

THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

Third quarter and nine months financial statements on consolidated results for the period ended 30 September 2017. These figures have not been audited.

1(a)(i) Unaudited Consolidated Statement of Profit or Loss for the Quarter and Nine Months ended 30 September 2017

	3rd Qtr 2017	3rd Qtr 2016	+ / (-) %	9 months 2017	9 months 2016	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Interest income and hiring charges	17,758	19,131	(7.2)	53,558	55,728	(3.9)
Interest expense	(6,452)	(9,525)	(32.3)	(21,036)	(27,822)	(24.4)
Net interest income and hiring charges	11,306	9,606	17.7	32,522	27,906	16.5
Fees and commissions	205	263	(21.9)	657	633	3.8
Dividends	66	55	20.3	140	135	3.4
Rental income from investment properties	811	884	(8.2)	2,515	2,534	(0.8)
Other income	53	178	(70.4)	2,762	610	352.7
Income before operating expenses	12,441	10,986	13.2	38,595	31,818	21.3
Staff costs	(3,721)	(3,467)	7.3	(10,884)	(10,316)	5.5
Depreciation of property, plant and equipment	(157)	(199)	(21.1)	(496)	(569)	(12.8)
Depreciation of investment properties	(94)	(94)	0.4	(283)	(283)	0.0
Other operating expenses	(1,857)	(1,684)	10.3	(5,365)	(4,989)	7.5
Total Operating Expenses	(5,830)	(5,444)	7.1	(17,028)	(16,157)	5.4
Profit from operations before impairment losses	6,612	5,542	19.3	21,567	15,661	37.7
Allowances for impairment losses on loans and advances	(340)	(625)	(45.6)	(1,478)	(4,083)	(63.8)
Profit before income tax	6,272	4,917	27.5	20,090	11,578	73.5
Income tax expense	(1,107)	(815)	35.9	(3,325)	(1,910)	74.1
Profit for the period attributable to equity holders of the Company	5,164	4,102	25.9	16,765	9,668	73.4

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

	3rd Qtr 2017	3rd Qtr 2016	9 months 2017	9 months 2016
Annualised earnings per share (cents)				
- Basic	13.11	10.41	14.18	8.18
- Diluted	13.11	10.41	14.18	8.18

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 157,625,764 (30 September 2016: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 30 September 2017 and 2016.

1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter and Nine Months ended 30 September 2017

	3rd Qtr 2017	3rd Qtr 2016	+ / (-) %	9 months 2017	9 months 2016	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	5,164	4,102	25.9	16,765	9,668	73.4
<u>Other comprehensive income</u>						
Items that may be reclassified subsequently to profit or loss						
Net change in fair value of available-for-sale financial assets	(1,217)	2,001	NM	5,517	13,294	(58.5)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss on disposal	-	-	NM	(2,426)	-	NM
Income tax relating to components of other comprehensive income that may be reclassified subsequently	207	(340)	NM	(525)	(2,260)	(76.8)
Other comprehensive income for the period - net	(1,010)	1,661	NM	2,565	11,034	(76.8)
Total comprehensive income for the period	4,154	5,763	(27.9)	19,330	20,702	(6.6)

NM: Not meaningful

2(a) Statements of Financial Position as at 30 September 2017

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash on deposit, at banks and in hand	308,632	405,753	308,573	405,705
Other assets	5,815	7,725	5,815	7,725
Investments	269,441	265,653	269,108	265,297
Loans and advances due within twelve months	433,554	450,149	433,554	450,149
Statutory deposit with the Monetary Authority of Singapore ("MAS")	55,680	58,281	55,680	58,281
Total current assets	1,073,122	1,187,561	1,072,730	1,187,157
Non-current assets				
Property, plant and equipment	15,974	16,410	15,974	16,410
Investment properties	23,413	23,698	23,413	23,698
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,414,794	1,455,307	1,414,794	1,455,307
Total non-current assets	1,454,181	1,495,415	1,454,206	1,495,440
Total assets	2,527,303	2,682,976	2,526,936	2,682,597
LIABILITIES AND EQUITY				
Current liabilities				
Deposits and savings accounts of customers	2,156,919	2,319,272	2,157,667	2,320,016
Other liabilities	28,766	36,776	28,287	36,295
SPRING loans due within twelve months (unsecured)	1,507	1,203	1,507	1,203
Provision for employee benefits	260	260	260	260
Current tax payable	3,814	2,917	3,814	2,917
Total current liabilities	2,191,266	2,360,428	2,191,535	2,360,691
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	2,776	1,260	2,776	1,260
Deferred tax liabilities	1,899	1,374	1,852	1,323
Total non-current liabilities	4,675	2,634	4,628	2,583
Total liabilities	2,195,941	2,363,062	2,196,163	2,363,274
Equity attributable to equity holders of the Company				
Share capital	180,008	180,008	180,008	180,008
Reserves	151,354	139,906	150,765	139,315
Total equity	331,362	319,914	330,773	319,323
Total liabilities and equity	2,527,303	2,682,976	2,526,936	2,682,597
Off-balance sheet items				
Undrawn loan commitments	405,930	419,645	405,930	419,645
Guarantees issued	3,827	4,320	3,827	4,320
Total off-balance sheet items	409,757	423,965	409,757	423,965

2(b) Net asset value per ordinary share (\$) **2.10** **2.03** **2.10** **2.03**

The net asset value per ordinary share of the Group and of the Company is calculated based on the net assets of the Group and of the Company and the number of ordinary shares in issue of 157,625,764 (31 December 2016: 157,625,764) shares.

