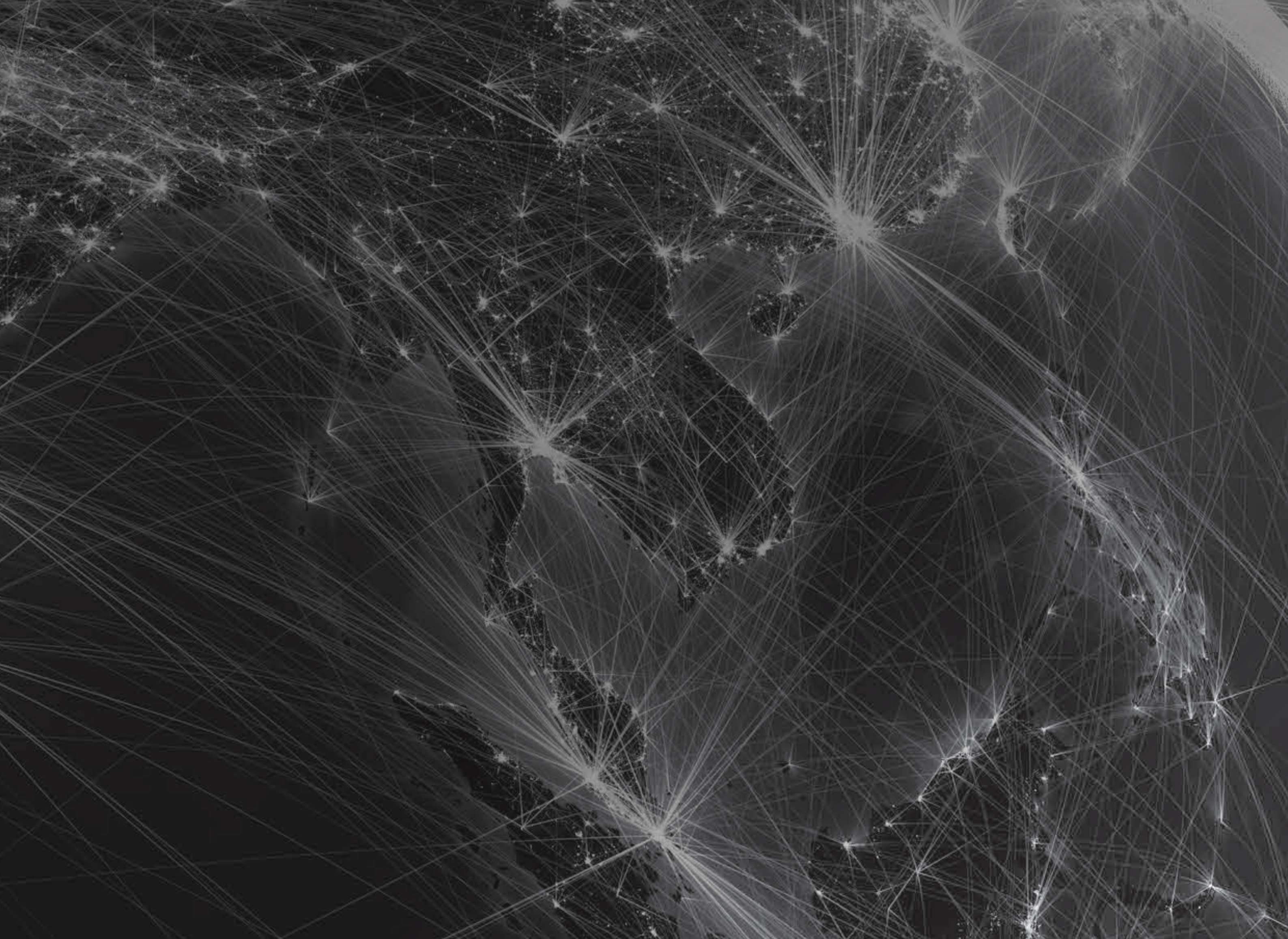
Disclosure of interested person transactions in accordance with the format prescribed under Rule 907 is as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
		12 months 31 December 2022 S$'000	**12 months 31 December 2022 S$'000**
PCMI Insurance Brokerage Pte Ltd	Controlling shareholder Lim Hua Min	122	NIL

Material Contracts Involving Directors' Interest

Saved as disclosed in the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the directors.

FINANCIAL REPORT



DIRECTORS' STATEMENT

The directors are pleased to present their statements to the members of IFS Capital Limited (the "Company") and its subsidiaries (the "Group") together with the audited financial statements for the financial year ended 31 December 2022.

Opinion of the directors

In our opinion,

(a) the financial statements set out on Pages 67 to 196, which comprise the statements of financial position of the Group and the Company as at 31 December 2022 and the consolidated statement of changes in equity, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as of 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group for the year then ended in accordance with the requirements of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Lim Hua Min
Barney Lau Tai Chiau
Law Song Keng
Tam Chee Chong
Randy Sim Cheng Leong

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at beginning of the year at end of the year
Ultimate holding company		
Phillip Assets Pte. Ltd.		
Lim Hua Min		
– ordinary shares	39,100,000	39,100,000
IFS Capital Limited – Company		
Lim Hua Min		
– ordinary shares		
– deemed interests	226,586,029	226,586,029
Randy Sim Cheng Leong		
- ordinary shares	1,050,000	1,050,000
IFS Factors (Malaysia) Sdn. Bhd. – Subsidiary		
Randy Sim Cheng Leong		
– ordinary shares	1	1

Except as disclosed in this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, other than as disclosed in Note 40, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share options

During the financial year, there was:

(a) no option granted by the Company to any person to take up unissued shares in the Company; and

(b) no share issued by virtue of the exercise of options to take up unissued shares of the Company.

At the end of the financial year, there was no unissued share of the Company under option.

DIRECTORS' STATEMENT

Audit & Risk Committee

The members of the Audit & Risk Committee during the year and at the date of this statement comprise the following Non-Executive Directors:

Tam Chee Chong (Chairman)	Independent
Law Song Keng	Independent
Barney Lau Tai Chiau	Independent

The Audit & Risk Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit & Risk Committee has held four meetings since the last directors' statement. In performing its functions, the Audit & Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and the evaluation of the Company's internal accounting control system.

The Audit & Risk Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;

- half year financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit & Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit & Risk Committee also recommends the appointment of external auditors and reviews the level of audit and non-audit fees.

The Audit & Risk Committee is satisfied with the independence and objectivity of the external auditors, Ernst & Young LLP.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Randy Sim Cheng Leong
Director

Lim Hua Min
Director

30 March 2023

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IFS Capital Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ('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 2022 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 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.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

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.

Areas of focus	How our audit addressed the risk factors
Credit loss provisioning for loans, factoring receivables, hire purchase and leasing receivables At 31 December 2022, the Group's loans, factoring receivables, hire purchase and leasing receivables represents 76% of Total Assets. We have identified this as a key audit matter as the Group's expected credit loss (ECL) determination for these receivables involve significant judgements and estimation uncertainties. (a) *Non-impaired credit exposures* In respect of non-credit impaired exposures, the following areas are identified to involve greater levels of management judgement and estimation uncertainties: • the selection of economic scenarios and corresponding probability weightages applied; • the criteria in determining significant increase in credit risk (SICR); and • the probabilities of default (PD), loss-given default (LGD), and the exposure at default (EAD) model assumptions.	(a) *Non-impaired credit exposures* We obtained an understanding, evaluated the design and tested the operating effectiveness of the relevant key controls related to the Group's ECL computation processes focusing on: • the completeness and accuracy of data inputs into the ECL model; • the selection and implementation of multiple economic scenarios and probabilities; and • the staging of credit exposures based on the Group's SICR criteria. We involved our internal modelling specialists in performing the following procedures: • evaluated the reasonableness of the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD) models by performing desktop review, model implementation testing, model reperformance testing, model assumption testing, sensitivity analyses, benchmarking, and back-testing; • assessed the appropriateness of SICR triggers used by management; • assessed the reasonableness of macroeconomic variables,key assumptions used in economic scenarios and corresponding probabilities applied by performing a sensitivity analysis on the key parameters of the model; and • assessed the adequacy of the disclosures made by the Group in relation to non-impaired credit exposures and associated expected credit loss allowance recognised.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

<table>
<tr><th>Areas of focus</th><th>How our audit addressed the risk factors</th></tr>
<tr><td>(b) Impaired credit exposures

In respect of credit-impaired exposures, the following areas are identified to involve greater levels of management judgement and

• estimation of recoverable amount;

• the selection of recovery scenarios; and

• discount rate and tenor period used for discounted cashflow analysis</td><td>(b) Impaired credit exposures

We obtained an understanding, evaluated the design and tested the operating effectiveness of the relevant key controls related to the Group's impaired credit exposures ECL estimation process focusing on:

• management's processes for identifying impairment indicators and consequently, the grading of loans;

• the monitoring and management of credit impaired exposures and underlying collaterals; and

• the assessment and calculation of credit losses.

For a sample of impaired credit exposures, we performed the following procedures:

• assessed management's forecasts of recoverable amount which include, but not limited to, the timing and amount of projected cash flow and the appropriateness of discount rate used;

• for the underlying assets pledged as collateral, we compared the valuation to external evidence such as valuation reports for independent assessment of the fair valuation;

• considered the customers' latest developments through adverse news search and/or publicly available information, if available; and

• assessed the adequacy of the disclosures made by the Group in relation to impaired credit exposures and associated expected credit loss allowance recognised.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

<table>
<tr><th>Areas of focus</th><th>How our audit addressed the risk factors</th></tr>
<tr><td>Valuation of deferred tax assets

The Group has significant deferred tax assets amounting to $3.1 million arising mainly from unutilised tax losses as of 31 December 2022.

We have identified this to be a key audit matter as there is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which deferred tax assets are or are not recognised.</td><td>We have assessed the forecasts of future taxable profits prepared by management and the basis used to determine the realisation of deferred tax assets. Our audit procedures included, among others:

• obtained an understanding of the Group's budgeting process upon which the forecasts are based;

• assessed the reasonableness of management's key assumptions used in the forecasts, including the projected revenue growth rate and projected gross profit margin, against the Group's historical performance and planned activities and;

• assessed the adequacy of the disclosures made by the Group in relation to the deferred tax assets recognised.</td></tr>
</table>

Areas of focus	How our audit addressed the risk factors
Valuation of insurance contract liabilities The Group's general insurance operations are conducted through its subsidiary, ECICS Limited ("ECICS"). Valuation of insurance contract liabilities which includes the unexpired risk reserves ("URR") and incurred but not yet reported ("IBNR") is inherently judgmental and subjective. The valuation requires significant amount of involvement from the ECICS's Certifying Actuary in relation to assumptions and methodology. The assumptions used to value the insurance contract liabilities are based on internal and external data. Past experiences of the Company are investigated and analysed internally to provide a basis for these assumptions. We determined this to be a key audit matter due to the high degree of estimation uncertainty and judgements involved in the determination of the valuation of insurance contract liabilities. Based on the Certifying Actuary's valuation report, the net URR as at 31 December 2022, is higher than the net Unexpired Premium Reserve, resulting in a premium deficiency reserve amounting S$503k.	Our audit procedures included, among others: • performed walk-throughs and tested controls over ECICS' underwriting and claims processes; • performed test of details on ECICS' premiums and claims data; • involved our actuarial specialists in reviewing the actuarial models, assumptions and methodology used by ECICS' Certifying Actuary in the determination of the insurance contract liabilities; • involved our actuarial specialists to perform independent analysis of the insurance contract liabilities on selected classes of business focusing on the largest reserves. We compared our actuarial specialists' independent analysis to the actuarial reserves determined by ECIC's Certifying Actuary; and • assessed the adequacy of the disclosures made by the Group in relation to the insurance contract liabilities.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

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.

Our opinion on the financial statements does not cover the other information and we do 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 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, 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.

Other matters

The financial statements of the Company and the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2022.

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.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

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.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

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 Wilson Woo Siew Wah.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
30 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current assets					
Property, plant and equipment	4	**1,217**	1,535	**171**	231
Intangible assets	5	**332**	505	**269**	423
Investment properties	6	**2,052**	2,319	**–**	–
Subsidiaries	7	**–**	–	**96,133**	95,133
Other investments	9	**12,653**	12,745	**19,000**	5,214
Loans, advances, hire purchase and leasing receivables	10	**47,855**	18,164	**35,620**	11,709
Deferred tax assets	12	**3,112**	3,179	**–**	–
Right-of-use assets	38	**3,687**	1,753	**3,247**	1,149
		70,908	40,200	**154,440**	113,859
Current assets					
Reinsurers' share of insurance contract provisions	13	**1,377**	4,026	**–**	–
Insurance receivables	14	**835**	536	**–**	–
Trade and other receivables	15	**258,002**	230,338	**114,061**	83,441
Property held for sale		**85**	360	**–**	–
Other investments	9	**13,140**	13,226	**–**	–
Cash and cash equivalents	18	**53,780**	112,563	**19,020**	79,941
		327,219	361,049	**133,081**	163,382
Total assets		**398,127**	401,249	**287,521**	277,241
Equity					
Share capital	20	**137,302**	137,302	**137,302**	137,302
Other reserves	21	**(5,261)**	(1,498)	**–**	–
Accumulated profits		**43,394**	43,151	**45,907**	48,276
Equity attributable to owners of the Company		**175,435**	178,955	**183,209**	185,578
Non-controlling interests	22	**23,143**	17,305	**–**	–
Total equity		**198,578**	196,260	**183,209**	185,578
Non-current liabilities					
Interest-bearing borrowings	23	**20,666**	25,250	**16,888**	17,767
Employee benefits	24	**1,426**	1,558	**–**	–
Deferred tax liabilities	12	**84**	109	**84**	90
Lease liabilities	38	**3,031**	1,048	**2,635**	489
		25,207	27,965	**19,607**	18,346
Current liabilities					
Trade and other payables	25	**11,549**	15,025	**4,190**	9,827
Insurance payables	27	**1,702**	1,304	**–**	–
Interest-bearing borrowings	23	**148,874**	143,153	**79,764**	61,818
Insurance contract provisions for:					
– gross unexpired risks	13	**4,063**	4,212	**–**	–
– gross insurance claims	13	**6,373**	10,455	**–**	–
Lease liabilities	38	**741**	827	**610**	703
Current tax payable		**1,040**	2,048	**141**	969
		174,342	177,024	**84,705**	73,317
Total liabilities		**199,549**	204,989	**104,312**	91,663
Total equity and liabilities		**398,127**	401,249	**287,521**	277,241

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Interest income	28	**22,848**	30,821
Interest expense	29	**(3,501)**	(3,925)
Net interest income		**19,347**	26,896
Gross written premiums		**6,837**	4,494
Change in gross provision for unexpired risks	13	**149**	1,773
Gross earned premium revenue		**6,986**	6,267
Written premiums ceded to reinsurers		**(1,331)**	(663)
Reinsurers' share of change in provision for unexpired risks	13	**(279)**	(206)
Reinsurance premium expense		**(1,610)**	(869)
Net earned premium revenue (i)	30	**5,376**	5,398
Fee and commission income	31	**7,084**	6,380
Net investment income	32	**(153)**	785
Other income	33	**944**	914
Sub-total (ii)		**7,875**	8,079
Non-interest income (i) + (ii)		**13,251**	13,477
Grant income		**23**	19
Income before operating expenses		**32,621**	40,392
Business development expenses		**(577)**	(457)
Commission expenses		**(1,351)**	(1,100)
Staff costs		**(15,203)**	(16,021)
General and administrative expenses		**(6,077)**	(7,324)
Operating expenses		**(23,208)**	(24,902)
Change in gross provision for insurance claims	13	**4,083**	3,653
Reinsurers' share of change in provision for insurance claims	13	**(2,370)**	(756)
Gross claims paid	13	**(3,465)**	(4,386)
Reinsurers' share of claims paid	13	**(41)**	–
Net claims incurred	30	**(1,793)**	(1,489)
Operating profit before allowances		**7,620**	14,001
Recognition of allowances for loan losses and impairment of other assets	34	**(1,193)**	(1,312)
Profit before tax	35	**6,427**	12,689
Tax expense	36	**(1,571)**	(3,040)
Profit for the year		**4,856**	9,649
Profit attributable to:			
Owners of the Company		**3,059**	7,951
Non-controlling interests		**1,797**	1,698
Profit for the year		**4,856**	9,649
Earnings per share			
Basic earnings per share (cents)	37	**0.81**	2.11
Diluted earnings per share (cents)	37	**0.81**	2.11

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Profit for the year		**4,856**	9,649
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan remeasurements		**118**	9
Tax on other comprehensive income		**(1)**	–
		117	9
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences of foreign operations		**(4,360)**	(5,490)
		(4,360)	(5,490)
Other comprehensive income for the year, net of tax		**(4,243)**	(5,481)
Total comprehensive income for the year		**613**	4,168
Total comprehensive income attributable to:			
Owners of the Company		**(587)**	3,957
Non-controlling interests		**1,200**	211
Total comprehensive income for the year		**613**	4,168

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the Company						
	Note	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2022		137,302	108	(1,606)	43,151	178,955	17,305	196,260
Total comprehensive income for the year								
Profit for the year		–	–	–	3,059	3,059	1,797	4,856
Other comprehensive income								
Foreign currency translation differences		–	–	(3,763)	–	(3,763)	(597)	(4,360)
Defined benefit plan remeasurements		–	–	–	118	118	–	118
Tax on other comprehensive income		–	–	–	(1)	(1)	–	(1)
Total other comprehensive income		–	–	(3,763)	117	(3,646)	(597)	(4,243)
Total comprehensive income for the year		–	–	(3,763)	3,176	(587)	1,200	613
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the Company	21	–	–	–	(2,933)	(2,933)	–	(2,933)
Total contributions by and distributions to owners		–	–	–	(2,933)	(2,933)	–	(2,933)
Changes in ownership interests in subsidiaries								
Non-controlling interest arising from investment in subsidiary		–	–	–	–	–	5,500	5,500
Dividends paid by a subsidiary company to non-controlling interests	22	–	–	–	–	–	(862)	(862)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	4,638	4,638
Total transactions with owners		–	–	–	(2,933)	(2,933)	4,638	1,705
At 31 December 2022		137,302	108	(5,369)	43,394	175,435	23,143	198,578

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the Company						
	Note	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2021		137,302	108	2,397	35,943	175,750	17,886	193,636
Total comprehensive income for the year								
Profit for the year		–	–	–	7,951	7,951	1,698	9,649
Other comprehensive income								
Foreign currency translation differences		–	–	(4,003)	–	(4,003)	(1,487)	(5,490)
Defined benefit plan remeasurements		–	–	–	9	9	–	9
Total other comprehensive income		–	–	(4,003)	9	(3,994)	(1,487)	(5,481)
Total comprehensive income for the year		–	–	(4,003)	7,960	3,957	211	4,168
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the Company	21	–	–	–	(752)	(752)	–	(752)
Total contributions by and distributions to owners		–	–	–	(752)	(752)	–	(752)
Changes in ownership interests in subsidiaries								
Dividends paid by a subsidiary company to non-controlling interests	22	–	–	–	–	–	(792)	(792)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	(792)	(792)
Total transactions with owners		–	–	–	(752)	(752)	(792)	(1,544)
At 31 December 2021		137,302	108	(1,606)	43,151	178,955	17,305	196,260

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit for the year		**4,856**	9,649
Adjustments for:			
Amortisation of			
– intangible assets	5	**223**	276
– debt securities	32	**(19)**	26
Net foreign exchange gain		**(3,571)**	(4,139)
Depreciation of property, plant and equipment	4	**368**	375
Depreciation of investment properties	6	**180**	192
Depreciation of right-of-use assets	38	**825**	824
Loss/(gain) on disposal of debt and equity securities	32	**11**	(2)
Gain on disposal of property, plant and equipment	33	**–**	(31)
Net change in fair value of financial assets through profit or loss	32	**1,310**	578
Recognition of allowance for impairment on debt securities at amortised cost	34	**(21)**	405
Provision for insurance liabilities, net of reinsurers' share			
– unexpired risks	13	**129**	(1,567)
– insurance claims	13	**(1,795)**	(2,897)
Interest income	28	**(22,848)**	(30,821)
Interest income from investments and fixed deposits	32	**(963)**	(789)
Dividend income from investments	32	**(200)**	(543)
Interest expense	29	**3,501**	3,925
Interest expense on lease liability	38	**75**	109
Intangible assets written off	5	**–**	81
Tax expense	36	**1,571**	3,040
Operating cash flows before changes in working capital		**(16,368)**	(21,309)
Changes in working capital:			
Factoring receivables		**41,040**	(25,502)
Factoring amounts owing to clients		**(11,395)**	7,491
Loans, advances, hire purchase and leasing receivables		**(85,015)**	149,864
Insurance and other receivables		**(579)**	846
Trade, other and insurance payables		**(3,289)**	554
Cash generated from operations		**(75,606)**	111,944
Interest received		**23,811**	31,610
Interest paid		**(3,501)**	(3,925)
Taxes paid, net		**(2,641)**	(1,315)
Net cash from operating activities		**(57,937)**	138,314

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**–**	31
Purchase of property, plant and equipment	4	**(84)**	(63)
Purchase of intangible assets	5	**(53)**	(98)
Purchase of investments		**(12,508)**	(3,491)
Proceeds from disposal of investments		**10,816**	7,941
Proceeds from disposal of property held for sale		**260**	–
Dividends received from investments		**200**	543
Net cash from investing activities		**(1,369)**	4,863
Cash flows from financing activities			
Dividends paid to owners of the Company		**(2,933)**	(752)
Dividends paid to non-controlling interests		**(862)**	(792)
Repayment of interest-bearing borrowings, net of proceeds from drawdowns	23	**1,137**	(78,485)
Proceeds from non-controlling interests investments to subsidiary		**5,500**	–
Repayment of lease liabilities		**(945)**	(895)
Net cash used in financing activities		**1,897**	(80,924)
Net increase in cash and cash equivalents		**(57,409)**	62,253
Cash and cash equivalents at 1 January		**112,563**	51,720
Effect of exchange rate fluctuations on cash held		**(1,374)**	(1,410)
Cash and cash equivalents at 31 December	18	**53,780**	112,563

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

IFS Capital Limited (the "Company") is a company incorporated in Singapore and has its registered office at 10 Eunos Road 8, #09-04 Singapore Post Centre, Singapore 408600.