**3 Consolidated Statement of Cash Flows for the Quarter and Nine Months
ended 30 September 2017**

	3rd Qtr 2017	3rd Qtr 2016	9 months 2017	9 months 2016
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax	6,272	4,917	20,090	11,578
Adjustments for:				
Impact of accrual of interest income	1,254	1,304	2,902	1,494
Impact of accrual of interest expense	72	2,885	(57)	3,847
Depreciation of property, plant and equipment	157	199	496	569
Depreciation of investment properties	94	94	283	283
Allowances for impairment losses on loans and advances	340	625	1,478	4,083
Gain Loss on disposal of investments	-	-	(2,426)	-
Dividends	(66)	(55)	(139)	(135)
Operating cash flows before movements in working capital	8,123	9,969	22,625	21,719
Changes in working capital				
Other assets	(709)	(318)	(736)	(228)
Loans and advances	9,028	(5,157)	55,631	(4,487)
Statutory deposits with the MAS	(719)	395	2,600	(270)
Deposits and savings accounts of customers	74,532	22,003	(162,297)	11,063
Other liabilities	1,266	5,123	(8,009)	4,990
SPRING loans	(208)	442	1,821	(191)
Cash generated from / (used in) operating activities	91,314	32,457	(88,364)	32,596
Income taxes paid	(1,040)	(888)	(2,429)	(2,074)
Net cash generated from / (used in) operating activities	90,274	31,569	(90,793)	30,522
Investing activities				
Purchase of property, plant and equipment and investment properties	(43)	(8)	(58)	(428)
Dividends received	66	55	128	89
Purchase of investments	(85,251)	(9,902)	(152,943)	(15,000)
Proceeds from disposal and maturity of investments	70,000	25,343	154,426	25,343
Net cash (used in) / generated from investing activities	(15,229)	15,488	1,553	10,004
Financing activities				
Dividend paid	-	-	(7,881)	(7,881)
Funding from interest bearing borrowings	-	5,000	-	5,000
Net cash generated from / (used in) financing activities	-	5,000	(7,881)	(2,881)
Net increase / (decrease) in cash and cash equivalents	75,045	52,057	(97,121)	37,645
Cash and cash equivalents at beginning of the period	233,587	295,193	405,753	309,605
Cash and cash equivalents at end of the period	308,632	347,250	308,632	347,250

4 Statements of Changes in Equity

	Share capital \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total \$'000
Group					
Balance at 1 January 2017	180,008	99,288	6,736	33,881	319,914
Total comprehensive income for the period					
Profit for the period	-	-	-	5,587	5,587
Other comprehensive income for the period - net	-	-	3,938	-	3,938
Total	-	-	3,938	5,587	9,525
Balance at 31 March 2017	180,008	99,288	10,674	39,469	329,439
Total comprehensive income for the period					
Profit for the period	-	-	-	6,013	6,013
Other comprehensive income for the period - net	-	-	(363)	-	(363)
Total	-	-	(363)	6,013	5,650
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2016 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2017	180,008	99,288	10,311	37,600	327,208
Total comprehensive income for the period					
Profit for the period	-	-	-	5,164	5,164
Other comprehensive income for the period - net	-	-	(1,010)	-	(1,010)
Total	-	-	(1,010)	5,164	4,154
Balance at 30 September 2017	180,008	99,288	9,301	42,765	331,362
Balance at 1 January 2016	180,008	95,823	5,353	31,360	312,544
Total comprehensive income for the period					
Profit for the period	-	-	-	2,502	2,502
Other comprehensive income for the period - net	-	-	10,059	-	10,059
Total	-	-	10,059	2,502	12,561
Balance at 31 March 2016	180,008	95,823	15,412	33,862	325,105
Total comprehensive income for the period					
Profit for the period	-	-	-	3,064	3,064
Other comprehensive income for the period - net	-	-	(686)	-	(686)
Total	-	-	(686)	3,064	2,378
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2015 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2016	180,008	95,823	14,726	29,045	319,602
Total comprehensive income for the period					
Profit for the period	-	-	-	4,102	4,102
Other comprehensive income for the period - net	-	-	1,661	-	1,661
Total	-	-	1,661	4,102	5,763
Balance at 30 September 2016	180,008	95,823	16,387	33,147	325,365