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The immediate and ultimate holding company is Phillip Assets Pte. Ltd., a company incorporated in Singapore.

The principal activities of the Company are those relating to the provision of commercial, alternative and structured finance businesses such as factoring services, working capital, asset based financing and the provision of alternative and structured financial solutions offered to clients to address either equity or debt capital requirements. The principal activities of the subsidiaries are detailed in Note 7.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The assets and liabilities of the Group which relate to the insurance business carried on in Singapore are subject to the requirements of the Insurance Act 1966 ("Insurance Act"). Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. The net assets of the Group held in the insurance funds must be sufficient to meet the solvency requirements stipulated in Section 17 of the Insurance Act at all times. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 16 and the Group continues to be able to meet the solvency requirements of Section 17 of the Insurance Act.

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant judgements, assumptions and estimation in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and may have a significant risk of resulting in a material adjustment within the next financial year are included in Note 43.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 BASIS OF CONSOLIDATION

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

(i) **Business combinations** (Continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Where share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF CONSOLIDATION (CONTINUED)

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any accumulated impairment losses.

3.2 FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Singapore dollars at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Singapore dollars at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income ("OCI"):

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

- qualifying cash flow hedges to the extent that the hedge is effective.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 FOREIGN CURRENCY (CONTINUED)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

At initial recognition, financial assets and liabilities are classified as measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortised cost, in accordance with their characteristics and purposes. All financial assets are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provision of the instrument. This includes 'Regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Financial assets and liabilities are initially measured at fair value, and the transaction costs directly attributable to the acquisition of financial assets (liabilities) are added to (deducted from) the fair value at initial recognition if they are not measured at FVTPL. The fair value of the financial assets and liabilities is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of financial instruments is measured at the transaction price (the fair value of the consideration received or transferred) at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Classification and subsequent measurement

Non-derivative financial assets

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group classified its financial assets in the following categories: at fair value through profit or loss, amortised cost and fair value through other comprehensive income.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g, liquidity risk and administrative costs), as well as a profit margin.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g, non-recourse features).

Non-derivative financial assets: Subsequent measurement of gains and losses

Financial assets at FVTPL

Financial assets measured at FVTPL are measured at fair value and the gain or loss on valuation is recognised as profit or loss. Dividends and interest income from the financial assets are also recognised as profit or loss.

Financial assets at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets classified as amortised cost comprise mainly cash and cash equivalents, loans, advances, factoring receivables, hire purchase, leasing receivables, debt securities, insurance receivables, trade and other receivables.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial liabilities: Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Non-derivative financial liabilities: Subsequent measurement

Fair value through profit or loss

After initial recognition, the changes in the fair value of the financial liabilities at fair value through profit or loss and the related interest expenses are recognised as other income.

Amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are de-recognised and through the amortisation process.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(vii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are initially measured at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if the component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years are as follows:

Freehold residential properties	50 years
Freehold office properties	19 and 40 years
Renovations	5 years
Office equipment, furniture and fittings	2 to 6 years
Computer equipment	3 to 5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified accordingly.

3.5 INTANGIBLE ASSETS AND GOODWILL

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses.

Membership rights

Corporate club membership is stated at cost less any accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line and reducing balance basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Computer software	3 to 5 years
Customer lists	5 years
Copyrights	5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 INVESTMENT PROPERTY

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other costs directly attributable to bringing the investment property to a working condition for its intended use.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.7 LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 LEASES (CONTINUED)

(i) As a lessee (Continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 LEASES (CONTINUED)

(ii) As a lessor (Continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.8(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as "other income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

3.8 IMPAIRMENT

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months), financial instrument for which 12-month ECL is recognised are referred to as 'Stage 1 financial assets'; or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset. Financial instrument for which a lifetime ECL is recognised but which are not credit impaired are referred to as 'Stage 2 financial assets'.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 IMPAIRMENT (CONTINUED)

(i) Non-derivative financial assets (Continued)

General approach

The Group applies the general approach to provide for ECL on all financial assets at amortised cost, except for purchased or originated financial assets that are credit-impaired on initial recognition. Under the general approach, loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assessed whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The following non-exhaustive list of information may be relevant in assessing changes in credit risk:

- Significant changes in internal price indicators of credit risk as a result of change in credit risk since inception
- Other changes in the rates or terms of an existing financial instrument that would be significantly different
- An actual or expected significant change in the financial instrument's external credit rating
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally
- An actual or expected significant change in the operating results of the borrower
- Past due information

Forward-looking information

The Group measures the significance of the increase of credit risk and the expected credit loss using forward-looking information. In doing so, the Group assumes that the risk component is correlated with changes in market conditions, and calculates the expected credit loss using the forward-looking information by modelling macroeconomic variables and risk components.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 IMPAIRMENT (CONTINUED)

(i) Non-derivative financial assets (Continued)

General approach (Continued)

Measurement of ECL for financial assets measured at amortised cost

Expected credit loss for financial assets measured at amortised cost is measured as the difference between the present value of the cash flows expected to be received and the cash flows expected to be paid.

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and

- *financial guarantee contracts*: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Non-credit impaired financial assets

Loss allowance for non-credit impaired financial assets uses the estimation model that accounts for the forward-looking information based on the past loss rate to measure the expected credit loss. The model considers the probability of default ("PD") and the loss given default ("LGD") reflecting the type of instruments and borrowers, credit rating, portfolio size and collection period. Also, certain assumptions are applied to model the expected credit loss measurement and to determine input variables based on past experiences and forward-looking information. Methodologies and assumptions for this model are regularly reviewed to minimise the difference between the loss allowance and the actual loss.

The expected credit loss for financial assets measured at amortised cost is recognised as the loss allowance, and when the financial asset is determined to be irrecoverable, the carrying amount and loss allowance will be written off. If financial assets previously written off are recovered, the loss allowance is decreased and the difference is recognised through the current period's profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 IMPAIRMENT (CONTINUED)

(i) Non-derivative financial assets (Continued)

General approach (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Loss allowance for credit-impaired financial assets is based on management's best estimates in relation to the present value of cash flows expected to be recovered from receivables. In estimating the cash flows, the Group uses all available information such as the operating cash flows of counterparties and the net realisable value of collaterals provided.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 IMPAIRMENT (CONTINUED)

(i) Non-derivative financial assets (Continued)

General approach (Continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower or counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 IMPAIRMENT (CONTINUED)

(ii) ***Non-financial assets*** (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 ASSETS HELD FOR SALE

Assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 CLASSIFICATION OF INSURANCE CONTRACTS

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Insurance risk is significant if, and only if, an insured event could cause the Group to pay significant additional benefits. Once a contract is classified as an insurance contract, it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Motor insurance

Motor insurance policies cover private cars and commercial vehicles. Risks covered under motor insurance are related to losses or damages to the insured vehicle, death or injuries to third parties, damages to third party property and personal accident.

Bond and guarantee insurance contracts

Risks covered under the guarantee business are related to the client's performance capabilities to meet the requirements of projects or contracts, for which the Group issues bonds and guarantees on behalf of the clients.

The major classes of bonds and guarantees issued include Performance Bond, Advance Payment Bond, Contract Tender Bond/Bid Bond, Qualifying Certificate Bond, Customs Bond, Foreign Worker Bond, Tenancy/Rental Bond, Account Payment Bond and Employment Agency License Bond.

The Group also provides financial guarantees guaranteeing the payment obligations of our clients under a loan agreement, bond or any debt instrument.

Maid insurance

The Group provides coverage for domestic maids against personal accidents, hospitalisation and surgical expenses and issuance of security bond to the Ministry of Manpower of Singapore.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 CLASSIFICATION OF INSURANCE CONTRACTS (CONTINUED)

Engineering insurance

Engineering insurance provides economic safeguard to the risks of accidental losses or damages to property faced by the ongoing construction project, installation project, and machines and equipment in project operation. The coverage also includes indemnity towards liability to third party whose property might be damaged or bodily injury sustained as a result of the construction works.

Property insurance

Property insurance is a policy that indemnifies the owner or user of property, its contents and loss of income in the event of damage or losses.

Casualty insurance

Casualty insurance is a policy that covers losses caused by injuries to persons and legal liability imposed on the insured for such injury or for damage to property of others.

3.11 RECOGNITION AND MEASUREMENT OF INSURANCE CONTRACTS

Premiums and provision for unexpired risks

Gross written premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. Premiums written do not include an estimate for pipeline premiums.

For bonds and guarantees, maid insurance, engineering insurance, work injury compensation insurance, motor insurance, property insurance and casualty insurance, premiums are recognised upon inception of risk.

The provision for unexpired risks includes unearned premiums calculated on a daily pro-rata basis on the net written premiums over the policy period for all insurance policies. An additional provision for unexpired risks is made where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums in relation to such policies. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together.

Fees and other charges to policyholders

Administration fees are charged to policyholders for the cost of processing and issuing bonds and guarantees. These are recognised in profit or loss immediately.

Claims incurred and provision for insurance claims

Claims incurred comprise claims paid during the financial year, net of subrogation recoveries, and changes in the provision for outstanding claims.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 RECOGNITION AND MEASUREMENT OF INSURANCE CONTRACTS (CONTINUED)

Claims incurred and provision for insurance claims (Continued)

Provision for insurance claims comprises provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses and a provision for adverse deviation ("PAD"). Provision for insurance claims is assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provision for insurance claims is discounted where there is a particularly long period from incident to claims settlement and where there exists a suitable claims pattern from which to calculate the discount.

Whilst the management considers that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed annually.

Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net losses. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Reinsurance premium expense, reinsurers' share of claims incurred and reinsurance commission income are presented in profit or loss and statement of financial position on a gross basis.

Reinsurance assets comprise reinsurers' share of insurance contract provisions and balances due from reinsurance companies. The amounts recognised as reinsurers' share of insurance contract provisions are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts. Balances due from reinsurance companies in respect of claims paid are included within insurance receivables on the statement of financial position.

Reinsurance assets are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

Commission expense

Commission expenses are fees paid to intermediaries upon acquiring new and renewal of insurance business.

For all insurance policies, commission expenses are not amortised on a pro-rata basis over the period of the contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 RECOGNITION AND MEASUREMENT OF INSURANCE CONTRACTS (CONTINUED)

Commission income

Commission income comprises reinsurance and profit commissions received or receivable which do not require the Group to render further service. Commission income is not deferred and amortised on a pro-rata basis over the period of the contracts but are recognised in full on the effective commencement or renewal dates of the policies.

Claim recoveries

Claim recoveries represent actual subrogation recoveries received from policyholders during the year.

Insurance receivables and payables

Insurance receivables and insurance payables are recognised when due. These include amounts due to and from insurance and reinsurance contract holders. They are measured on initial recognition at the fair value of the consideration receivables or payable. Subsequent to initial recognition, receivables and payables are measured at amortised cost, using the effective interest rate method. Insurance receivables and insurance payables are derecognised based on the same derecognition criteria as financial assets and liabilities respectively, as described in Note 3.3.

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets, as described in Note 3.8.

The Group does not measure insurance receivables in accordance with SFRS(I) 9 Financial Instruments as rights and obligations arising under an insurance contract are accounted in accordance with SFRS(I) 4 Insurance Contracts.

Liability adequacy test

The liability of the Group under insurance contracts is tested for adequacy by comparing the expected future contractual cash flows with the carrying amount of the insurance contract provisions for gross unexpired risks and gross insurance claims. Where an expected shortfall is identified, additional provisions are made for unexpired risks or insurance claims and the deficiency is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 EMPLOYEE BENEFITS

Defined contributions plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to statutory defined contribution pension plan are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses. The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 EMPLOYEE BENEFITS (CONTINUED)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.13 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.14 FINANCE INCOME AND FINANCE COST

Finance income comprises interest income, dividend income, gains on disposal of financial assets at fair value through other comprehensive income, fair value gains on financial assets at fair value through profit or loss, that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income.

Interest income from loans, advances, factoring receivables, hire purchase and leasing receivables

Interest income on loans, advances, factoring receivables, hire purchase and leasing receivables is recognised in profit or loss on an accrual basis, taking into account the effective yield of the assets.

Interest income from debt securities and bank deposits

Interest income from debt securities and bank deposits are recognised as it accrues in profit or loss using the effective interest method.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 FINANCE INCOME AND FINANCE COST (CONTINUED)

Finance costs

Finance costs comprise interest expense on borrowings and are recognised in profit or loss at amortised cost using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, the Group applied a conservative method of non-recognition of interest income. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 REVENUE RECOGNITION

Revenue from provision of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 REVENUE RECOGNITION (CONTINUED)

Fee and commission income

Fee and commission income related to the loan and factoring financing services of the Group are recognised when the services are rendered.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Management fees

Management fees earned from providing fund management services are recognised on an accrual basis.

Insurance contracts

Revenue recognition from insurance contracts is explained in Note 3.11.

3.16 GOVERNMENT GRANTS

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.17 TAX

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 TAX (CONTINUED)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.18 DEPOSITS RELATING TO COLLATERAL OF CLIENTS

Deposits relating to collateral of the Group's insurance subsidiary's clients are held in a fiduciary capacity on behalf of the Group's clients and are excluded from the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 CONTINGENCIES

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and Company.

A present obligation that arises from past events but is not recognised because:

(a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group and Company.

3.21 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold residential properties $'000	Freehold office properties $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Group							
Cost							
At 1 January 2022	183	3,084	489	1,373	1,254	488	6,871
Additions	–	–	–	6	78	–	84
Disposals	–	–	(2)	(7)	(15)	–	(24)
Write-offs	–	–	–	(16)	–	–	(16)
Effect of movements in exchange rates	–	(87)	(16)	(49)	(30)	(25)	(207)
At 31 December 2022	183	2,997	471	1,307	1,287	463	6,708
Accumulated depreciation and impairment							
At 1 January 2022	132	2,000	374	1,329	1,109	392	5,336
Depreciation for the year	4	169	56	19	67	53	368
Disposals	–	–	(2)	(7)	(15)	–	(24)
Write-offs	–	–	–	(16)	–	–	(16)
Effect of movements in exchange rates	–	(62)	(15)	(48)	(27)	(21)	(173)
At 31 December 2022	136	2,107	413	1,277	1,134	424	5,491
Carrying amounts							
At 31 December 2022	47	890	58	30	153	39	1,217

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold residential properties $'000	Freehold office properties $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Group							
Cost							
At 1 January 2021	183	3,290	491	1,452	1,260	607	7,283
Additions	–	–	–	10	37	16	63
Disposals	–	–	–	–	–	(102)	(102)
Write-offs	–	–	–	–	(12)	–	(12)
Effect of movements in exchange rates	–	(206)	(2)	(89)	(31)	(33)	(361)
At 31 December 2021	183	3,084	489	1,373	1,254	488	6,871
Accumulated depreciation and impairment							
At 1 January 2021	129	1,958	319	1,398	1,091	459	5,354
Depreciation for the year	3	177	56	19	58	62	375
Disposals	–	–	–	–	–	(102)	(102)
Write-offs	–	–	–	–	(12)	–	(12)
Effect of movements in exchange rates	–	(135)	(1)	(88)	(28)	(27)	(279)
At 31 December 2021	132	2,000	374	1,329	1,109	392	5,336
Net carrying amounts							
At 31 December 2021	51	1,084	115	44	145	96	1,535

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold residential properties $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Company						
Cost						
At 1 January 2022	183	152	141	398	16	890
Additions	–	–	–	12	–	12
Disposal	–	–	(1)	–	–	(1)
Write-offs	–	–	–	–	–	–
At 31 December 2022	183	152	140	410	16	901
Accumulated depreciation						
At 1 January 2022	132	80	132	314	1	659
Depreciation for the year	4	29	6	29	3	71
Disposal	–	–	–	–	–	–
Write-offs	–	–	–	–	–	–
At 31 December 2022	136	109	138	343	4	730
Net carrying amounts						
At 31 December 2022	47	43	2	67	12	171

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold residential properties $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Company						
Cost						
At 1 January 2021	183	152	138	379	17	869
Additions	–	–	3	31	16	50
Disposal	–	–	–	–	(17)	(17)
Write-offs	–	–	–	(12)	–	(12)
At 31 December 2021	183	152	141	398	16	890
Accumulated depreciation						
At 1 January 2021	129	51	124	301	17	622
Depreciation for the year	3	29	8	25	1	66
Disposal	–	–	–	–	(17)	(17)
Write-offs	–	–	–	(12)	–	(12)
At 31 December 2021	132	80	132	314	1	659
Net carrying amounts						
At 31 December 2021	51	72	9	84	15	231

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2022, the Group's properties held as property, plant and equipment consist of the following:

Location	Title	Description of properties
#14-06 Seaview Tower, Ocean Palms Klebang Besar, Malacca, Malaysia	Freehold	Residential apartment
1168/55 Lumpini Tower #20-00, Units B, C, D, E & F Rama IV Road, Tungmahamek, Sathorn, Bangkok, Thailand	Freehold	5 units – Offices Floor area: 14,396 sq ft

5. INTANGIBLE ASSETS

	Computer software $'000	Customer lists $'000	Membership rights $'000	Total $'000
Group				
Cost				
At 1 January 2022	**4,778**	**1,131**	**22**	**5,931**
Additions	53	–	–	53
Write-off	–	–	–	–
Effect of movements in exchange rates	(55)	–	–	(55)
At 31 December 2022	**4,776**	**1,131**	**22**	**5,929**
Accumulated amortisation and impairment loss				
At 1 January 2022	**4,278**	**1,131**	**17**	**5,426**
Amortisation charge for the year	223	–	–	223
Write-off	–	–	–	–
Effect of movements in exchange rates	(52)	–	–	(52)
At 31 December 2022	**4,449**	**1,131**	**17**	**5,597**
Net carrying amounts				
At 31 December 2022	**327**	**–**	**5**	**332**

5. INTANGIBLE ASSETS (CONTINUED)

	Computer software $'000	Customer lists $'000	Membership rights $'000	Total $'000
Group				
Cost				
At 1 January 2021	5,573	1,131	24	6,728
Additions	98	–	–	98
Write-off	(851)	–	–	(851)
Effect of movements in exchange rates	(42)	–	(2)	(44)
At 31 December 2021	4,778	1,131	22	5,931
Accumulated amortisation and impairment loss				
At 1 January 2021	4,810	1,131	18	5,959
Amortisation charge for the year	276	–	–	276
Write-off	(770)	–	–	(770)
Effect of movements in exchange rates	(38)	–	(1)	(39)
At 31 December 2021	4,278	1,131	17	5,426
Carrying amounts				
At 31 December 2021	500	–	5	505

	Computer software 2022 $'000	Computer software 2021 $'000
Company		
Cost		
At 1 January	**1,762**	2,533
Additions	**28**	19
Write off	**–**	(790)
At 31 December	**1,790**	1,762
Accumulated amortisation		
At 1 January	**1,339**	1,896
Amortisation charge for the year	**182**	211
Write off	**–**	(768)
At 31 December	**1,521**	1,339
Carrying amounts		
At 31 December	**269**	423

The amortisation charge for the year is included in "General and administrative expenses" in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

6. INVESTMENT PROPERTIES

	Group	
	2022	2021
	$'000	$'000
Cost		
At 1 January	**3,533**	3,851
Effects of movements in exchange rates	**(135)**	(318)
At 31 December	**3,398**	3,533
Accumulated depreciation		
At 1 January	**1,214**	1,121
Depreciation for the year	**180**	192
Effects of movements in exchange rates	**(48)**	(99)
At 31 December	**1,346**	1,214
Net carrying amounts		
At 31 December	**2,052**	2,319
Fair value		
At 31 December	**4,869**	5,062

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used by an independent valuer.

As at 31 December 2022, the Group's investment properties consist of the following:

Location	Title	Description of properties
1168/73 Lumpini Tower #25-00 Units C, D, E & F Rama IV Road, Tungmahamek, Sathorn, Bangkok, Thailand	Freehold	4 units – Office Floor area: 11,492 sq ft
1168/53-54 Lumpini Tower #20-00 Units A Rama IV Road, Tungmahamek, Sathorn, Bangkok, Thailand	Freehold	1 unit – Office Floor area: 4,549 sq ft

7. SUBSIDIARIES

	Company	
	2022	**2021**
	$'000	**$'000**
Quoted ordinary shares, at cost	**9,048**	9,048
Unquoted ordinary shares, at cost	**86,707**	85,707
Quasi-equity loan	**10,970**	10,970
	106,725	105,725
Allowance for impairment	**(10,592)**	(10,592)
	96,133	95,133

Quasi-equity loan

Quasi-equity loan represents an interest-free loan provided by the Company to its subsidiary, PT. IFS Capital Indonesia, which is not expected to be repaid in the foreseeable future.

In 2022, there is no movement in allowance for impairment loss on subsidiaries (2021: Nil).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the insurance industry in Singapore (2021: Investee and insurance industry in Singapore).

	2022	**2021**
Forecast years	**5**	5
Discount rate	**7%**	4.4%, 10.9%
Terminal value growth rate	**2.5%**	3.2%, 5.9%

7. SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Company name		Proportion of ownership interest					
		2022			2021		
Direct and indirect subsidiaries	**Principal place of business/ country of incorporation**	**Group's effective interest %**	**Held by Company %**	**Held by Subsidiary %**	**Group's effective interest %**	**Held by Company %**	**Held by Subsidiary %**
ECICS Limited	Singapore	**100**	**100**	**–**	100	100	–
IFS Asset Management Private Limited	Singapore	**100**	**100**	**–**	100	100	–
IFS Capital Assets Private Limited	Singapore	**100**	**100**	**–**	100	100	–
IFS Consumer Services Private Limited	Singapore	**100**	**100**	**–**	100	100	–
IFS Ventures Private Limited	Singapore	**100**	**–**	**100**	100	–	100
IFSAM VCC	Singapore	**78.4**	**78.4**	**–**	100	100	–
Lendingpot Private Limited	Singapore	**100**	**–**	**100**	100	–	100
Multiply Capital Limited	Singapore	**100**	**25**	**75**	100	25	75
IFS Capital (Malaysia) Sdn. Bhd.	Malaysia	**70+**	**70+**	**–**	70+	70+	–
IFS Factors (Malaysia) Sdn. Bhd.	Malaysia	**30+**	**–**	**30+ ***	30+	–	30+ *
PT. IFS Capital Indonesia	Indonesia	**85+**	**85+**	**–**	85+	85+	–
IFS Capital Holdings (Thailand) Limited	Thailand	**100**	**100**	**–**	100	100	–
IFS Capital (Thailand) Public Company Limited	Thailand	**73.1**	**36.5**	**36.6**	73.1	36.5	36.6

\+ Consolidation is prepared based on 100% beneficial interest.

* Although the Group owns less than half of the voting power of IFS Factors (Malaysia) Sdn. Bhd. ("IFS Factors"), the Group has power over IFS Factors' exposure or rights to variable returns from its involvement with IFS Factors and the ability to use its power to affect those returns. Consequently, the Group consolidates the results of IFS Factors.

7. SUBSIDIARIES (CONTINUED)

The principal activities of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities
1	ECICS Limited	Direct general insurer under the Insurance Act 1966
1	IFS Asset Management Private Limited	Fund management activities
1	IFS Capital Assets Private Limited	Working capital, asset-based financing, venture capital investments and private equity investments
1	IFS Consumer Services Private Limited	Money lending
1	IFS Ventures Private Limited	Venture capital investments
1	Lendingpot Private Limited	Web portal and online loan market place
1	Multiply Capital Limited	Factoring and credit agency services
2	IFS Capital (Malaysia) Sdn. Bhd.	Hire purchase financing, business debt factoring and provision of other related services
2	IFS Factors (Malaysia) Sdn. Bhd.	Hire purchase financing, business debt factoring, provision of other related services, focusing on government related projects
3	IFS Capital Holdings (Thailand) Limited	Investment holding
3	IFS Capital (Thailand) Public Company Limited	Factoring, hire purchase and leasing business
4	PT. IFS Capital Indonesia	Factoring of onshore and offshore short-term trade receivables, direct financing, operating leases and consumer financing
5	IFSAM VCC	Invest in private credit fund

1 Audited by Ernst & Young LLP Singapore
2 Audited by other member firms of Ernst & Young LLP
3 Audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd., Thailand
4 Audited by KAP Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan (a member of Crowe Horwath International)
5 Audited by RSM Chio Lim LLP

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7. SUBSIDIARIES (CONTINUED)

Ernst & Young LLP Singapore is the auditor of all Singapore-incorporated subsidiaries (except for IFSAM VCC) of the Group. The only significant foreign-incorporated subsidiary, IFS Capital (Thailand) Public Company Limited, is audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd., Thailand. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

The Company complies with SGX Listing Manual Rule 716 as the Board of Directors and Audit & Risk Committee are satisfied that the appointment of different auditors for its listed significant Thailand-incorporated subsidiary would not compromise the standard and effectiveness of the Company's audit.

8. LOANS TO SUBSIDIARIES

	Company	
	2022 $'000	**2021 $'000**
Trade	**49,603**	3,842
Non-trade	**1,948**	389
	51,551	4,231
Allowance for impairment	**(1,820)**	(1,904)
	49,731	2,327
Due within 12 months (Note 15)	**49,731**	2,327

The movements in allowance for impairment loss on loan to a subsidiary (trade) during the year are as follows:

	2022 $'000	**2021 $'000**
At 1 January	**1,904**	1,875
Allowance reversed/(made) during the year	**(84)**	29
At 31 December	**1,820**	1,904

The loans to subsidiaries (trade) are unsecured and interest-bearing. The loans to subsidiaries (non-trade) are unsecured and non-interest bearing.

Effective interest rates:

	Weighted average effective interest rate %	**Total 2022** $'000	**Weighted average effective interest rate** %	**Total 2021** $'000
Company				
Loans to subsidiaries				
- variable rate	3.8%	**46,746**	3.5%	1,257
- non-interest bearing	–	**2,985**	–	1,070
		49,731		2,327

9. OTHER INVESTMENTS

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current					
Amortised cost					
- Quoted debt securities	(a)	**11,514**	12,520	**–**	–
		11,514	12,520	**–**	–
Allowance for impairment loss		**(33)**	(12)	**–**	–
		11,481	12,508	**–**	–
Mandatorily at FVTPL					
- Unquoted equity securities		**1,172**	237	**–**	14
- Unquoted private credit fund	(b)	**–**	–	**19,000**	5,200
		12,653	12,745	**19,000**	5,214
Current					
Amortised cost					
- Quoted debt securities	(a)	**6,531**	4,025	**–**	–
Allowance for impairment loss		**(2,000)**	(2,000)	**–**	–
		4,531	2,025	**–**	–
Mandatorily at FVTPL					
- Quoted equity securities		**4,126**	4,611	**–**	–
- Quoted perpetual securities	(c)	**4,428**	5,252	**–**	–
- Unquoted convertible loans	(d)	**55**	1,338	**–**	–
		13,140	13,226	**–**	–
Total		**25,793**	25,971	**19,000**	5,214

(a) Debt securities classified as at amortised cost (2021: at amortised cost) of the Group have stated interest rates at zero coupon to 5.25% (2021: 1.02% to 4.25%) and mature in years from 2021 to 2050.

(b) Unquoted private credit fund is a sub-fund of IFSAM VCC, a subsidiary of IFS Capital Limited. As such, the private credit fund has been consolidated in the group financials as IFS Capital Limited has controlling interest as at balance sheet date.

(c) Perpetual securities at FVTPL have stated interest rates of 2.85% to 5.65% (2021: 2.85% to 5.65%).

(d) Unquoted convertible loans contain embedded equity conversion options. They are non-interest bearing and expected to mature in 2023 (2021: 2022).

The maximum credit exposure to credit risk of debt securities, perpetual securities and unquoted convertible loans at the reporting date is the carrying amount.

Information about the Group's and Company's exposures to credit and market risk and fair value measurement is included in Note 41.

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9. OTHER INVESTMENTS (CONTINUED)

The weighted average effective interest rates per annum of debt securities at the reporting date and the periods in which they mature are as follows:

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing more than 1 year $'000	Total $'000
Group				
31 December 2022				
Debt securities at amortised cost	**2.5**	**4,531**	**11,481**	**16,012**
Perpetual securities at FVTPL	**4.2**	**4,428**	**–**	**4,428**
		8,959	**11,481**	**20,440**
31 December 2021				
Debt securities at amortised cost	3.0	2,025	12,508	14,533
Perpetual securities at FVTPL	4.3	5,252	–	5,252
		7,277	12,508	19,785

10. LOANS, ADVANCES, HIRE PURCHASE AND LEASING RECEIVABLES

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Hire purchase and leasing receivables	11	**19,830**	9,806	**–**	–
Less: Deposits on leasing receivables		**(3,163)**	(3,267)	**–**	–
		16,667	6,539	**–**	
Loans and advances		**175,424**	103,715	**91,500**	79,886
		192,091	110,254	**91,500**	79,886
Allowances for expected credit loss					
– hire purchase receivables		**(10)**	(2)	**–**	–
– leasing receivables		**(798)**	(944)	**–**	–
– loans and advances		**(4,281)**	(7,673)	**(257)**	(3,573)
		(5,089)	(8,619)	**(257)**	(3,573)
	41	**187,002**	101,635	**91,243**	76,313
Due within 12 months	15	**139,147**	83,471	**55,623**	64,604
Due after 12 months		**47,855**	18,164	**35,620**	11,709
		187,002	101,635	**91,243**	76,313

10. LOANS, ADVANCES, HIRE PURCHASE AND LEASING RECEIVABLES (CONTINUED)

The movements in allowances for expected credit loss on loans, advances, hire purchase and leasing receivables during the year are as follows:

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
At 1 January		**8,619**	8,286	**3,573**	3,822
Translation adjustment		**(352)**	(76)	**–**	–
Allowance made/(reversed) during the year	34	**408**	606	**27**	(175)
Allowance utilised during the year		**(3,586)**	(197)	**(3,343)**	(74)
At 31 December		**5,089**	8,619	**257**	3,573

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Group					
31 December 2022					
Loans, advances, hire purchase and leasing receivables					
– fixed rate	**9.5**	**–**	**17,073**	**15,350**	**32,423**
– variable rate	**6.9**	**154,579**	**–**	**–**	**154,579**
		154,579	**17,073**	**15,350**	**187,002**
31 December 2021					
Loans, advances, hire purchase and leasing receivables					
– fixed rate	9.6	–	21,262	13,172	34,434
– variable rate	7.2	67,201	–	–	67,201
		67,201	21,262	13,172	101,635
Company					
31 December 2022					
Loans, advances, hire purchase and leasing receivables					
– fixed rate	**5.1**	**–**	**9,103**	**10,097**	**19,200**
– variable rate	**7.1**	**72,043**	**–**	**–**	**72,043**
		72,043	**9,103**	**10,097**	**91,243**
31 December 2021					
Loans, advances, hire purchase and leasing receivables					
– fixed rate	5.3	–	9,124	8,983	18,107
– variable rate	7.1	58,206	–	–	58,206
		58,206	9,124	8,983	76,313

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YEAR ENDED 31 DECEMBER 2022

10. LOANS, ADVANCES, HIRE PURCHASE AND LEASING RECEIVABLES (CONTINUED)

Effective interest rates and repricing analysis: (Continued)

Variable rate loans and advances are repriced at intervals of three or six months (2021: three or six months).

The above loans, advances, hire purchase and leasing receivables are reflected net of expected credit loss allowance for doubtful receivables.

11. HIRE PURCHASE AND LEASING RECEIVABLES

		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Gross receivables		**22,117**	10,410	**–**	–
Unearned income		**(2,287)**	(604)	**–**	–
	10	**19,830**	9,806	**–**	–
Due within 12 months		**10,080**	4,715	**–**	–
Due after 12 months		**9,750**	5,091	**–**	–
		19,830	9,806	**–**	–

Expected credit loss on hire purchase and leasing receivables are disclosed in Note 10.

12. DEFERRED TAX ASSETS AND LIABILITIES

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation, except for unutilised tax losses of the Malaysia incorporated subsidiaries which will expire in 2028.

12. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Group				
Credit loss allowance for loans, advances, hire purchase and leasing receivables	**(221)**	(303)	**–**	–
Credit loss allowance for factoring receivables	**(826)**	(688)	**–**	–
Employee benefits	**(278)**	(308)	**–**	–
Unutilised tax losses and capital allowances	**(1,847)**	(1,960)	**–**	–
Property, plant and equipment	**–**	–	**144**	169
Other investments	**–**	–	**–**	20
Deferred tax (assets)/liabilities	**(3,172)**	(3,259)	**144**	189
Set-off of tax	**60**	80	**(60)**	(80)
Net deferred tax (assets)/liabilities	**(3,112)**	(3,179)	**84**	109
Company				
Property, plant and equipment	**–**	–	**84**	90

The movements in temporary differences during the year are as follows:

	Balance as at 1/1/2022 $'000	Recognised in profit or loss (Note 36) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	Balance as at 31/12/2022 $'000
Group					
Deferred tax assets					
Credit loss allowance for loans, advances, hire purchase and leasing receivables	(303)	71	–	11	(221)
Credit loss allowance for factoring receivables	(688)	(166)	–	28	(826)
Employee benefits	(308)	(25)	42	13	(278)
Unutilised tax losses and capital allowances	(1,960)	72	–	41	(1,847)
	(3,259)	(48)	42	93	(3,172)
Deferred tax liabilities					
Property, plant and equipment	169	(25)	–	–	144
Other investments	20	(20)	–	–	–
	189	(45)	–	–	144

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12. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets and liabilities (Continued)

	Balance as at 1/1/2021 $'000	Recognised in profit or loss (Note 36) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	Balance as at 31/12/2021 $'000
Group					
Deferred tax assets					
Credit loss allowance for loans, advances, hire purchase and leasing receivables	(545)	203	–	39	(303)
Credit loss allowance for factoring receivables	(757)	9	–	60	(688)
Employee benefits	(303)	(29)	–	24	(308)
Unutilised tax losses and capital allowances	(2,151)	169	–	22	(1,960)
	(3,756)	352	–	145	(3,259)
Deferred tax liabilities					
Property, plant and equipment	186	(17)	–	–	169
Other investments	20	–	–	–	20
	206	(17)	–	–	189

The movements in temporary differences during the year are as follows:

	Balance as at 1/1/2022 $'000	Recognised in profit or loss $'000	Balance as at 31/12/2022 $'000
Company			
Deferred tax liabilities			
Property, plant and equipment	**90**	**(6)**	**84**

	Balance as at 1/1/2021 $'000	Recognised in profit or loss $'000	Balance as at 31/12/2021 $'000
Company			
Deferred tax liabilities			
Property, plant and equipment	123	(33)	90

12. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets and liabilities (Continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2022 $'000	2021 $'000
Unutilised tax losses	**21,993**	21,686

Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that sufficient future taxable profit will be available against which the specific Group entities can utilise the benefits.

13. INSURANCE CONTRACT PROVISIONS

	2022			2021		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Group						
Provision for unexpired risks	**4,063**	**(297)**	**3,766**	4,212	(576)	3,636
Provision for claims	**6,373**	**(1,080)**	**5,293**	10,455	(3,450)	7,005
	10,436	**(1,377)**	**9,059**	14,667	(4,026)	10,641

Analysis of movements in provision for unexpired risks

	2022			2021		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Group						
At 1 January	**4,212**	**(576)**	**3,636**	5,985	(782)	5,203
Premium written	**6,837**	**(1,331)**	**5,506**	4,494	(663)	3,835
Premium earned	**(6,986)**	**1,610**	**(5,376)**	(6,267)	869	(5,402)
At 31 December	**4,063**	**(297)**	**3,766**	4,212	(576)	3,636

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YEAR ENDED 31 DECEMBER 2022

13. INSURANCE CONTRACT PROVISIONS (CONTINUED)

Analysis of movements in provision for insurance claims

	2022			2021		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Group						
At 1 January	**10,455**	**(3,450)**	**7,005**	14,108	(4,206)	9,902
Claims (paid)/ recovered	**(3,465)**	**(41)**	**(3,506)**	(4,386)	–	(4,386)
Claims incurred/ (reversed)	**(618)**	**2,411**	**1,793**	733	756	1,489
At 31 December	**6,372**	**(1,080)**	**5,292**	10,455	(3,450)	7,005

Analysis of the estimated timing of cash outflows (undiscounted) relating to provision for insurance claims

	Group	
	2022 $'000	2021 $'000
Less than 1 year	**3,618**	3,945
Between 1-5 years	**1,679**	3,060
	5,297	7,005

14. INSURANCE RECEIVABLES

	Group	
	2022 $'000	2021 $'000
Receivables arising from insurance contracts	**732**	672
Reinsurance contract receivables	**264**	111
	996	783
Allowance for doubtful receivables	**(161)**	(247)
	835	536

Insurance receivables are non-interest bearing.

14. INSURANCE RECEIVABLES (CONTINUED)

The movements in allowance for impairment of doubtful receivables during the year are as follows:

	Group	
	2022 $'000	2021 $'000
At 1 January	**247**	277
Reversal of impairment loss on receivables during the year (net) (Note 34)	**(86)**	(30)
At 31 December	**161**	247

15. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Loans, advances, hire purchase and leasing receivables	10	**139,147**	83,471	**55,623**	64,604
Factoring receivables	16	**117,100**	145,656	**4,753**	12,616
Amount owing by non-controlling shareholders		**122**	96	**3,708**	3,681
Loans to subsidiaries	8	**–**	–	**49,731**	2,327
Deposits and other receivables	17	**1,200**	669	**17**	5
Loans and receivables		**257,569**	229,892	**113,832**	83,233
Prepayment		**433**	446	**229**	208
		258,002	230,338	**114,061**	83,441

The amount owing by non-controlling shareholders is unsecured and interest-free. The loans to subsidiaries (trade) are unsecured and interest-bearing. The loans to subsidiaries (non-trade) are unsecured and non-interest bearing.

Effective interest rates and repricing analysis for loans, advances, hire purchase and leasing receivables and factoring receivables are as set out in Notes 10 and 16 respectively.

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16. FACTORING RECEIVABLES

		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Factoring receivables	41	**160,912**	199,531	**7,071**	18,564
Less:					
Factoring amounts owing to clients		**(33,917)**	(44,174)	**(2,316)**	(5,943)
		126,995	155,357	**4,755**	12,621
Allowance for doubtful receivables		**(9,895)**	(9,701)	**(2)**	(5)
	15	**117,100**	145,656	**4,753**	12,616

The movements in allowances for expected credit loss on factoring receivables during the year are as follows:

		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January		**9,701**	10,055	**5**	120
Allowance made/(reversed) during the year	34	**824**	93	**(3)**	(12)
Allowance utilised during the year		**–**	(126)	**–**	(103)
Translation adjustment		**(630)**	(321)	**–**	–
At 31 December		**9,895**	9,701	**2**	5

The weighted average interest rates of factoring receivables, net of factoring amounts owing to clients included in trade and other payables of $919,000 for the Group and Company (2021: Group and Company: $5,167,000) (refer to Note 25), and allowance for doubtful receivables at the reporting date, and the periods in which they reprice are as follows:

	Weighted average effective interest rate %	Total 2022 $'000	Weighted average effective interest rate %	Total 2021 $'000
Group				
Factoring receivables, net – variable rate	9.1	**116,181**	8.8	140,489
		116,181		140,489
Company				
Factoring receivables, net – variable rate	8.0	**3,836**	7.5	7,449
		3,836		7,749

17. DEPOSITS AND OTHER RECEIVABLES

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Deposits		**40**	27	**15**	5
Tax recoverable		**–**	1	**–**	–
Accrued interest receivables		**171**	165	**–**	–
Other receivables:					
Gross receivables		**1,543**	1,322	**123**	446
Allowances for expected credit loss		**(554)**	(846)	**(121)**	(446)
Other receivables, net		**989**	476	**2**	–
	15	**1,200**	669	**17**	5

The movements in allowances for expected credit loss during the year are as follows:

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
At 1 January		**846**	797	**446**	552
Allowance (reversed)/made during the year	34	**(14)**	237	**(105)**	18
Allowance utilised during the year		**(238)**	(186)	**(220)**	(124)
Translation adjustments		**(40)**	(2)	**–**	–
At 31 December		**554**	846	**121**	446

18. CASH AND CASH EQUIVALENTS

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Cash at banks and in hand	**40,024**	66,462	**12,493**	43,634
Fixed deposits	**13,756**	46,101	**6,527**	36,307
Cash and cash equivalents in the consolidated statement of cash flows	**53,780**	112,563	**19,020**	79,941

Cash and cash equivalents held at the end of the reporting period is interest bearing (with the exception of cash in hand) and are classified as Stage 1 financial assets as they are entered into with counterparties of an investment grade. The loss allowance of these financial assets is measured at an amount equal to a 12-month ECL and is not considered material.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

18. CASH AND CASH EQUIVALENTS (CONTINUED)

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Non-interest bearing $'000	Total $'000
Group					
31 December 2022					
Cash at banks and in hand	**0.5**	**28,403**	**–**	**11,620**	**40,023**
Fixed deposits	**3.1**	**6,395**	**7,362**	**–**	**13,757**
		34,798	**7,362**	**11,620**	**53,780**
31 December 2021					
Cash at banks and in hand	0.1	50,220	–	16,242	66,462
Fixed deposits	0.3	3,307	42,794	–	46,101
		53,527	42,794	16,242	112,563
Company					
31 December 2022					
Cash at banks and in hand	**–**	**5,705**	**–**	**6,788**	**12,493**
Fixed deposits	**4.3**	**–**	**6,527**	**–**	**6,527**
		5,705	**6,527**	**6,788**	**19,020**
31 December 2021					
Cash at banks and in hand	0.1	35,794	–	7,840	43,634
Fixed deposits	0.2	–	36,307	–	36,307
		35,794	36,307	7,840	79,941

19. DEPOSITS RELATING TO COLLATERAL OF CLIENTS

The Group has clients' monies placed as fixed deposits of $802,000 (2021: $2,563,000) held as collaterals for guarantees issued on behalf of policyholders. The fair value of the cash collateral as at reporting dates approximate their carrying amounts. These amounts have been excluded from both cash at bank and other payables in the statement of financial position.

20. SHARE CAPITAL

	Group and Company	
	2022	2021
	$'000	$'000
Fully paid ordinary shares, with no par value		
At 1 January and 31 December	**375,969,665**	375,969,665

Issue of ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

Except for the regulated insurance, fund management, consumer lending and lending business in Indonesia, other subsidiaries of the Group are not regulated by externally imposed capital requirements. The capital of these regulated entities are separately managed to comply with the capital requirements required by the respective regulator.

The minimum paid up share capital required for the insurance business as stipulated by the local regulator is $25 million. The regulated insurance subsidiary has to comply with the Risk Based Capital Adequacy Requirement ("CAR") as prescribed by the Monetary Authority of Singapore ("MAS") (subject to the financial resource of the subsidiary not being less than $5 million). The regulated insurance subsidiary is in compliance with all externally imposed capital requirements during the year.

The regulated insurance subsidiary manages and ensures adequacy of its capital resources requirement in accordance with the computation of risk charge on insurance risk, investment risks and interest rate sensitivity and foreign currency mismatch between assets and liabilities and concentration risks as stipulated under the Insurance (Valuation and Capital) (Amendment) Regulations 2020. In addition, stress tests are conducted to understand the sensitivity of the key assumptions in the regulated insurance subsidiary's capital to the effects of plausible stress scenarios and evaluate how the regulated insurance subsidiary can continue to maintain adequate capital under such scenarios.

The minimum base capital required for the fund management business as stipulated by the local regulator is $250,000. The regulated fund management subsidiary has to comply with the base capital as prescribed by MAS. Base capital is the sum of paid-up ordinary share capital, paid-up irredeemable and non-cumulative preference share capital, statutory reserves and any unappropriated profit or loss in the latest audited accounts, less any interim loss in the latest accounts of the subsidiary and any dividend that has been declared since the latest audited accounts. The subsidiary is in compliance with all externally imposed capital requirements during the year.

The minimum paid up capital required for the consumer lending business as stipulated by the local regulator is $100,000.

The minimum equity required for the lending business in Indonesia as stipulated by the local regulator is at least IDR 100 billion and a minimum equity-to-paid up capital of 50%. The subsidiary is in compliance with all externally imposed capital requirements as at balance sheet date.

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YEAR ENDED 31 DECEMBER 2022

20. SHARE CAPITAL (CONTINUED)

Capital management (Continued)

The Group's policy is to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business as well as to ensure that the minimum required capital of its regulated subsidiaries is maintained at all times.

The Board of Directors monitors the return on equity, which the Group defines as profit after tax divided by total average shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the leverage ratio as well as the level of dividends to ordinary shareholders. The leverage ratio is defined as total consolidated liabilities divided by the total consolidated tangible net assets.

The Group's strategy is to maintain a leverage ratio of less than 5.5 times and dividend distribution of at least 30% of the earnings each year.

There were no changes to the Group's approach to capital management during the year.

21. OTHER RESERVES

The other reserves of the Group comprise the following balances:

	Group	
	2022	**2021**
	$'000	**$'000**
Capital reserve		
- Statutory reserve	**1,604**	1,604
- Other capital reserve	**(1,496)**	(1,496)
	108	108
Translation reserve	**(5,369)**	(1,606)
	(5,261)	(1,498)

Statutory reserve

The statutory reserve relates to the statutory legal reserve transferred from accumulated profits in accordance with the foreign jurisdiction in which one of the Group's subsidiaries operates.

Other capital reserve

The other capital reserve represents the effect of 25.07% dilution from 98.2% to 73.13% of the Group's shareholding interest in IFS Capital (Thailand) Public Company Limited following its initial public offer of 120 million new shares at an offer price of THB1.35 per share on 5 August 2010. As the change did not result in a loss of control, the effect of the dilution as computed was recognised directly in equity.

21. OTHER RESERVES (CONTINUED)

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the functional currency of the Company.

Dividends

The following dividends were declared and paid by the Company:

	2022 $'000	2021 $'000
Dividends paid		
A first and final one-tier tax exempt dividend of 0.78 cents per ordinary share (2021: 0.2 cents per ordinary share) paid in respect of previous financial year ended 31 December	**2,933**	752

Dividends proposed

A first and final one-tier tax exempt dividend of 0.45 (2021: 0.78) cents per ordinary share in respect of the financial year ended 31 December 2022 was proposed, subject to the approval of the Shareholders at the Annual General Meeting. The dividend has not been provided in these financial statements and there is no income tax consequence.

22. NON-CONTROLLING INTERESTS

The following subsidiary has material non-controlling interests:

Company name	Principal Place of business/Country of incorporation	Operating segment	Ownership interests held by non-controlling interests 2022 %	2021 %
IFS Capital (Thailand) Public Company Limited	Thailand	Factoring, hire purchase and leasing	**26.9**	26.9

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

22. NON-CONTROLLING INTERESTS (CONTINUED)

The following summarises the financial information for IFS Capital (Thailand) Public Company Limited, prepared in accordance with SFRS(I)s. The information is before inter-company eliminations.

IFS Capital (Thailand) Public Company Limited

	2022 $'000	2021 $'000
Revenue	**14,855**	14,500
Profit	**6,090**	6,318
Other comprehensive income	**(2,380)**	(5,544)
Total comprehensive income	**3,710**	774
Attributable to NCI:		
– Profit	**1,797**	1,698
– Other comprehensive income	**(597)**	(1,487)
– Total comprehensive income	**1,200**	211
Non-current assets	**6,973**	6,749
Current assets	**137,729**	150,330
Non-current liabilities	**(5,089)**	(8,975)
Current liabilities	**(74,472)**	(83,706)
Net assets	**65,141**	64,398
Net assets attributable to NCI	**23,143**	17,305
Cash flows (used in)/from operating activities	**20,267**	(15,519)
Cash used in investing activities	**(78)**	(49)
Cash (used in)/from financing activities	**(15,618)**	13,218
Net (decrease)/increase in cash and cash equivalents	**4,571**	(2,350)
Dividends paid to non-controlling interests during the year*	**862**	792

* Included in cash flows from financing activities.

23. INTEREST-BEARING BORROWINGS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Payable:				
Within 12 months	**148,874**	143,153	**79,764**	61,818
Between 1 and 5 years	**20,666**	25,250	**16,888**	17,767
	169,540	168,403	**96,652**	79,585

The interest-bearing borrowings comprise:

		2022		2021	
	Note	**Face Value**	**Carrying amount**	**Face value**	**Carrying amount**
		$'000	**$'000**	**$'000**	**$'000**
Group					
Unsecured short-term bank loans	(a)	**113,235**	**113,235**	112,488	112,488
Unsecured long-term bank loans	(b)	**34,739**	**34,739**	38,442	38,442
Unsecured EFS loans	(c)	**21,566**	**21,566**	17,473	17,473
		169,540	**169,540**	168,403	168,403
Company					
Unsecured short-term bank loans	(a)	**51,068**	**51,068**	39,367	39,367
Unsecured long-term bank loans	(b)	**24,018**	**24,018**	22,745	22,745
Unsecured EFS loans	(c)	**21,566**	**21,566**	17,473	17,473
		96,652	**96,652**	79,585	79,585

(a) The unsecured short-term bank loans bear nominal interest rates ranging from 2.1% to 5.4% (2021: 1.3% to 3.6%) per annum and are repayable in 2023. For the Group, these include subsidiaries' bank loans denominated in Malaysian Ringgit, Indonesian Rupiah and Thai Baht.

(b) The unsecured long-term bank loans bear nominal interest rates 3.1% to 3.6 % (2021: 2.6% to 3.5%) per annum and are repayable monthly or quarterly between 2023 to 2027 (2021: 2022 to 2026). For the Group, these include subsidiaries' bank loans denominated in Thai Baht.

(c) These represent unsecured advances from Enterprise Singapore to fund loans and advances extended by the Company to borrowers under the Enterprise Financing Scheme ("EFS"). Credit risk for loans and advances made under these schemes are shared by the providers of these borrowings and the Company.

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YEAR ENDED 31 DECEMBER 2022

23. INTEREST-BEARING BORROWINGS (CONTINUED)

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Group					
31 December 2022					
Unsecured short-term bank loans	**3.8**	**113,235**	**–**	**–**	**113,235**
Unsecured long-term bank loans	**3.2**	**10,721**	**7,130**	**16,888**	**34,739**
Unsecured EFS loans	**5.1**	**–**	**21,566**	**–**	**21,566**
		123,956	**28,696**	**16,888**	**169,540**
31 December 2021					
Unsecured short-term bank loans	1.9	112,488	–	–	112,488
Unsecured long-term bank loans	2.9	15,697	4,978	17,767	38,442
Unsecured EFS loans	5.4	–	17,473	–	17,473
		128,185	22,451	17,767	168,403
Company					
31 December 2022					
Unsecured short-term bank loans	**4.7**	**51,068**	**–**	**–**	**51,068**
Unsecured long-term bank loans	**3.2**	**–**	**7,130**	**16,888**	**24,018**
Unsecured EFS loans	**5.1**	**–**	**21,566**	**–**	**21,566**
		51,068	**28,696**	**16,888**	**96,652**
31 December 2021					
Unsecured short-term bank loans	1.8	39,367	–	–	39,367
Unsecured long-term bank loans	3.2	–	4,978	17,767	22,745
Unsecured EFS loans	5.4	–	17,473	–	17,473
		39,367	22,451	17,767	79,585

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities granted by the banks to subsidiaries. Such utilised banking facilities amounted to $1,327,000 as at 31 December 2022 (2021: $2,173,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees.

23. INTEREST-BEARING BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Interest-bearing borrowings $'000	Lease liabilities $'000	Total $'000
Balance at 1 January 2022	**168,403**	**1,875**	**170,278**
Changes from financing cash flow:			
Proceeds	**579,330**	**–**	**104,878**
Repayments	**(574,928)**	**(900)**	**(101,376)**
Translation adjustments	**(3,265)**	**(45)**	**(3,310)**
Total changes from financing cash flow	**1,137**	**(945)**	**192**
Other changes:			
Additions	**–**	**2,767**	**2,767**
Interest expenses	**–**	**75**	**75**
Total other changes	**–**	**2,842**	**2,842**
Balance at 31 December 2022	**169,540**	**3,772**	**173,312**
Balance at 1 January 2021	246,888	2,603	249,491
Changes from financing cash flow:			
Proceeds	16,092	–	16,092
Repayments	(87,421)	(889)	(88,310)
Translation adjustments	(7,156)	(6)	(7,162)
Total changes from financing cash flow	(78,485)	(895)	(79,380)
Other changes:			
Additions	–	58	58
Interest expenses	–	109	109
Total other changes	–	167	167
Balance at 31 December 2021	168,403	1,875	170,278

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

24. EMPLOYEE BENEFITS

Two foreign subsidiaries of the Group provide for employee benefits under each respective country. In Thailand, severance pay under the Thai Labour Protection Act and long service awards are payable to employees. In Indonesia, post-employment benefits are provided for its employees when their services are terminated due to retirement. The foreign subsidiaries of the Group calculated the provision for employee benefits by using the actuarial technique.

In respect of the actuarial assumptions of Thailand, the principal actuarial assumptions at the reporting date are as follows:

	Group	
	2022	**2021**
Discount rate at 31 December	**3.06%**	1.44%
Resignation rate based on age group of employees	**3%, 9% & 26%**	2%, 9% & 25%
Future salary increases	**5%**	4.0%

In respect of the actuarial assumptions of Indonesia, the principal actuarial assumptions at the reporting date are as follows:

	Group	
	2022	**2021**
Discount rate at 31 December	**7.44%**	7.55%
Future salary increases	**5%**	5%

Provision for employee benefits for the year ended 31 December consists of the following:

		Group	
	Note	**2022**	**2021**
		$'000	**$'000**
At 1 January		**1,558**	1,504
Provision for severance pay and long service awards	35	**227**	212
Remeasurements:			
– Experience assumptions		**(246)**	(9)
Benefits paid during the year		**(45)**	(27)
Translation adjustments		**(68)**	(122)
At 31 December		**1,426**	1,558

An amount of $227,000 (2021: $212,000) in respect of the defined benefit provisions was recognised in "General and administrative expenses" in the consolidated statement of profit or loss for the year ended 31 December 2022, see Note 35.

24. EMPLOYEE BENEFITS (CONTINUED)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percent.

	Defined benefit obligation			
	2022		2021	
Group	**1 percent increase $'000**	**1 percent decrease $'000**	**1 percent increase $'000**	**1 percent decrease $'000**
Discount rate	**(118)**	**125**	(144)	168
Future salary increases	**117**	**(107)**	160	(140)

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

25. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
Factoring amounts owing to clients	16	**919**	5,167	**919**	5,167
Trade payables		**137**	171	**101**	159
Other payables and accruals	26	**10,493**	9,687	**3,170**	4,501
		11,549	15,025	**4,190**	9,827

Group and Company

Trade payables, other payables and accruals are non-interest bearing financial liabilities.

26. OTHER PAYABLES AND ACCRUALS

		Group		Company	
	Note	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
Accrued operating expenses		**8,502**	7,019	**2,380**	3,441
Clients' deposits		**1,475**	2,428	**327**	866
Accrued interest payable		**516**	240	**463**	194
		10,493	9,687	**3,170**	4,501

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27. INSURANCE PAYABLES

	Group	
	2022	**2021**
	$'000	**$'000**
Payables arising from insurance contracts	**402**	505
Payables arising from reinsurance contracts	**1,300**	799
	1,702	1,304

28. INTEREST INCOME

	Group	
	2022	**2021**
	$'000	**$'000**
At amortised cost and arising from:		
Loans, advances, factoring receivables, hire purchase and leasing receivables	**22,848**	30,821

Interest income for the years ended 31 December 2022 and 2021 have been calculated based on the effective interest rate method.

29. INTEREST EXPENSE

	Group	
	2022	**2021**
	$'000	**$'000**
At amortised cost and arising from:		
Borrowings from banks and ENTERPRISE Singapore	**3,452**	3,875
Unwinding of discount for loans	**49**	50
	3,501	3,925

Interest expense for the years ended 31 December 2022 and 2021 have been calculated based on the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

30. STATEMENT OF PROFIT OR LOSS OF INSURANCE SUBSIDIARY – ECICS LIMITED (AFTER INTERCOMPANY ELIMINATION)

	Note	Group 2022 $'000	Group 2021 $'000
Gross written premiums		**6,837**	4,494
Change in gross provision for unexpired risks	13	**149**	1,773
Gross earned premium revenue		**6,986**	6,267
Written premiums ceded to reinsurers		**(1,331)**	(663)
Reinsurers' share of change in provision for unexpired risks	13	**(279)**	(206)
Reinsurance premium expenses		**(1,610)**	(869)
Net earned premium revenue		**5,376**	5,398
Other revenue			
Commission income		**294**	81
Investment income		**312**	931
Other income		**327**	1
		933	1,013
Net income before claims and expenses		**6,309**	6,411
Claims and expenses			
Change in gross provision for insurance claims	13	**4,083**	3,653
Reinsurers' share of change in provision for insurance claims	13	**(2,370)**	(756)
Gross claims paid	13	**(3,465)**	(4,386)
Reinsurers' share of claims paid	13	**(41)**	–
Net claims incurred	13	**(1,793)**	(1,489)
Commission expenses		**(1,352)**	(1,100)
Distribution expenses		**(50)**	(7)
Administration expenses		**(962)**	(905)
Staff costs		**(2,317)**	(2,555)
Allowance for impairment of insurance and investment		**64**	(375)
Total claims and expenses		**(6,410)**	(6,431)
Net loss before tax for the year		**(101)**	(20)

The statement of profit or loss reflects the credit, maid insurance, engineering and work injury compensation, bonds and guarantee, property, casualty and motor insurance businesses of the insurance subsidiary, ECICS Limited, that are consolidated in the Group's profit or loss. All intra-group transactions relating to credit premium income and expenses are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

31. FEE AND COMMISSION INCOME

	Group	
	2022	2021
	$'000	$'000
Fee income	**6,790**	6,299
Underwriting commission income	**294**	81
	7,084	6,380

The fee income are service fees from provision of loans and factoring financing services to the customers. Fee income from loans are received/receivable on the disbursement of the loans, subject to the loan agreements. Fee income from factoring financing services are received/receivable on a monthly basis based on the amount of outstanding invoices being factored. These fees are recognised when services are rendered.

32. NET INVESTMENT INCOME

	Group	
	2022	2021
	$'000	$'000
Net exchange gain	**(14)**	55
Dividend income	**200**	543
(Loss)/gain on disposal of financial assets through profit or loss	**(11)**	2
Net change in fair value of financial assets through profit or loss	**(1,310)**	(578)
Interest income arising from:		
Debt securities at amortised cost	**432**	485
Debt securities mandatorily at FVTPL	**203**	213
Bank and fixed deposits	**328**	91
Net accretion of discount/(amortisation of premium) for debt securities at amortised cost	**19**	(26)
	(153)	785

Interest income for the years ended 31 December 2022 and 2021 have been calculated based on the effective interest rate method.

33. OTHER INCOME

	Group	
	2022	2021
	$'000	$'000
Recoveries – loans, advances, factoring receivables, hire purchase and leasing receivables#	**222**	92
Gain on disposal of property, plant and equipment	**–**	31
Others	**722**	791
	944	914

Represents excess amount of loans, advances, factoring receivables, hire purchase and leasing receivables recovered.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

34. RECOGNITION OF ALLOWANCES FOR LOAN LOSSES AND IMPAIRMENT OF OTHER ASSETS

	Note	Group 2022 $'000	2021 $'000
In respect of:			
Trade and other receivables			
– loans, advances, hire purchase, leasing and factoring receivables	10,16	**(1,232)**	(699)
– insurance and other receivables	14,17	**100**	(207)
– debt securities at amortised cost		**(21)**	(405)
– debts written off		**(40)**	(1)
		(1,193)	(1,312)

35. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Note	Group 2022 $'000	2021 $'000
Amortisation of intangible assets	5	**223**	276
Depreciation of property, plant and equipment	4	**368**	375
Depreciation of investment property	6	**180**	192
Depreciation of Right-of-use assets	38	**825**	824
Exchange (gain)/loss			
– Investment income		**–**	(54)
– others		**(493)**	(92)
Audit fees			
– auditors of the Company		**376**	405
– other member firms of Ernst & Young International		**43**	–
– other auditors		**128**	165
Non-audit fees			
– other member firms of Ernst & Young International		**–**	–
– other auditors		**2**	6
Directors' fees		**422**	420
Interest expense and fees paid to corporations in which the directors have interests	40	**260**	235
Contributions to defined contribution plans included in staff costs		**1,299**	1,435
Provision for severance pay and long service awards	24	**227**	212
Operating lease expense		**–**	28

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

36. TAX EXPENSE

	Note	Group 2022 $'000	Group 2021 $'000
Current year		**(1,684)**	(2,705)
Over provided in prior years		**20**	–
		(1,664)	(2,705)
Deferred tax expense			
Movements in temporary differences	12	**93**	(335)
		(1,571)	(3,040)
Reconciliation of effective tax rate			
Profit before tax		**6,427**	12,689
Tax using Singapore tax rate of 17% (2021:17%)		**(1,093)**	(2,157)
Effect of tax rates in foreign jurisdictions		**(232)**	(179)
Non-deductible expenses		**(37)**	(234)
Tax exempt income		**173**	82
Income not subject to tax		**–**	67
Over provided in prior years		**20**	–
Deferred tax asset not recognised		**(417)**	(621)
Others		**15**	2
		(1,571)	(3,040)

In 2022, current tax expense over provided in prior year arose mainly from utilisation of tax losses for the previous financial year transferred between group entities under the Group Relief in Singapore. Such transfer was approved and accounted for in the current financial year.

37. EARNINGS PER SHARE

	Group 2022 $'000	Group 2021 $'000
Basic and diluted earnings per share		
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	**3,059**	7,951
	Number of shares	
Issued ordinary shares at beginning and end of the year	**375,969,665**	375,969,665

38. LEASES

Leases as lessee (SFRS(I) 16)

The Group entities lease in office premises. The leases run for a period of 3 – 15 years. The Group entities are restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance at 1 January – initial recognition	**1,753**	2,525	**1,149**	1,834
Additions during the year	**2,796**	58	**2,786**	–
Depreciation charge for the year	**(825)**	(824)	**(688)**	(685)
Translation adjustment	**(37)**	(6)	**–**	–
Balance at 31 December	**3,687**	1,753	**3,247**	1,149
Lease liabilities				
Balance at 1 January – initial recognition	**1,875**	2,603	**1,192**	1,858
Additions during the year	**2,767**	58	**2,756**	–
Interest expense on lease liabilities	**75**	109	**30**	54
Repayments	**(900)**	(889)	**(733)**	(720)
Translation adjustments	**(45)**	(6)	**–**	–
Balance at 31 December	**3,772**	1,875	**3,245**	1,192
Payable within 12 months	**741**	827	**610**	703
Payable after 12 months	**3,031**	1,048	**2,635**	489
	3,772	1,875	**3,245**	1,192

Amounts recognised in profit or loss

	Group	
	2022	2021
	$'000	$'000
Leases under SFRS(I) 16		
Interest on lease liabilities	**75**	109
Depreciation of right-of-use assets	**825**	824

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

38. LEASES (CONTINUED)

Amounts recognised in statement of cash flows

	Group	
	2022 $'000	2021 $'000
Total cash outflow for leases	**945**	895

Leases as lessor

The Group leases out its investment properties (see Note 6).

Operating lease commitment

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2022 $'000	2021 $'000
Operating leases under SFRS(I) 16		
Less than one year	**138**	89
One to two years	**44**	90
Two to three years	**–**	29
Total	**182**	208

39. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

As at 31 December, the Group have bankers guarantees issued on behalf of customers and intra-group financial guarantees issued by the Company to banks on behalf of its subsidiaries, for the purpose obtaining credit lines from banks:

	Group		Company	
	2022 $'000	2022 $'000	2022 $'000	2021 $'000
Bankers guarantees	**1,236**	1,236	**–**	–
Intra-group financial guarantees	**–**	–	**38,683**	40,264
	1,236	1,236	**38,683**	40,264

40. SIGNIFICANT RELATED PARTIES TRANSACTIONS

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key management personnel compensation

	Group	
	2022	**2021**
	$'000	**$'000**
Short-term benefits	**2,523**	2,711
Post-employment benefits	**143**	125
	2,666	2,836

Key management personnel refers to the Group Chief Executive Officer, Chief Executive Officers and Country Head equivalent of the subsidiaries, and Senior Management of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Group and the Company.

Remuneration comprise salary, allowances, bonuses (comprises annual wage supplement and performance bonus), employers' contributions to defined contribution plans and other benefits including severance and retirement benefits provided for a key management personnel of an overseas subsidiary as required under the country's labour regulations.

Other related parties transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Related parties		
Interest charges on borrowings	**–**	34
Brokerage fees	**122**	67
Professional fees	**42**	41
Custodian fee	**26**	27
Fund management fees incurred	**70**	66
Rental income	**(31)**	(18)

41. FINANCIAL AND INSURANCE RISK MANAGEMENT

Accepting and managing risk is central to the business of being a financial services provider and is an important part of the Group's overall business strategy. The Group has adopted formal risk management policies and procedures which are approved by the Board of Directors. These risk management guidelines set out both procedures as well as quantitative limits to minimise risks arising from the Group's exposures to such factors. The main financial and insurance risks that the Group is exposed to and how they are being managed are set out below.

Credit risk

The principal risk to which the Group is exposed is credit risk in connection with its loans, factoring, bond, guarantee and insurance activities. Credit risk is the potential financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its financial and contractual obligations, as and when they fall due. Management has established credit and insurance processes and limits to manage these risks including performing credit reviews of its customers and counterparties, risk-sharing and obtaining collaterals as security where considered necessary.

Other credit risks represent the loss that would be recognised if counterparties in connection with insurance, reinsurance, investment and banking transactions failed to perform as contracted. Credit evaluations are performed on all new brokers, reinsurers, financial institutions and other counterparties.

Credit risk in respect of the Group's lending activities is managed and monitored in accordance with defined credit policies and procedures. Significant credit risk strategies and policies are approved, and reviewed periodically by the Board of Directors. These include setting authority limits for approving credit facilities and establishing limits on single client, related entities, and industry exposures to ensure the broad diversification of credit risk and to avoid undue concentration. These policies are delegated to and disseminated under the guidance and control of the Group Chief Risk Officer. A delegated credit approval authority limit structure, approved by the Board of Directors, is as follows:

- The Independent Credit Department and senior management staff assess, review and make decisions on credit risks of the Group within the authority limits imposed by the Board;

- The Credit Risk Management Department independently assesses the creditworthiness and risk profile of the obligors and formulates credit policies and procedures for the Group;

- The Client Survey Department conducts audits on new factoring clients and sometimes, loan clients before account activation and for existing ones, on a periodic basis;

- Daily monitoring of accounts is handled by Client Relationship and Business Development Teams together with Operations Department and Credit Risk Management Department;

- The Internal Audit function provides independent assurance to senior management and the Audit Committee concerning compliance with credit processes, policies and the adequacy of internal controls; and

- Established limits and actual levels of exposure are regularly reviewed and reported to the Board of Directors on a periodic basis.

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Credit risk arising on loans to customers under the Enterprise Financing Scheme are under risk-sharing arrangements with Enterprise Singapore, with the risk-sharing ranging from 50% to 90% (2021: 50% to 90%) of the funds disbursed.

(I) Credit quality analysis

The following table sets out information about the credit quality of loans, advances, hire purchase, leasing and factoring receivables measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Explanation of the terms 'Stage 1', 'Stage 2', and 'Stage 3' is included in Note 3.8.

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Group				
2022				
Loans advances, hire purchase, and leasing receivables at amortised cost				
Grade 1-10	178,707	1,475	–	180,182
Grade 11: Special mention	–	949	–	949
Grade 12: Substandard	–	–	2,210	2,210
Grade 13: Doubtful	–	–	3,436	3,436
Grade 14: Loss	–	–	5,314	5,314
	178,707	2,424	10,960	192,091
Loss allowance	(636)	(131)	(4,322)	(5,089)
Carrying amount	178,071	2,293	6,638	187,002
Factoring receivables at amortised cost				
Grade 1-10	130,601	17,937	–	148,538
Grade 11: Special mention	–	1,758	–	1,758
Grade 12: Substandard	–	–	1,510	1,510
Grade 13: Doubtful	–	–	24	24
Grade 14: Loss	–	–	9,082	9,082
	130,601	19,695	10,616	160,912
Loss allowance	(18)	(31)	(9,846)	(9,895)
Carrying amount*	130,583	19,664	770	151,017

* The carrying amount for factoring receivables does not include factoring amounts owing to clients.

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41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(I) Credit quality analysis (Continued)

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Group				
2021				
Loans advances, hire purchase, and leasing receivables at amortised cost				
Grade 1-10	83,924	478	–	84,402
Grade 11: Special mention	–	4,074	–	4,074
Grade 12: Substandard	–	–	6,702	6,702
Grade 13: Doubtful	–	–	3,459	3,459
Grade 14: Loss	–	–	11,617	11,617
	83,924	4,552	21,778	110,254
Loss allowance	(498)	(85)	(8,036)	(8,619)
Carrying amount	83,426	4,467	13,742	101,635
Factoring receivables at amortised cost				
Grade 1-10	171,960	16,056	–	188,016
Grade 11: Special mention	–	1,482	–	1,482
Grade 12: Substandard	–	–	206	206
Grade 13: Doubtful	–	–	69	69
Grade 14: Loss	–	–	9,758	9,758
	171,960	17,538	10,033	199,531
Loss allowance	(6)	(15)	(9,680)	(9,701)
Carrying amount	171,954	17,523	353	189,830

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(I) Credit quality analysis (Continued)

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Company				
2022				
Loans advances, hire purchase, and leasing receivables at amortised cost				
Grade 1-10	89,142	–	–	89,142
Grade 11: Special mention	–	656	–	656
Grade 12: Substandard	–	–	1,702	1,702
Grade 13: Doubtful	–	–	–	–
Grade 14: Loss	–	–	–	–
	89,142	656	1,702	91,500
Loss allowance	(238)	(2)	(17)	(257)
Carrying amount	88,904	654	1,685	91,243
Factoring receivables at amortised cost				
Grade 1-10	5,527	–	–	5,527
Grade 11: Special mention	–	1,543	–	1,543
Grade 12: Substandard	–	–	1	1
Grade 13: Doubtful	–	–	–	–
Grade 14: Loss	–	–	–	–
	5,527	1,543	1	7,071
Loss allowance	(1)	(1)	–	(2)
Carrying amount	5,526	1,542	1	7,069

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YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(I) Credit quality analysis (Continued)

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Company				
2021				
Loans advances, hire purchase, and leasing receivables at amortised cost				
Grade 1-10	66,024	–	–	66,024
Grade 11: Special mention	–	4,045	–	4,045
Grade 12: Substandard	–	–	6,466	6,466
Grade 13: Doubtful	–	–	–	–
Grade 14: Loss	–	–	3,351	3,351
	66,024	4,045	9,817	79,886
Loss allowance	(201)	(29)	(3,343)	(3,573)
Carrying amount	65,823	4,016	6,474	76,313
Factoring receivables at amortised cost				
Grade 1-10	17,887	–	–	17,887
Grade 11: Special mention	–	590	–	590
Grade 12: Substandard	–	–	44	44
Grade 13: Doubtful	–	–	43	43
Grade 14: Loss	–	–	–	–
	17,887	590	87	18,564
Loss allowance	(1)	(4)	–	(5)
Carrying amount	17,886	586	87	18,559

(a) Factoring receivables

The Group's credit risk exposures on factoring receivables comprise the following types of risks: recourse and non-recourse factoring. The receivables represent the debts that were factored to the Group by its clients of which the Group may provide funding up to 90% of the eligible debts.

The "recourse" factoring relates to debts for which the Group and the Company do not bear the risk of non-payment from the customers. Conversely, in the "non-recourse" factoring, the Group and the Company bear any bad debt risk that may arise. The Group reinsures part of the debts under non-recourse factoring with external reinsurers.

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(I) Credit quality analysis (Continued)

(a) Factoring receivables (Continued)

The breakdown by type of factoring risk is as follows:

		Factoring receivables			
		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Recourse		**159,475**	192,036	**5,634**	11,069
Non-recourse		**1,437**	7,495	**1,437**	7,495
	16	**160,912**	199,531	**7,071**	18,564

(b) Insurance receivables

The ageing of past due and impaired insurance receivables at the reporting date are as follows:

	Group	
	2022 $'000	2021 $'000
91 – 180 days	**4**	143
More than 181 days	**409**	109
	413	252

Analysis of receivables that were not past due nor impaired at the reporting date is as follows:

		Group	
	Note	2022 $'000	2021 $'000
Acceptable risks		**422**	284
Total insurance receivables	14	**835**	536

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(I) Credit quality analysis (Continued)

(c) Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee is disclosed in Note 23. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

(d) Debt securities (including perpetual securities whose coupon payments cannot be deferred)

The Group invests in debt securities (including perpetual securities whose coupon payments cannot be deferred) and limits its exposure by only investing in debt securities issued by corporates and financial institutions that are deemed to be of reasonable credit quality. As at 31 December 2022, substantially all of these corporates and financial institutions or their respective holding companies are listed on stock exchanges in Singapore or elsewhere. The Group monitors credit risk on an on-going basis.

Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal. Such issuer's ability to meet its debt obligations may also be adversely affected by specific projected business forecast, or the unavailability of additional financing.

The Group does not expect any counterparty to fail to meet their obligations as and when they fall due within the next 12 months. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group limits its exposure to credit risk on investments held by investing only in liquid debt securities that provide attractive long-term yield and at acceptable credit quality. The aim is to provide a stable stream of positive income on the respective investments.

The Group uses general approach for assessment of ECL for debt securities. 12-month and lifetime probabilities of default are based on data supplied by Moody's or its equivalents for each credit rating.

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(I) Credit quality analysis (Continued)

(d) Debt securities (including perpetual securities whose coupon payments cannot be deferred) (Continued)

The following table presents an analysis of the credit quality of debt investments at amortised cost and FVTPL. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in latter case, whether they were credit-impaired.

	Group							
		2022				2021		
		At amortised cost				At amortised cost		
	FVTPL $'000	12-month ECL $'000	Lifetime ECL-not credit-impaired $'000	Lifetime ECL-credit impaired $'000	FVTPL $'000	12-month ECL $'000	Lifetime ECL-not credit-impaired $'000	Lifetime ECL-credit impaired $'000
BBB- to AAA	**4,428**	**16,050**	**–**	**–**	5,252	14,567	–	–
BB- to BB+	**–**	**–**	**–**	**–**	–	–	–	–
B- to B+	**–**	**–**	**–**	**–**	–	–	–	–
C to CCC+	**–**	**–**	**–**	**–**	–	–	–	–
D	**–**	**–**	**–**	**–**	–	–	–	–
Not rated	**–**	**–**	**–**	**2,000**	1,338	–	2,000	–
Gross carrying amounts	**4,428**	**16,050**	**–**	**2,000**	6,590	14,567	2,000	–
Loss allowance	**–**	**(33)**	**–**	**(2,000)**	–	(12)	(2,000)	–
Amortisation of debt securities	**–**	**(5)**	**–**	**–**	–	(22)	–	–
Carrying amount	**4,428**	**16,012**	**–**	**–**	6,590	14,533	–	–

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(I) Credit quality analysis (Continued)

(e) Deposits and other receivables

The Group uses a similar approach for assessment of ECLs for these receivables to those used for cash and cash equivalents. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the credit risk of the exposures. The amount of the allowance is disclosed in Note 17.

(f) Cash and cash equivalents

The cash and cash equivalents are placed with bank and financial institution counterparties which are regulated.

The Group and the Company held cash and cash equivalents of $53,780,000 and $19,020,000 respectively at 31 December 2022 (2021: $112,563,000 and $79,941,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to A+, based on reputable agency ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

(g) Loans to subsidiaries

The Company held loans to its subsidiaries of $51,551,000 (2021: $4,231,000). These balances are amounts lent to subsidiaries for their working capital requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the credit risk of the exposures. The amount of the allowance is disclosed in Note 8.

(II) Amount arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 3.8.

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Significant increase in credit risk (Continued)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default ("PD") as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 60 days past due.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Credit risk grades (Continued)

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

- Information obtained during periodic review of customer files- e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
- Payment record – this includes overdue status as well as a range of variables about payment ratios
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions

The table below provides an indicative mapping of how the Group's internal credit risk grades relate to PD.

The portfolio of the Group is comprised of loans, advances, factoring receivables, hire purchase and leasing receivables to small, medium enterprises and individuals.

Small and medium enterprises

Grading	**Range of PD**
Grades 1-10	0.32% to 34.65%
Grades 11: Special mention	34.65%
Grades 12-14: Substandard, doubtful, loss	100%

Individuals

Grading	**Range of PD**
Grades AA-GX	0.09% to 3.48%

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Group analyses the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. Such qualitative factors are based on its expert judgment and relevant historical experiences.

As a backstop, the Group considers that a significant increase credit risk occurs no later than when an asset is more than 60 days past due or, for a factoring account, if more than 50% of factored receivables are more than 60 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period (normally 6 months) during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when a financial instrument becomes 60 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Determining whether credit risk has increased significantly (Continued)

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates economic scenarios: external information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the International Monetary Fund. The key driver for credit risk identified and used in the Group's ECL model for the Group's loans and factoring receivables is GDP growth.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 to 9 years.

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Determining whether credit risk has increased significantly (Continued)

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Group				
2022				
Loans advances, hire purchase, and leasing receivables at amortised cost				
Balance at 1 January	498	85	8,036	8,619
Net remeasurement of loss allowance	98	17	302	417
New financial assets originated or purchased	222	34	–	256
Financial assets that have been derecognised	(120)	(2)	(143)	(265)
Write-off	–	–	(3,586)	(3,586)
Foreign exchange and other movements	(31)	(3)	(318)	(352)
Balance at 31 December	667	131	4,291	5,089
Factoring receivables at amortised cost*				
Balance at 1 January	6	15	9,680	9,701
Net remeasurement of loss allowance	10	18	393	421
New financial assets originated or purchased	3	–	400	403
Write-off	–	–	–	–
Foreign exchange and other movements	–	(1)	(629)	(630)
Balance at 31 December	19	32	9,844	9,895
Debt investments				
Balance at 1 January	12	2,000	–	2,012
Net remeasurement of loss allowance	21	–	–	21
Balance at 31 December	33	2,000	–	2033

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Loss allowance (Continued)

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Group				
2021				
Loans advances, hire purchase, and leasing receivables at amortised cost				
Balance at 1 January	685	254	7,347	8,286
Net remeasurement of loss allowance	(194)	(120)	937	623
New financial assets originated or purchased	17	–	71	88
Financial assets that have been derecognised	(1)	(38)	(66)	(105)
Write-off	–	–	(197)	(197)
Foreign exchange and other movements	(9)	(11)	(56)	(76)
Balance at 31 December	498	85	8,036	8,619
Factoring receivables at amortised cost*				
Balance at 1 January	4	12	10,039	10,055
Net remeasurement of loss allowance	1	3	89	93
New financial assets originated or purchased	1	–	–	1
Write-off	–	–	(126)	(126)
Foreign exchange and other movements	–	–	(322)	(322)
Balance at 31 December	6	15	9,680	9,701
Debt investments				
Balance at 1 January	29	1,577	–	1,606
Net remeasurement of loss allowance	(17)	423	–	406
Balance at 31 December	12	2,000	–	2,012

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Loss allowance (Continued)

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Company				
2022				
Loans advances, hire purchase, and leasing receivables at amortised cost				
Balance at 1 January	**201**	**29**	**3,343**	**3,573**
Net remeasurement of loss allowance	**37**	**(26)**	**16**	**27**
Write-off	**–**	**–**	**(3,343)**	**(3,343)**
Balance at 31 December	**238**	**3**	**16**	**257**
Factoring receivables at amortised cost*				
Balance at 1 January	**1**	**4**	**–**	**5**
Net remeasurement of loss allowance	**–**	**(3)**	**–**	**(3)**
Financial assets that have been derecognised	**–**	**–**	**–**	**–**
Write-off	**–**	**–**	**–**	**–**
Balance at 31 December	**1**	**1**	**–**	**2**
2021				
Loans advances, hire purchase, and leasing receivables at amortised cost				
Balance at 1 January	331	53	3,438	3,822
Net remeasurement of loss allowance	(130)	(24)	(21)	(175)
Write-off	–	–	(74)	(74)
Balance at 31 December	201	29	3,343	3,573
Factoring receivables at amortised cost*				
Balance at 1 January	1	6	113	120
Net remeasurement of loss allowance	–	(2)	(10)	(12)
Financial assets that have been derecognised	–	–	–	–
Write-off	–	–	(103)	(103)
Balance at 31 December	1	4	–	5

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(II) Amount arising from ECL (Continued)

Loans with renegotiated terms

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off.

(III) Concentration of credit risk

The Group monitors concentration of credit risk by sectors.

For held to maturity investments in debt securities, the Group invests primarily in securities issued by the Singapore Government, Statutory Boards and high grade corporate bonds. Such investments require approval from two delegated authorities. The Group has put in place investment, counterparty and foreign currency limits in relation to its investment activities to ensure that there is no over-concentration to any one class of investment.

An analysis of concentration of credit risk of loans, investments and factoring receivables at the reporting date is shown below:

	Loans, advances, hire purchase and leasing receivables – net (Note 10)		Investments – debt securities (Note 9)	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Group				
Concentration by sector				
Manufacturing	**8,131**	7,685	**–**	–
Services	**72,121**	10,716	**749**	1,752
Property	**97,918**	80,111	**6,392**	8,306
Financial services	**–**	–	**7,637**	5,536
Transport	**3,843**	484	**–**	–
Personnel	**–**	201	**–**	–
Others	**4,989**	2,438	**5,662**	5,529
	187,002	101,635	**20,440**	21,123

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(III) Concentration of credit risk (Continued)

	Loans, advances, hire purchase and leasing receivables – net (Note 10)		Investments – debt securities (Note 9)	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Company				
Concentration by sector				
Manufacturing	**3**	870	**–**	–
Services	**1,229**	2,732	**–**	–
Property	**90,011**	71,182	**–**	–
Others	**–**	1,529	**–**	–
	91,243	76,313	**–**	–

	Factoring receivables – gross (Note 16)			
	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Concentration by sector				
Manufacturing	**65,133**	77,266	**529**	1,799
Services	**85,078**	105,447	**5,027**	13,479
Transport	**9,292**	15,215	**634**	1,991
Others	**1,409**	1,603	**881**	1,295
	160,912	199,531	**7,071**	18,564

The maximum exposure to credit risk for loans, factoring receivables and investments at the reporting date by geographical region is shown below:

	Loans, advances, hire purchase and leasing receivables – net (Note 10)			
	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Singapore	**165,989**	81,973	**91,243**	76,313
Southeast Asia	**21,013**	19,662	**–**	–
	187,002	101,635	**91,243**	76,313

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(III) Concentration of credit risk (Continued)

	Factoring receivables – net (Note 16)/(Note 25)			
	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Singapore	**3,836**	7,449	**3,836**	7,449
Southeast Asia	**112,345**	133,040	**–**	–
	116,181	140,489	**3,836**	7,449

	Investments - debt securities (Note 9)			
	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Singapore	**16,277**	22,792	**19,000**	5,214
Southeast Asia	**246**	–	**–**	–
Rest of Asia	**2,020**	1,034	**–**	–
Others	**1,897**	2,145	**–**	–
	20,440	25,971	**19,000**	5,214

(V) Collateral

The Group holds collateral against loans and advances to clients in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of the fair value are based on the value of collateral at the time of lending and generally are not updated except when the loan is individually assessed as impaired. Generally, collateral is not held against the Group's investment securities, and no such collateral was held as at 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

(V) Collateral (Continued)

An estimate fair value of collateral and other security enhancements held against financial assets is shown below:

	Loans, advances, hire purchase and leasing receivables			
	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Against individually impaired				
Stage 3				
Properties	**9,520**	35,154	**4,380**	18,320
Equipment	**1,171**	340	**–**	–
Motor vehicles	**154**	526	**–**	–
Subtotal	**10,845**	36,020	**4,380**	18,320
Against past due but not impaired				
Stage 2				
Fixed/cash deposit	**–**	265	**–**	–
Properties	**4,493**	13,700	**4,370**	13,700
Equipment	**642**	235	**–**	–
Motor vehicles	**–**	21	**–**	–
Equities	**559**	–	**–**	
Subtotal	**5,694**	14,221	**4,370**	13,700
Against neither past due nor impaired				
Stage 1				
Fixed/cash deposits	**354**	1,315	**354**	123
Properties	**332,467**	172,607	**229,108**	155,008
Equipment	**6,435**	6,906	**–**	–
Motor vehicles	**1,747**	1,892	**–**	–
Equities	**356**	–	**–**	–
Subtotal	**341,359**	182,720	**229,462**	155,131
Total	**357,898**	232,961	**238,212**	187,151

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Interest rate risk

In carrying out its lending activities, the Group strives to meet client demands for products with various interest rate structures and maturities. Sensitivity to interest rate movements arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding. As interest rates and yield curves change over time, the size and nature of these mismatches may result in a loss or gain in earnings.

The Group attempts to minimise the interest rate risks wherever possible over the tenor of the financing. Floating rate lending is matched by floating rate borrowings. For fixed rate loans, these are matched by shareholders' funds and fixed rate borrowings and, if economically feasible, of the same tenor and amount. However, gaps may arise due to prepayments or delays in drawdown by clients.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not affect the Group's profit or loss.

Sensitivity analysis for variable rate instruments

As at 31 December 2022, it is estimated that a general increase of 100 basis points (bp) in interest rates would have increased the Group's profit before tax by approximately $1,345,000 (2021: $1,330,000) and decrease (2021: increased) the Company's profit before tax by approximately $192,000 (2021: $598,000). A decrease in 100 bp in interest rates would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Nominal amount		**Company Nominal amount**	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Fixed rate instruments				
Financial assets	**39,785**	73,720	**25,727**	54,414
Financial liabilities	**(45,584)**	(40,218)	**(45,584)**	(40,218)
	(5,799)	33,502	**(19,857)**	14,196
Variable rate instruments				
Financial assets	**305,558**	261,217	**81,582**	101,449
Financial liabilities	**(123,956)**	(128,185)	**(100,799)**	(41,694)
	181,602	133,032	**(19,217)**	59,755

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YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages and projects its cash flow commitments on a regular basis and this involves monitoring the concentration of funding maturity at any point in time and ensuring that there are committed credit lines from banks for its funding requirements.

The following are the expected contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000
Group						
31 December 2022						
Non-derivative financial liabilities						
Trade and other payables	**11,549**	**11,549**	**11,549**	**–**	**–**	**–**
Insurance payables	**1,702**	**1,702**	**1,702**	**–**	**–**	**–**
Interest-bearing borrowings	**169,540**	**174,449**	**127,395**	**10,014**	**23,192**	**13,848**
Lease liabilities	**3,772**	**4,205**	**451**	**414**	**791**	**2,549**
Bankers guarantees	**–**	**1,236**	**1,236**	**–**	**–**	**–**
	186,563	**193,141**	**142,333**	**10,428**	**23,983**	**16,397**
31 December 2021						
Non-derivative financial liabilities						
Trade and other payables	15,025	15,025	15,025	–	–	–
Insurance payables	1,304	1,304	1,304	–	–	–
Interest-bearing borrowings	168,403	172,031	120,104	19,043	13,218	19,666
Lease liabilities	1,875	1,875	449	453	665	308
Bankers guarantees	–	1,979	1,979	–	–	–
	186,607	192,214	138,861	19,496	13,883	19,974

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000
Company						
31 December 2022						
Non-derivative financial liabilities						
Trade and other payables	**4,190**	**4,190**	**4,190**	**–**	**–**	**–**
Interest-bearing borrowings	**96,652**	**101,044**	**61,112**	**6,762**	**20,296**	**12,874**
Lease liabilities	**3,245**	**3,720**	**371**	**335**	**632**	**2,382**
Intra-group financial guarantees	**–**	**1,327**	**–**	**1,327**	**–**	**–**
	104,087	**110,281**	**65,673**	**8,424**	**20,928**	**15,256**
31 December 2021						
Non-derivative financial liabilities						
Trade and other payables	9,827	9,827	9,827	–	–	–
Interest-bearing borrowings	79,585	81,273	42,396	14,969	7,190	16,718
Lease liabilities	1,192	1,228	365	368	495	–
Intra-group financial guarantees	–	2,173	–	2,173	–	–
	90,604	94,501	52,588	17,510	7,685	16,718

Currency risk

The Group operates in Southeast Asia with dominant operations in Singapore, Indonesia, Malaysia and Thailand. Entities in the Group also transact in currencies other than their respective functional currencies ("foreign currencies") such as United States Dollar ("USD"), Japanese Yen ("JPY"), Malaysian Ringgit ("MYR") and Thai Baht ("THB").

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign currency risk on investments, loans, advances and factoring receivables and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily USD, THB, MYR, Sterling Pound ("GBP"), Australian Dollar ("AUD") and JPY. If necessary, the Group may use derivative financial instruments to hedge its foreign currency risk.

Certain interest-bearing borrowings are denominated in foreign currencies that match cashflows generated by the underlying operations of the Group, primarily USD and JPY. This provides an economic hedge and no derivatives are entered into.

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41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when necessary to address short term imbalances.

The Company's investments in foreign subsidiaries are not hedged as these currency positions are considered to be non-monetary and long-term in nature.

The Group and Company's exposures to major foreign currency risks are as follows:

	USD $'000	THB $'000	GBP $'000	AUD $'000	JPY $'000
Group					
31 December 2022					
Loans and advances, trade and other receivables	**1,090**	**–**	**–**	**–**	**–**
Other investments	**1,016**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**1,822**	**995**	**15**	**39**	**9**
Insurance receivables	**58**	**–**	**–**	**–**	**–**
Trade and other payables	**(448)**	**–**	**–**	**–**	**–**
Interest-bearing borrowings	**(2,364)**	**–**	**–**	**–**	**–**
Net currency exposure	**1,174**	**995**	**15**	**39**	**9**
31 December 2021					
Loans and advances, trade and other receivables	3,986	–	–	–	–
Other investments	2,097	–	–	–	–
Cash and cash equivalents	4,032	1	16	42	11
Insurance receivables	58	–	–	–	–
Trade and other payables	(886)	–	–	–	–
Interest-bearing borrowings	(6,606)	–	–	–	–
Net currency exposure	2,681	1	16	42	11

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

	USD $'000	THB $'000	MYR $'000	GBP $'000	AUD $'000	JPY $'000
Company						
31 December 2022						
Loans and advances, trade and other receivables	**1,090**	**16**	**58**	**–**	**–**	**–**
Cash and cash equivalents	**1,774**	**995**	**–**	**15**	**39**	**9**
Trade and other payables	**(448)**	**–**	**–**	**–**	**–**	**–**
Interest-bearing borrowings	**(2,364)**	**–**	**–**	**–**	**–**	**–**
Net currency exposure	**52**	**1,011**	**58**	**15**	**39**	**9**
31 December 2021						
Loans and advances, trade and other receivables	3,986	16	136	–	–	–
Cash and cash equivalents	3,408	1	–	16	42	11
Trade and other payables	(886)	–	–	–	–	–
Interest-bearing borrowings	(6,606)	–	–	–	–	–
Net currency exposure	(98)	17	136	16	42	11

Sensitivity analysis

A 10 percent strengthening of the Singapore dollar, as indicated below, against the following currencies at the reporting date would have decreased equity and profit or loss before tax by the amounts shown below.

	Profit or loss	
	Group $'000	Company $'000
2022		
USD	**(118)**	**(5)**
THB	**(100)**	**(101)**
MYR	**–**	**(6)**
GBP	**(1)**	**(1)**
AUD	**(4)**	**(4)**
JPY	**(1)**	**(1)**
2021		
USD	(268)	10
THB	(*)	(2)
MYR	–	(14)
GBP	(2)	(2)
AUD	(4)	(4)
JPY	(1)	(1)

A 10 percent weakening of the Singapore dollar would have an equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

*Less than $1,000

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YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Other market price risk

The Group has equity interests in private companies as well as quoted equity shares which are subject to market risks such as fluctuations in market prices, economic risks, credit default risks and investment risks inherently arising from the nature of the venture capital business activities.

The Group's venture capital investments are managed internally. Venture capital investments are predominantly investments that the Group is looking to divest.

Investments in equity securities arise mainly from structured finance activities and they relate to those financial instruments in which embedded derivatives either in the form of the options or warrants are attached. Upon the maturity of the derivatives, the options or warrants are exercised and converted into equity with the moratorium period attached. As such, the Group has to hold these equities until the expiry of the moratorium before divesting. The Group has established policies and procedures to monitor and control its divestments.

For investments under the Insurance Fund, the Group has asset allocation guidelines which are reviewed periodically by the management and the Board of Directors. Under the asset allocation guidelines, limits are set in place for various asset classes such as equities, bonds and fixed/cash deposits.

Sensitivity analysis – market price risk

For other investments carried at fair value, a 5 percent increase in the underlying equity prices at the reporting date would have increased equity and profit or loss after tax by the amounts shown below:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Profit or loss	**171**	192	**1**	1

A 5 percent decrease in the underlying equity prices at the reporting date would have had the equal but opposite effect to the amounts shown above.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost of effectiveness and to avoid control procedures that restrict initiative and creativity.

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Operational risk (Continued)

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

Compliance with Group standards is supported by a risk based plan approved by the Audit Committee on an annual basis and carried out by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, and reported to the Audit Committee on a periodic basis.

The Compliance Department of the Group updates management and the Board of Directors on the changes and development in the laws and regulations and assists management to check on the Group's compliance of the limits set by the Risk Management guidelines.

Insurance contract risk

Underwriting risk

Underwriting risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims and their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting insurance pricing and conditions of insurance or reinsurance cover.

The principal underwriting risk to which the Group is exposed is credit risk in connection with its bond and guarantee underwriting activities. Management has established underwriting processes and limits to manage this risk including performing credit reviews of its customers and obtaining cash collateral as security where considered necessary.

Pricing risk

The underwriting function carries out qualitative and quantitative risk assessments on all clients before deciding on the risk acceptance. Policies in riskier segment or markets may be rejected or charged at a higher premium rate accompanied by stricter terms and conditions to commensurate the risks.

Concentration risk

Concentration limits are set to avoid heavy concentration within a specific industry. Maximum limits are set on each guarantee facility limits and higher limits require special approval. There is also monthly monitoring and reporting of any heavy concentration of risk exposure towards any industry, and client limits. The client facility limits are reviewed on a regular basis to track any deterioration in their financial position that may result in a loss to the Group.

The main exposures of the Group's bond and guarantee insurance contracts are to the property and construction. The Group's concentration of risk relates mainly to customers in Singapore.

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YEAR ENDED 31 DECEMBER 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Insurance contract risk (Continued)

Reinsurance outwards

The Group participates in reinsurance treaties to cede risks to its reinsurers, which are internationally established firms with credit ratings and reviewed by the Board. Under the treaties, the Group undertakes to cede to its reinsurers between 80% to 92.5% of its total written premium as well as the same proportion of corresponding losses for 2021. Risks undertaken which do not fall within the treaty scope of cover are ceded to reinsurers on a facultative basis.

Asset-liability management ("ALM")

The ALM policy is designed to ensure financial assets are managed with maturity profile that matches the projected cash-flows for the Group's liabilities. In addition, the Group maintains at least 30% of claims liability in cash and cash equivalents to meet claims settlements as and when they arise.

Claims development table

Claims development tables are disclosed to allow comparison of the outstanding claim provisions with those of prior years. In effect, the tables highlight the Group's ability to provide an estimate of the total value of claims. The top part of the table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or accident year-ends. The estimate is increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimated cumulative claims.

While the information in the table provides a historical perspective on the adequacy of unpaid claims estimates in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances. The Group believes that the provisions for insurance claims outstanding as at the reporting date are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

The analysis of claims development has been performed on a net basis after accounting for reinsurance and grossed up based on historical incurred net-to-gross loss experience as well as expected. There is no significant change in the approach adopted by the certifying actuary.

The claims information for the accident years below is based on the following:

Accident year:

2016	–	12 months ended 31 December 2016 and prior
2017	–	12 months ended 31 December 2017
2018	–	12 months ended 31 December 2018
2019	–	12 months ended 31 December 2019
2020	–	12 months ended 31 December 2020
2021	–	12 months ended 31 December 2021
2022	–	12 months ended 31 December 2022

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Claims development table (Continued)

(i) Analysis of claims development – gross of reinsurance basis

Group
Gross loss development tables as at 31 December 2022
$'000s

Estimate of cumulative claims

Accident year	2016 and prior	2017	2018	2019	2020	2021	2022	Total
At end of accident year	67,469	13,819	10,488	7,495	23,951	4,141	4,449	
One year later	31,567	14,105	9,868	6,422	23,461	3,349		
Two years later	28,057	14,188	9,703	5,343	20,486			
Three years later	26,034	13,632	8,658	4,848				
Four years later	24,848	13,276	8,479					
Five years later	24,992	13,238						
Six years later	24,880							
Current estimate of ultimate claims	24,880	13,238	8,479	4,848	20,486	3,349	4,449	79,729
Cumulative payments	(24,607)	(13,137)	(8,386)	(4,418)	(19,865)	(2,310)	(1,790)	(74,513)
Gross estimate of outstanding claim liability	273	101	93	430	621	1,039	2,659	5,216
Unallocated loss adjustment expenses	17	7	6	27	42	69	186	354
Best estimate of gross outstanding claim liability								5,570
Provision for adverse deviation								802
Gross provision for insurance claims (Note 13)								6,372

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Claims development table (Continued)

(i) Analysis of claims development – gross of reinsurance basis (Continued)

Group
Gross loss development tables as at 31 December 2021
$'000s

Estimate of cumulative claims

Accident year	2015 and prior	2016	2017	2018	2019	2020	2021	Total
At end of accident year	55,820	11,649	13,819	10,488	7,945	23,951	4,141	
One year later	19,769	11,798	14,105	9,868	6,422	23,461		
Two years later	16,430	11,627	14,188	9,703	5,343			
Three years later	14,326	11,708	13,632	8,658				
Four years later	13,047	11,801	13,276					
Five years later	13,131	11,861						
Six years later	13,055							
Current estimate of ultimate claims	13,055	11,861	13,276	8,658	5,343	23,461	4,141	79,795
Cumulative payments	(13,048)	(11,465)	(12,945)	(8,244)	(4,117)	(19,779)	(1,450)	(71,048)
Gross estimate of outstanding claim liability	7	396	331	414	1,226	3,682	2,691	8,747
Unallocated loss adjustment expenses	–	22	17	23	72	130	156	420
Best estimate of gross outstanding claim liability								9,167
Provision for adverse deviation								1,288
Gross provision for insurance claims (Note 13)								10,455

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Claims development table (Continued)

(ii) Analysis of claims development – net of reinsurance basis

Group
Net loss development tables as at 31 December 2022
$'000s

Estimate of cumulative claims

Accident year	2016 and prior	2017	2018	2019	2020	2021	2022	Total
At end of accident year	33,016	10,701	7,516	6,032	9,030	3,437	4,034	
One year later	18,223	10,938	7,249	5,347	8,781	3,048		
Two years later	19,623	10,979	6,706	4,879	7,735			
Three years later	17,661	10,447	6,154	4,598				
Four years later	18,187	10,094	5,995					
Five years later	18,286	10,042						
Six years later	17,892							
Current estimate of ultimate claims	17,892	10,042	5,995	4,598	7,735	3,048	4,034	53,344
Cumulative payments	(17,635)	(9,941)	(5,903)	(4,219)	(7,254)	(2,308)	(1,787)	(49,047)
Net estimate of outstanding claim liability	257	101	92	379	481	740	2,247	4,297
Unallocated loss adjustment expenses								
Effect of discounting	17	7	6	27	42	69	186	354
Best estimate of outstanding claim liability								4,651
Provision for adverse deviation								642
Net provision for insurance claims (Note 13)								5,293

41. FINANCIAL AND INSURANCE RISK MANAGEMENT (CONTINUED)

Claims development table (Continued)

(ii) Analysis of claims development – net of reinsurance basis (Continued)

Group
Net loss development tables as at 31 December 2021
$'000s

Estimate of cumulative claims

Accident year	2015 and prior	2016	2017	2018	2019	2020	2021	Total
At end of accident year	25,134	7,882	10,701	7,516	6,032	9,030	3,437	
One year later	11,827	6,396	10,937	7,249	5,347	8,781		
Two years later	11,716	7,907	10,979	6,706	4,879			
Three years later	9,669	7,992	10,447	6,154				
Four years later	10,056	8,131	10,094					
Five years later	10,110	8,176						
Six years later	9,783							
Current estimate of ultimate claims	9,783	8,176	10,094	6,154	4,879	8,781	3,437	51,304
Cumulative payments	(9,777)	(7,793)	(9,796)	(5,761)	(3,922)	(7,040)	(1,449)	(45,538)
Net estimate of outstanding claim liability	6	383	298	393	957	1,741	1,988	5,766
Unallocated loss adjustment expenses	–	22	17	23	72	129	156	420
Best estimate of outstanding claim liability								6,186
Provision for adverse deviation								820
Net provision for insurance claims (Note 13)								7,005

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments in equity and debt securities

The fair values of quoted equity securities are their last bid price at the reporting date. The fair values of unquoted corporate bonds, unquoted unit trusts and money market funds are their indicative prices at the reporting date. The fair value of investments at amortised cost is determined for disclosure purposes only.

The fair values of unquoted equity securities are determined using the realisable net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the entities to which the equity securities relate. The assets and liabilities held by the relevant entities comprise mainly financial assets and financial liabilities whose carrying amounts are found to approximate their fair values. As such, management has determined that the share of the reported net asset value represents the fair value of the unquoted equity securities at the date of the statement of financial position.

Loans, advances, hire purchase, leasing and factoring receivables

The fair values of loans, advances, hire purchase, leasing and factoring receivables that reprice within six months of reporting date are assumed to equate the carrying values. The fair values of fixed rate loans, advances, hire purchase, leasing and factoring receivables were calculated using discounted cash flow models based on the maturity of the loans. The discount rates applied in this exercise were based on the current interest rates of similar types of loans, advances, hire purchase, leasing and factoring receivables if these assets were performing at the reporting date.

Other financial assets and liabilities

The Company and the Group granted convertible loans to finance residential and industrial projects in Singapore. The convertible loans contain embedded equity conversion options and are expected to convert or mature in 2023. These have been classified as mandatory at FVTPL financial assets Level 3. Management has used discounted cash flow technique in which inputs were based on units sold and sales projections and development cost projections as at 31 December 2022. No discount rate (2021: 6%) was used to calculate fair value as the estimated repayment is expected to be due in less than 12 months.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

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YEAR ENDED 31 DECEMBER 2022

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Other financial assets and liabilities (Continued)

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

- ***Level 1*** : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ***Level 2*** : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- ***Level 3*** : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Fair value			
	Carrying amount $'000	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group					
31 December 2022					
Financial assets measured at fair value					
FVTPL financial assets					
– Equity securities	**5,298**	**4,126**	**–**	**1,172**	**5,298**
– Debt securities	**4,428**	**4,428**	**–**	**–**	**4,428**
– Convertible loans	**55**	**–**	**–**	**55**	**55**
	9,781	**8,554**	**–**	**1,227**	**9,781**
Financial assets not measured at fair value					
Debt securities at amortised cost	**16,012**	**16,012**	**–**	**–**	**16,012**
31 December 2021					
Financial assets measured at fair value					
FVTPL financial assets					
– Equity securities	4,848	4,611	–	237	4,848
– Debt securities	5,252	5,252	–	–	5,252
– Convertible loans	1,338	–	–	1,338	1,338
	11,438	9,863	–	1,575	11,438
Financial assets not measured at fair value					
Debt securities at amortised cost	14,763	14,763	–	–	14,763

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Other financial assets and liabilities (Continued)

		Fair value			
	Carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company					
31 December 2022					
Financial assets measured at fair value					
FVTPL financial assets					
– Equity securities	**–**	**–**	**–**	**–**	**–**
– Private credit fund	**19,000**	**–**	**–**	**19,000**	**19,000**
	19,000	**–**	**–**	**19,000**	**19,000**
31 December 2021					
Financial assets measured at fair value					
FVTPL financial assets					
– Equity securities	14	–	–	14	14
– Private credit fund	5,200	–	–	5,200	5,200
	5,214	–	–	5,214	5,214

Level 3 fair values relate to unquoted equity securities, funds and convertible loans which have no observable market prices.

During the financial years presented, there have been no transfers between level 1, 2 and 3.

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of fair value hierarchy:

	Group $'000	Company $'000
At 1 January 2021	3,301	54
Additions	–	5,200
Redemptions	(1,076)	–
Fair value change recognised in profit or loss	(650)	(40)
At 31 December 2021	1,575	5,214
Additions	**1,018**	**13,800**
Redemptions		
Fair value change recognised in profit or loss	**(1,366)**	**(14)**
At 31 December 2022	**1,227**	**19,000**

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YEAR ENDED 31 DECEMBER 2022

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Other financial assets and liabilities (Continued)

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Convertible loans	*Discounted cash flows* The fair value is computed based on units sold, sales projections on unsold units and development costs projections, discounted to the present value using a risk-adjusted discount rate.	Projected cash flows	The estimated fair value would increase (decrease) if the projected cash flows were higher (lower).
Equity securities	*Net asset value* The valuation model inputs are based on net assets value of the equity securities invested.	Net asset value of the underlying entities	The estimated fair value would increase (decrease) if the net asset value was higher (lower).
	Price of recent investment The valuation model inputs are based on the most recent transaction price for the same security.	Recent transaction prices for the same security	The estimated fair value would increase (decrease) if the recent transaction price was higher (lower).
Funds	*Net asset value* The valuation model inputs are based on net assets value of the funds invested.	Net asset value of the funds	The estimated fair value would increase (decrease) if the net asset value was higher (lower).

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis – Level 3 valuation

For the fair values of unquoted equity securities, reasonable possible changes at the reporting date to recent transaction prices by 10%, holding other inputs constant, would have the following effects.

	Statement of profit or loss			
	Group		Company	
Recent transaction (10% movement)	**Increase**	**Decrease**	**Increase**	**Decrease**
	$'000	**$'000**	**$'000**	**$'000**
2022				
Unquoted equity securities	**102**	**(102)**	**–**	**–**
2021				
Unquoted equity securities	–	–	–	–

The aggregate net fair values of recognised financial assets which are not carried at fair values in the statement of financial position as at 31 December are represented in the following table:

	2022		2021	
	Carrying value		Fair value	
	$'000	**$'000**	**$'000**	**$'000**
Group				
Financial assets				
Debt securities at amortised cost	**16,012**	**15,482**	14,533	14,763
Unrecognised (loss)/gain in profit or loss		**(530)**		230

43. ACCOUNTING JUDGEMENTS AND ESTIMATES

Management has assessed the development, selection and disclosure of the significant accounting judgements and estimates, and the application of these policies and estimates.

The following are critical accounting judgements or estimates made by the management in applying accounting policies:

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Finance Department led by the Group Chief Finance Officer has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable. Review significant unobservable inputs and valuation adjustments on quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

43. ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Measurement of fair values (Continued)

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- ***Level 1*** : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ***Level 2*** : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- ***Level 3*** : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 41.

Impairment losses on loans, advances, hire purchase, leasing and factoring receivables

The Group reviews its loan portfolio to assess impairment on a regular basis. To determine whether there is an impairment loss, the Group makes judgements as to whether there is any observable data indicating a measurable decrease in the estimated future cash flows of the loan portfolio. The evidence may include observable data indicating adverse changes in the payment status of the borrowers or local economic conditions that correlate with defaults in the loan portfolio. The methodology and assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between estimated and actual loss experience.

Impairment losses on debt securities at amortised cost

The impairment provisions for debt securities at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, existing market conditions, as well as forward looking estimates at the end of each reporting period. The Group uses 12-month and lifetime probabilities of default based on data from Moody's or its equivalents for each credit rating.

43. ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Valuation of deferred tax assets

The Group recognises deferred tax assets arising from unutilised tax losses to the extent that is probable that sufficient future taxable profit will be available against which the specific Group entities can utilise the benefits. In estimating future taxable profits, management uses assumptions and judgement to forecast projected financial performance of specific group entities which includes and not limited to revenue growth rate, budgeted future expenses and investment performance.

Provisions for unexpired risks and insurance claims

Provisions for unexpired risks and insurance claims as at 31 December 2022 have been assessed by the certifying actuary (JPWALL Consulting Partners (Singapore) Pte. Ltd.) in accordance with local insurance regulatory requirements.

The description of the principal estimates and assumptions underlying the determination of provisions for unexpired risks and insurance claims and the impact of changes in these estimates and assumptions are discussed in the sensitivity analysis set out in sections I and II of this note.

The process of establishing the provision for insurance claims is described in section II of this note.

The sensitivity analysis has been performed on a gross basis before accounting for reinsurance and on a net basis after accounting for reinsurance.

Users of these financial statements should take note of the following:

1) The sensitivity analysis in sections I and II is based upon the assumptions set out in the actuarial report issued to the Group by the approved actuary for the financial year ended 31 December 2022. The sensitivity analysis is subject to the reliance that the certifying actuary has placed on management and limitations described in the report. One particular reliance is that the net sensitivity results assume that all reinsurance recoveries are receivable in full;

2) The estimates and assumptions discussed are independent of each other. However, in practice, a combination of adverse and favourable changes can occur; and

3) The sensitivity results are not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

I. Provision for unexpired risks – sensitivity analysis

The provision for unexpired risks is the higher of:

(i) The aggregate of the total best estimates of unexpired risk and the provision for adverse deviation ("PAD"); and

(ii) Unearned premium reserves.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

43. ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

I. Provision for unexpired risks – sensitivity analysis (Continued)

The provision for unexpired risks includes a PAD which is intended to provide a 75% probability of adequacy for the provision for unexpired risks. The PAD assumption relied on the approved actuary's inputs. An allowance for future management expenses and claim handling costs is made.

Based on the current assumptions, the gross and net provisions for unexpired risks are as follows:

	Net ($'000)	Gross ($'000)
At 31 December 2022		
Estimated provision for unexpired risks under the base scenario	**3,766**	**4,063**
At 31 December 2021		
Estimated provision for unexpired risks under the base scenario	3,636	4,212

Provision for adverse deviation

The actuary has assumed unexpired premium PAD of 18% to 41% (2021: 23% to 42%) under the base scenario. If the assumed PAD is increased or decreased by 2% (2021: 2%), the resulting provision will be as follows:

	Net ($'000)		Gross ($'000)	
	High +2%	Low -2%	High +2%	Low -2%
At 31 December 2022				
Provision for unexpired risks	**3,814**	**3,718**	**4,108**	**4,063**
At 31 December 2021				
Provision for unexpired risks	3,678	3,594	4,265	4,159

Ultimate loss ratio

The actuary has presumed an Ultimate Loss Ratio ("ULR") of 8% to 82% (2021: 9% to 154%) under the base scenario. If the assumed ULR increased or decreased by 2% (2021: 2%), the resulting provision will be as follows:

	Net ($'000)		Gross ($'000)	
	High +2%	Low -2%	High +2%	Low -2%
At 31 December 2022				
Provision for unexpired risks	**3,854**	**3,678**	**4,160**	**4,063**
At 31 December 2021				
Provision for unexpired risks	3,718	3,554	4,302	4,122

43. ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

I. Provision for unexpired risks – sensitivity analysis (Continued)

Management Expenses Rate ("MER")

Allowance for MER relates to the costs of administering unexpired policies for which the Group has risk. MER is computed based on 5% (2021: 12.4%) of the Group's unearned premium reserves for all classes of business. The effects of increasing and reducing MER by 2% (2021: 2%) are presented below:

	Net ($'000)		Gross ($'000)	
	High +2%	Low -2%	High +2%	Low -2%
At 31 December 2022				
Provision for unexpired risks	**3,831**	**3,701**	**4,117**	**4,063**
At 31 December 2021				
Provision for unexpired risks	3,695	3,577	4,271	4,153

II. Provision for insurance claims – sensitivity analysis

Process of establishing provision for insurance claims

For short term insurance contracts, the Group sets aside specific provisions based on actual claims notified by the policyholders. Each notified claim is assessed on a case-by-case basis with regards to the claim circumstances and information available from external sources. These specific provisions are reviewed and updated regularly as and when there are developments and are not discounted for the time value of money.

The Group closely monitors the relevant projects for which the bonds and guarantees are issued, and makes specific provisions should the Group be made aware of potential claim payments through its regular project monitoring.

Given the uncertainty in estimating the provision for insurance claims, it is likely that the actual outcome will be different from the provisions made based on internal provisioning. Accordingly, the Group engages an approved actuary to assess the adequacy of the Group's provision for insurance claims on an annual basis.

The reserving methodology and assumptions used by the approved actuary, which remain unchanged from prior year, are intended to produce a "best" estimate of the provision for insurance claims through the analysis of historical claims payment and recovery data to project future claims payment. The "best" estimate is intended to represent the mean value of the range of future outcomes of the claim costs.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

43. ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

II. Provision for insurance claims – sensitivity analysis (Continued)

Process of establishing provision for insurance claims (Continued)

In estimating the provision for insurance claims, the actuary includes an allowance for claims handling expenses and maintenance cost which are intended to cover the costs of administering outstanding claims until all claims are fully settled.

The actuary's estimate for the provision for insurance claims is subject to uncertainty and variations of the actual and expected experience are to be expected. The inherent uncertainty is due to the fact that the ultimate claim cost is subject to the outcome of future events. Possible uncertainties include those related to the selection of models and assumptions, the statistical uncertainty, the general business and economic environment, and the impact of legislative reform. A PAD is therefore made to allow for uncertainty surrounding the estimation process and is intended to provide a 75% probability of adequacy for the provision for insurance claims. The PAD assumption relied on the actuary's inputs. An allowance for future management expenses and claim handling costs is made.

Process of establishing provision for insurance claims

Based on the current assumptions, the gross and net provisions for insurance claims are as follows:

	Net ($'000)	Gross ($'000)
At 31 December 2022		
Estimated provision for insurance claims under the base scenario	**5,295**	**6,373**
At 31 December 2021		
Estimated provision for insurance claims under the base scenario	7,005	10,455

Provision for adverse deviation

Provision for insurance claims also includes a PAD which will provide a 75% (2021: 75%) probability of adequacy for the provision for insurance claims.

The actuary has assumed a claim PAD of 14% to 23% (2021: 14% to 24%) under the base scenario. Increasing or decreasing the PAD by 2% (2021: 2%) results in changes in provision as follows:

	Net ($'000)		Gross ($'000)	
	High +2%	Low -2%	High +2%	Low -2%
At 31 December 2022				
Provision for insurance claim	**5,374**	**5,216**	**6,468**	**6,278**
At 31 December 2021				
Provision for insurance claim	7,111	6,901	10,611	10,299

43. ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Ultimate loss ratio

The actuary has presumed an Ultimate Loss Ratio ("ULR") of 0% to 82% (2021: 0% to 140%) under the base scenario. If the assumed ULR increased or decreased by 2% (2021: 2%), the resulting provision will be as follows:

	Net ($'000)		Gross ($'000)	
	High +2%	**Low -2%**	**High +2%**	**Low -2%**
At 31 December 2022				
Provision for insurance claims	**5,429**	**5,161**	**6,528**	**6,218**
At 31 December 2021				
Provision for insurance claims	7,124	6,888	10,592	10,318

Claim Handling Expenses ("CHE")

Allowance for claims handling expenses relates to the costs of administering outstanding claims until all claims are fully settled. CHE is computed based on 13.5% (2021: 11.4%) of incurred-but-not-reported claims and 13.5% (2021: 11.4%) of half of the case reserve assuming that half of the CHE is expended when a loss is reported and half when it is paid.

The effects of varying CHE by 2% (both upwards and downwards) are presented below:

	Net ($'000)		Gross ($'000)	
	High +2%	**Low -2%**	**High +2%**	**Low -2%**
At 31 December 2022				
Provision for insurance claims	**5,355**	**5,235**	**6,433**	**6,313**
At 31 December 2021				
Provision for insurance claims	7,089	6,923	10,583	10,372

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

44. OPERATING SEGMENTS

The Group has four reportable segments which relate to the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The reportable segment presentation is prepared based on the Group's management and internal reporting structure. As some of the activities of the Group are integrated, internal cost allocation has been made in preparing the segment information such as the Group's centralised support costs and funding costs. Inter-segment pricing where appropriate, is determined on an arm's length basis. The Group's CEO reviews the internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Credit financing:	Credit financing encompasses commercial finance businesses focuses on providing services to corporate clients, mainly the small and medium-sized enterprises. The commercial services provided include factoring, accounts receivable financing, trade financing. asset-based loan, working capital, leasing, hire purchase as well as participation in the Enterprise Financing Scheme administered by Enterprise Singapore. Credit financing also include consumer loans service.
Insurance:	The issue of performance bonds and guarantees, domestic maid insurance, property and casualty insurance, motor insurance, engineering and work injury compensation insurance. The segment includes holding of equity securities and bonds under the regulated insurance fund.
Private equity and other investments:	The provision of development capital in the form of convertible debt instruments.
Fund Management:	The provision of fund management service.

Total operating income comprises net interest income, net earned premium revenue, fee and commission income and investment income. Performance is measured based on segment profit before tax.

44. OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

	Credit financing $'000	Insurance $'000	Private equity and other investments $'000	Fund Management $'000	Total $'000
2022					
Operating results					
Total operating income	**25,653**	**6,309**	**226**	**–**	**32,188**
Reportable segment profit/(loss) before tax	**7,361**	**(101)**	**(250)**	**(583)**	**6,427**
Net interest income	**19,347**	**–**	**–**	**–**	**19,347**
Net earned premium revenue	**–**	**5,376**	**–**	**–**	**5,376**
Non-interest income	**7,192**	**933**	**(250)**	**–**	**7,875**
Other material non-cash items:					
– Recognition of allowances for loan losses and impairment of other assets	**(1,256)**	**63**	**–**	**–**	**(1,193)**
– Depreciation and amortisation	**(1,554)**	**(39)**	**–**	**–**	**(1,593)**
Assets and liabilities					
Reportable segment assets	**360,958**	**30,642**	**2,118**	**1,111**	**394,829**
Capital expenditure	**81**	**4**	**–**	**–**	**85**
Reportable segment liabilities	**185,082**	**12,621**	**359**	**84**	**198,146**

	Credit financing $'000	Insurance $'000	Private equity and other investments $'000	Fund Management $'000	Total $'000
2021					
Operating results					
Total operating income	32,738	6,411	402	–	39,551
Reportable segment profit/(loss) before tax	13,397	(21)	(127)	(560)	12,689
Net interest income	26,888	–	8	–	26,896
Net earned premium revenue	–	5,398	–	–	5,398
Non-interest income	7,202	1,013	(136)	–	8,079
Other material non-cash items:					
– Recognition of allowances for loan losses and impairment of other assets	(936)	(376)	–	–	(1,312)
– Depreciation and amortisation	(1,606)	(61)	–	–	(1,667)
Assets and liabilities					
Reportable segment assets	354,973	35,437	7,059	688	398,157
Capital expenditure	211	8	–	–	219
Reportable segment liabilities	185,352	16,922	406	148	202,828

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44. OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

Reconciliations of reportable segment operating income, profit or loss, assets and liabilities and other material items

	2022 $'000	2021 $'000
Operating income		
Net interest income	**19,347**	26,896
Net earned premium revenue	**5,376**	5,398
Fee and commission income	**7,084**	6,380
Investment (loss)/income	**(153)**	785
Others*	**222**	92
Total operating income for reportable segments	**31,876**	39,551
Profit		
Total profit before tax for reportable segments	**6,427**	12,689
Consolidated profit before tax	**6,427**	12,689
Non-interest income		
Total non-interest income for reportable segments	**13,252**	13,477
Consolidated non-interest income	**13,252**	13,477

* Represents excess amount of loans, advances and receivables recovered, included in other income.

	2022 $'000	2021 $'000
Assets		
Total assets for reportable segments	**395,026**	398,157
Other unallocated amounts	**3,101**	3,092
Consolidated assets	**398,127**	401,249
Liabilities		
Total liabilities for reportable segments	**198,343**	202,828
Other unallocated amounts	**1,206**	2,161
Consolidated liabilities	**199,549**	204,989

44. OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

Geographical segments

In view of the Group's continuing efforts to develop its businesses across the region, resources are now allocated mainly to four principal geographical areas.

Geographical segments are analysed by four principal geographical areas. *Singapore, Thailand, Malaysia and Indonesia* are the major markets for credit financing and insurance activities. Others are also the markets for private equity and other investment activities.

In presenting information on the basis of geographical segments, segment operating income is based on the geographical location of the clients. Segment assets are based on the geographical location of the assets.

Geographical information

	Operating income $'000	Non-current assets $'000	Total assets $'000
2022			
Singapore	**13,971**	**57,323**	**227,683**
Thailand	**15,977**	**6,973**	**145,816**
Malaysia	**1,277**	**1,713**	**10,191**
Indonesia	**656**	**4,899**	**14,437**
	31,881	**70,908**	**398,127**
2021			
Singapore	23,234	1,821	216,811
Thailand	14,192	3,585	157,494
Malaysia	1,512	494	11,046
Indonesia	613	212	15,898
	39,551	6,112	401,249

45. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position, except the adoption of SFRS(I) 17.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-Current (Amendments to SFRS(I) 1-1)*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*
- *Sale or contribution of Assets between Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)*

The nature of the impending changes in accounting policy on adoption SFRS(I) 17 is described below:

SFRS(I) 17 *Insurance Contracts*

SFRS(I) 17 replaces SFRS(I) 04 *Insurance Contracts* for annual periods beginning on or after 1 January 2023.

The Company was previously permitted under SFRS(I) 4 to continue accounting using its previous accounting policies. However, SFRS(I) 17 establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued or held by the Company. The accounting policies to be adopted by the Company can be summarised, as follows:

i. Premium Allocation Approach ("PAA") model

The PAA simplifies the measurement of insurance contracts in comparison with the general model in SFRS(I) 17. Under SFRS(I) 17, the Company expects that the insurance contracts issued and held are eligible for application of the PAA model as 1) the coverage period of each contract within the portfolio of insurance contracts is one year or less; or 2) the measurement of the liability for remaining coverage for the portfolio of insurance contracts would not differ materially from the measurement that would be produced by applying the requirements for the general model

45. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONTINUED)

SFRS(I) 17 *Insurance Contracts* (Continued)

i. Premium Allocation Approach ("PAA") model (Continued)

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under SFRS(I) 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)
- Measurement of the liability for incurred claims (previously claims outstanding and incurred but not reported ("IBNR") claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts

ii. Full retrospective approach

SFRS(I) 17 requires an entity to use the same systematic and rational method expected to be used post transition to allocate any insurance acquisition cash flows paid (or for which a liability has been recognised applying another IFRS standard) before the transition date to groups of insurance contracts recognised at transition date and after the transition date.

To the extent that an entity does not have reasonable and supportable information to apply a systematic and rational method of allocation, any asset for insurance acquisition cash flows for groups of insurance contracts must be set to nil.

The Company has applied the full retrospective approach at transition date since all portfolios will be on PAA model and the Company can adopt full retrospective for its liability for remaining coverage ("LRC") without the original assumption. For the Loss Incurred Claims ("LIC"), data can be derived from past actuarial reports.

45. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONTINUED)

SFRS(I) 17 *Insurance Contracts* (Continued)

iii. Level of aggregation

SFRS(I) 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Company has elected to group contracts/portfolio with similar risks and managed together as a cohort. The cohort is determined by underwriting year written between January to December.

iv. Onerous group of contracts

The Company has assessed the historical performance of each contract in order to conclude whether it should be classified as loss making. In addition, the expected combined operating ratio for each policy will be used to inform the group of contracts as onerous. Specific analysis and justification will be made at each reporting period.

v. Contract Boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

The analysis on the contract written was based on the following criteria:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and

- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

vi. Discount Rate

SFRS(I) 17 outlines two prescribed methods; namely: bottom-up and top-down methods, for generating a yield curve to be used for the discounting calculation.

The Company considers the bottom-up method to be the most appropriate in order to generate the yield curves required under SFRS(I) 17.

45. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONTINUED)

SFRS(I) 17 *Insurance Contracts* (Continued)

vii. Risk Adjustment

Risk adjustments for non-financial risk is the compensation that the Company requires for bearing uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that the Company would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

For contracts with contract boundary of one year or less are automatically eligible for the PAA and those which pass the PAA eligibility test, the risk adjustment valuation may therefore only be required for Liability for Incurred Claims as the Company would expect the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, for the risk adjustment calculation permitted under SFRS(I) 17, the Company applies a provision of risk margin for adverse deviation ("PAD") to determine the risk adjustment for non-financial risk. The PAD allows for the possibility that reinsured claims may be higher than expected and ensures the sufficiency of reserves at 75% confidence level.

viii. Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the SFRS(I) 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

45. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONTINUED)

SFRS(I) 17 *Insurance Contracts* (Continued)

viii. Changes to presentation and disclosure (Continued)

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared to those disclosed under SFRS(I) 4. Under SFRS(I) 4 the Company reported the following line items in their financial statements:

- Gross premiums written
- Net written premiums
- Movement in the net provision for unearned premiums
- Movement in the net provision for outstanding claims
- Net earned premiums
- Net claims incurred

In the adoption of SFRS(I) 17, the standard requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

ix. Changes to presentation and disclosure

The Company provides disaggregated qualitative information about significant judgements, and changes in those judgements, when applying the standard.

46. COMPARATIVE FIGURES

The financial statements for the financial year ended 31 December 2021 were audited by another firm of Chartered Public Accountants.

47. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 30 March 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2023

SHARE CAPITAL

Issued and Paid-up Share Capital	:	$137,906,932
Number of Shares	:	375,969,665
Class of Shares	:	ordinary shares
Voting Rights	:	one vote per share
Number of Treasury Shares	:	nil
Number of Subsidiary Holdings[1]	:	nil

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	187	5.41	6,987	0.00
100 – 1,000	139	4.02	61,011	0.01
1,001 – 10,000	2,174	62.83	8,558,729	2.28
10,001 – 1,000,000	946	27.34	49,546,951	13.18
1,000,001 and above	14	0.40	317,795,987	84.53
Total	**3,460**	**100.00**	**375,969,665**	**100.00**

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	PHILLIP SECURITIES PTE LTD	236,753,615	62.97
2	DBS NOMINEES PTE LTD	55,997,385	14.89
3	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	5,955,700	1.58
4	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,944,537	0.78
5	LIM WAH TONG	2,463,000	0.66
6	RAMESH S/O PRITAMDAS CHANDIRAMANI	2,350,100	0.63
7	LIM HOW TECK	2,170,000	0.58
8	CITIBANK NOMINEES SINGAPORE PTE LTD	1,906,930	0.51
9	RAFFLES NOMINEES (PTE) LIMITED	1,442,600	0.38
10	BOON SUAN AIK	1,298,160	0.35
11	LIM CHIN CHOO @ ELIZABETH LIM	1,243,500	0.33
12	YEO WEI HUANG	1,155,000	0.31
13	TAN SOON LIN	1,080,460	0.29
14	TEO YEW HOCK	1,035,000	0.28
15	LEE SOON KIE	992,900	0.26
16	ANG HAO YAO (HONG HAOYAO)	731,330	0.19
17	MAYBANK SECURITIES PTE. LTD.	723,550	0.19
18	OCBC SECURITIES PRIVATE LTD	678,622	0.18
19	NG POH CHENG	670,450	0.18
20	LEE CHIN HUAT	670,000	0.18
	Total	**322,262,839**	**85.72**

Notes:

1 "Subsidiary Holdings" is defined in the Listing Manual issued by the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2023

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 10 March 2023, approximately 30.40% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 10 March 2023.

	No. of Shares			
Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%**
Phillip Assets Pte. Ltd.	226,586,029[1]	–	226,586,029	60.27
Lim Hua Min	–	226,586,029[2]	226,586,029	60.27
Factorie, L.P.	25,773,280	–	25,773,280	6.86
Factorie Ltd	–	25,773,280[3]	25,773,280	6.86
Diamond GP Holdings Ltd.	–	25,773,280[4]	25,773,280	6.86
Dymon Asia Private Equity (S.E. Asia) Ltd	–	25,773,280[5]	25,773,280	6.86
DAPE Ltd	–	25,773,280[6]	25,773,280	6.86
Tan Keng Soon	–	25,773,280[7]	25,773,280	6.86
Dymon Asia Capital Ltd	–	25,773,280[8]	25,773,280	6.86
Yong Ming Chong	–	25,773,280[9]	25,773,280	6.86

Notes:

1 Deposited with the Depository Agent, Phillip Securities Pte. Ltd.

2 Lim Hua Min is deemed to have an interest in the 226,063,029 shares held by Phillip Assets Pte. Ltd.

3 Factorie Ltd is the general partner of Factorie, L.P. and is deemed to have an interest in the 25,773,280 shares held by Factorie, L.P.

4 Diamond GP Holdings Ltd. has a controlling interest in Factorie Ltd and is deemed to have an interest in the 25,773,280 shares held by Factorie, L.P.

5 Dymon Asia Private Equity (S.E. Asia) Ltd has a controlling interest in Diamond GP Holdings Ltd. and is deemed to have an interest in the 25,773,280 shares held by Factorie, L.P.

6 DAPE Ltd has a controlling interest in Dymon Asia Private Equity (S.E. Asia) Ltd and is deemed to have an interest in the 25,773,280 shares held by Factorie, L.P.

7 Tan Keng Soon holds more than 20% voting rights in DAPE Ltd and is deemed to have an interest in the 25,773,280 shares held by Factorie, L.P.

8 Dymon Asia Capital Ltd holds more than 20% voting rights in DAPE Ltd and is deemed to have an interest in the 25,773,280 shares held by Factorie, L.P.

9 Yong Ming Chong has a controlling interest in Dymon Asia Capital Ltd and is deemed to have an interest in the 25,773,280 shares held by Factorie, L.P.

NOTICE OF ANNUAL GENERAL MEETING

IFS CAPITAL LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198700827C

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Sixth (36th) Annual General Meeting of IFS Capital Limited (the "**Company**") will be held at 11 Eunos Road 8, Lifelong Learning Institute, Event Hall 2-1 Level 2, Singapore 408601 on Thursday, 20 April 2023 at 2.30 p.m. to transact the following business:

ROUTINE BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2022 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of a first and final one-tier tax exempt ordinary cash dividend of 0.45 cents per share for the financial year ended 31 December 2022. **(Resolution 2)**

3. To approve the Directors' fees of S$216,781 (2021: S$275,500) for the financial year ended 31 December 2022. **(Resolution 3)**

4. To re-elect the following Directors retiring by rotation in accordance with Article 94 of the Constitution of the Company:
   (a) Mr Randy Sim Cheng Leong **(Resolution 4(a))**
   (b) Mr Law Song Keng **(Resolution 4(b))**

5. To re-appoint Ernst & Young LLP as the auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

SPECIAL BUSINESS

To consider, and if thought fit, to pass with or without modifications, the following Resolution which will be proposed as an Ordinary Resolution:

6. That authority be and is hereby given to the Directors to:

   (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares of the Company excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 6)**

By Order of the Board

Chionh Yi Chian/Angeline Ng
Company Secretary/Assistant Company Secretary
IFS Capital Limited
Singapore
3 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Notes to Resolutions 4(a) and 4(b):

In relation to Resolution 4(b), Mr Law Song Keng will, upon re-election as a Director of the Company, continue to serve as a Member of the Executive Resource and Compensation Committee and a Member of the Audit and Risk Committee.

Please refer to the "Board of Directors" and the "Additional Information on Directors Seeking Re-election" in the Company's Annual Report 2022 for further information on Mr Randy Sim Cheng Leong and Mr Law Song Keng.

2. Notes to Resolution 6:

Resolution 6 is to empower the Directors to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings), with a sub-limit of 20 per cent. For issues other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be based on the total number of the issued shares of the Company (excluding treasury shares and subsidiary holdings) at the time that Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 6 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. As at 10 March 2023, the Company had no treasury shares and no subsidiary holdings.

Notes:

1. The Company's Annual General Meeting (the "**AGM**") will be held physically, at 11 Eunos Road 8, Lifelong Learning Institute, Event Hall 2-1 Level 2, Singapore 408601, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice of AGM, the Proxy Form and the Company's Annual Report 2022 will not be sent to members. Instead, these documents will be disseminated to members by electronic means via publication on the Company's website at the URL https://www.ifscapital.com.sg/annualgeneralmeetings#2023agm and on the Singapore Exchange's ("**SGX**") website at the URL https://www.sgx.com/securities/company-announcements.

   The Company may implement such COVID-19 safe management measures (including vaccination-differentiated safe management measures) at the Annual General Meeting as may be required or recommended under any regulations, directives, measures or guidelines that may be issued from time to time by any government or regulatory agency in light of the COVID-19 situation in Singapore. Members should check the Company's website at the URL https://www.ifscapital.com.sg/annualgeneralmeetings#2023agm or the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Arrangements relating to attendance at the AGM by members, including CPF and SRS investors, submission of questions to the Chairman of the Meeting by members, including CPF and SRS investors, in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by members, including CPF and SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 3 April 2023. This announcement may be accessed at the Company's website at the URL https://www.ifscapital.com.sg/annualgeneralmeetings#2023agm and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

NOTICE OF ANNUAL GENERAL MEETING

3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

   CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 10 April 2023.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner: (a) if submitted by post, be deposited with the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902; or (b) if submitted electronically, be submitted via email to gpe@mncsingapore.com, in either case, by 2.30 p.m. on 17 April 2023, being 72 hours before the time appointed for holding the AGM.

6. Members may submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner by 5.00 p.m. on 11 April 2023: (a) by email to ir@ifscapital.com.sg or (b) by post to the Company's registered address at 10 Eunos Road 8 #09-04 Singapore Post Centre Singapore 408600. The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet prior to the AGM.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) an/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 36th Annual General Meeting
(Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1)

Name of Director	**RANDY SIM CHENG LEONG**
Date of Appointment	1 July 2020
Date of last re-appointment	23 April 2021
Age	43
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Executive Resource and Compensation Committee's recommendation and assessment on Mr Sim's background, experience and commitment in the discharge of his duties as a Director of IFS Capital Limited and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for the overall business and operations of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Group Chief Executive Officer & Executive Director
Professional qualifications	Bachelor of Engineering (Honours), Electrical and Electronic Engineering, Nanyang Technological University, Singapore
Working experience and occupation(s) during the past 10 years	July 2020 – Present: Group Chief Executive Officer & Executive Director IFS Capital Limited Feb 2016 – June 2020: Chief Executive Officer/Country Head IFS Capital Limited, Singapore Office June 2014 – Feb 2016: Team Head – Middle Markets, Commercial Bank Citibank May 2010 – June 2014: AVP & VP – Middle Markets, Commercial Bank Citibank
Shareholding interest in the listed issuer and its subsidiaries	IFS Capital Limited – 1,050,000 shares IFS Factors (Malaysia) Sdn. Bhd. – 1 share
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of Interest (including any competing business)	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 36th Annual General Meeting
(Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1)

Name of Director	**RANDY SIM CHENG LEONG**
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (Including Directorships)	
Past (for the last 5 years)	– Director, Multiply Capital Limited
Present	– Group CEO & Director, IFS Capital Limited – Director, IFS Capital Assets Private Limited – Director, Lendingpot Private Limited – Director, IFS Ventures Private Limited – Director, IFS Consumer Services Private Limited – Director, IFS Asset Management Private Limited – Chairman, IFS Capital (Thailand) Public Company Limited – Director, IFS Capital Holdings (Thailand) Limited – Director, IFS Factors (Malaysia) Sdn. Bhd – Director, IFS Capital (Malaysia) Sdn. Bhd. – President Commissioner, PT IFS Capital Indonesia

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 36th Annual General Meeting
(Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1)

Name of Director	**LAW SONG KENG**
Date of Appointment	31 January 2011
Date of last re-appointment	23 April 2021
Age	78
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Executive Resource and Compensation Committee's recommendation and assessment on Mr Law's background, experience and commitment in the discharge of his duties as a Director of IFS Capital Limited and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	– Non-Independent, Non-Executive Director – Audit and Risk Committee Member and Executive Resource and Compensation Committee Member
Professional qualifications	– Bachelor of Science (Maths, First Class Honours), University of Singapore – Master of Science (Actuarial Science), Northeastern University – Fellow Member of the Society of Actuaries, USA
Working experience and occupation(s) during the past 10 years	1992 – 2003: Managing Director & Chief Executive Director Overseas Assurance Corporation Limited Singapore
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (Including Directorships) Past (for the last 5 years) Present	 – Director, ECICS Limited – Chairman, Asia Capital Reinsurance Group Pte Ltd – Director, ACR Capital Holdings Pte Ltd – Director, Asia Capital Reinsurance Malaysia Sdn Bhd – Chairman, Concord Insurance Company Limited – Director, IFS Capital Limited – Director, Great Eastern Holdings Ltd – Chairman, Frasers Hospitality Asset Management Pte Ltd – Chairman, Frasers Hospitality Trust Management Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 36th Annual General Meeting
(Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1)

	RANDY SIM CHENG LEONG	LAW SONG KENG
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

At the 36th Annual General Meeting
(Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1)

	RANDY SIM CHENG LEONG	LAW SONG KENG
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

IFS CAPITAL LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198700827C

PROXY FORM
Thirty-Sixth (36th) Annual General Meeting

IMPORTANT

1. This Proxy Form may be accessed at the Company's website at the URL https://www.ifscapital.com.sg/annualgeneralmeetings#2023agm and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. **Printed copies of this Proxy Form will not be sent to members.**
2. The AGM (as defined below) is being convened, and will be held physically at 11 Eunos Road 8, Lifelong Learning Institute, Event Hall 2-1 Level 2, Singapore 408601, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **There will be no option for shareholders to participate virtually.** Printed copies of the Notice of AGM will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on the Company's website at the URL https://www.ifscapital.com.sg/annualgeneralmeetings#2023agm and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. Arrangements relating to attendance at the AGM by shareholders, including CPF and SRS investors, submission of questions to the Chairman of the Meeting by shareholders, including CPF and SRS investors, in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by shareholders, including CPF and SRS investors, or (where applicable) duly appointed proxy(ies), are set out in Notice of AGM and the accompanying Company's announcement dated 3 April 2023 which may be accessed at the Company's website at the URL https://www.ifscapital.com.sg/annualgeneralmeetings#2023agm and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
5. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF and SRS investors. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 10 April 2023.
6. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 April 2023.

I/We ______________________ (Name) ______________ (NRIC/Passport No./Co. Regn No.)

of ____ (Address)

being a member/members of **IFS Capital Limited** (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies, to attend, speak and vote for me/us on my/our behalf at the Thirty-Sixth (36th) Annual General Meeting ("**AGM**") of the Company to be convened and held at 11 Eunos Road 8. Lifelong Learning Institute, Event Hall 2-1 Level 2, Singapore 408601 on Thursday, 20 April 2023 at 2.30 p.m. and at any adjournment thereof in the following manner:

	Resolutions Relating To:	For	Against	Abstain
Routine Business				
1	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report			
2	Payment of a First and Final One-Tier Tax Exempt Ordinary Cash Dividend of 0.45 cents per share			
3	Approval of Directors' fees amounting to S$216,781			
4	Re-election of Directors: a) Mr Randy Sim Cheng Leong b) Mr Law Song Keng			
5	Re-appointment of Ernst & Young LLP as the auditors of the Company and to authorise the Directors to fix their remuneration			
Special Business				
6	Ordinary Resolution: Authority for Directors to Issue Shares and Instruments Convertible into Shares			

Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against", please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that your proxy/proxies is/are directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.**

Dated this ________ day of ________________ 2023

Total Number of Shares Held

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES TO PROXY FORM OVERLEAF

NOTES TO PROXY FORM:

1. A member should insert the total number of shares held. If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register as well as shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902; or

   (b) if submitted electronically, be submitted via email to the Company's share registrar at gpe@mncsingapore.com,

   in either case, by 2.30 p.m. on 17 April 2023, being 72 hours before the time appointed for holding the AGM.

5. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

6. The instrument appointing a proxy(ies) must be signed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing a proxy(ies) which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies) (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged or submitted if such members, being the appointor, are not shown to have shares entered against their names in the Depository Register at least 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
Postage
Stamp

IFS Capital Limited
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

2nd fold here

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Lim Hua Min

Group Chief Executive Officer
Randy Sim Cheng Leong

Lead Independent Director
Barney Lau Tai Chiau

Members
Law Song Keng
Tam Chee Chong

AUDIT & RISK COMMITTEE

Chairman
Tam Chee Chong

Members
Barney Lau Tai Chiau
Law Song Keng

EXECUTIVE RESOURCE & COMPENSATION COMMITTEE

Chairman
Barney Lau Tai Chiau

Members
Law Song Keng
Lim Hua Min

GROUP MANAGEMENT COMMITTEE

Chairman
Randy Sim Cheng Leong

Members
AB. Razak Khalil
Ang Iris
Chionh Yi Chian
Choi Kin Seng
Giovanni Florentinus E.J.
Tan Ley Yen
Zeng Renchun

COMPANY SECRETARY

Chionh Yi Chian

ASSISTANT COMPANY SECRETARY

Angeline Ng Ching Loo

AUDITORS

Ernst & Young LLP

Level 18 North Tower, One Raffles Quay,
Singapore 048583

Partner-In-Charge

Wilson Woo Siew Wah
Appointed on 22 April 2022

REGISTERED OFFICE

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Singapore Post Centre
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Fax: 6339 1076
www.ifscapital.com.sg
Website: ifscapital.com.sg

SHARE REGISTRAR

M & C Services Private Limited

112 Robinson Road #05-01
Singapore 068902
Tel: 6227 6660
Fax: 6225 1452
Website: www.mncsingapore.com

PLACE OF INCORPORATION

Singapore

COMPANY REGISTRATION NO.

198700827C

DATE OF INCORPORATION

28 March 1987

IFS CAPITAL LIMITED

(Reg No: 198700827C)
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Fax: (65) 6338 9267

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IFS CONSUMER SERVICES PRIVATE LIMITED
IFS VENTURES PRIVATE LIMITED
MULTIPLY CAPITAL LIMITED
10 Eunos Road 8
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LENDINGPOT PRIVATE LIMITED
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