4 Statements of Changes in Equity

	Share capital \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Total \$'000
Company					
Balance at 1 January 2017	180,008	99,288	6,490	33,536	319,323
Total comprehensive income for the period					
Profit for the period	-	-	-	5,587	5,587
Other comprehensive income for the period - net	-	-	3,916	-	3,916
Total	-	-	3,916	5,587	9,503
Balance at 31 March 2017	180,008	99,288	10,406	39,123	328,826
Total comprehensive income for the period					
Profit for the period	-	-	-	6,001	6,001
Other comprehensive income for the period - net	-	-	(344)	-	(344)
Total	-	-	(344)	6,001	5,656
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2016 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2017	180,008	99,288	10,062	37,242	326,601
Total comprehensive income for the period					
Profit for the period	-	-	-	5,160	5,160
Other comprehensive income for the period - net	-	-	(988)	-	(988)
Total	-	-	(988)	5,160	4,172
Balance at 30 September 2017	180,008	99,288	9,074	42,402	330,773
Balance at 1 January 2016	180,008	95,823	5,062	31,020	311,913
Total comprehensive income for the period					
Profit for the period	-	-	-	2,501	2,501
Other comprehensive income for the period - net	-	-	10,064	-	10,064
Total	-	-	10,064	2,501	12,565
Balance at 31 March 2016	180,008	95,823	15,126	33,521	324,478
Total comprehensive income for the period					
Profit for the period	-	-	-	3,056	3,056
Other comprehensive income for the period - net	-	-	(675)	-	(675)
Total	-	-	(675)	3,056	2,381
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2015 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2016	180,008	95,823	14,451	28,696	318,978
Total comprehensive income for the period					
Profit for the period	-	-	-	4,098	4,098
Other comprehensive income for the period - net	-	-	1,658	-	1,658
Total	-	-	1,658	4,098	5,756
Balance at 30 September 2016	180,008	95,823	16,109	32,794	324,734

5 Accounting Policies and Comparative Figures

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRSs”).

In the current financial period, the Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. The adoption of these new/ revised FRSs and INT FRSs does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

The accounting policies and methods of computation adopted in the financial statements are consistent with those applied in the financial statements for the year ended 31 December 2016.

6 Review of Performance

The Group reported a net profit after tax of \$5.2 million for the third quarter of 2017, an increase of \$1.1 million or 25.9% from a year ago. The better performance was driven by higher net interest income arising from lower funding costs; lower net specific provisions and release of collective impairment provisions due to lower loan balance. This was marginally offset by lower non-interest income and slight increase in operating expenses.

For the nine months ended 30 September 2017, the Group’s after-tax profit reported a strong year-on-year improvement of \$7.1 million or 73.4% from \$9.7 million to \$16.8 million. This was boosted by better net interest margin, higher other income, and lower allowances for impairment losses on loans and advances.

Net interest income rose by \$4.6 million or 16.5% largely due to \$6.8 million reduction in interest expenses resulting from lower deposit base and lower deposit rates; while interest income declined by \$2.2 million due to lower loan base.

Total loans and advances edged down by \$57.1 million (3.0%) from \$1,905.5 million as at 31 December 2016 to \$1,848.4 million as at 30 September 2017. In tandem with the lower loan balance, deposits and savings accounts of customers also declined by \$162.4 million (7.0%) from \$2,319.3 million as at 31 December 2016 to \$2,156.9 million as of 30 September 2017. Accordingly, loan-to-deposit ratio rose from 82.2% to 85.7%.

Other income increased by \$2.2 million primarily from the \$2.4 million gain from sale of SGS bonds. Operating expenses increased by \$0.9 million (5.4%) mainly from higher staff costs (\$0.6 million) and other operating expenses (\$0.4 million).

Allowances for impairment losses on loans and advances of \$1.5 million were 63.8% lower than a year ago. This was due mainly to lower specific provisions and release of collective impairment allowances. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

Other Comprehensive Income for nine months ended 30 September 2017 was \$2.5 million, a decrease of \$8.5 million (77.0%) against the corresponding period last year. This was primarily due to the realisation of \$2.4 million gain from the SGS portfolio coupled with lower appreciation in the prices of the SGS compared to the same period last year. The Group purchases SGS as part of its liquid assets for purpose of maintaining the regulatory minimum liquid assets requirements.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen which is likely to affect substantially the results of the operations of the Group and the Company in the interval between the end of the financial period and the date of this report.

7 Comments on Significant Trends and Competitive Conditions in the Industry

Based on advance estimates released by the Ministry of Trade and Industry on 13 October 2017, the Singapore economy grew by a better-than-expected 4.6 per cent on a year-on-year (“y-o-y”) basis in the third quarter of 2017, higher than the 2.9 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 6.3 per cent, an improvement from the 2.4 percent growth in the preceding quarter.

The strong growth came from the manufacturing sector (15.5% y-o-y) and the services sector also grew 2.6% y-o-y, strongest since the second quarter of 2015. While the construction sector continued to contract for the fifth consecutive quarter (-6.3% y-o-y), due to the weaknesses in the private sector construction activities.

Third quarter GDP will likely be the strongest this year, and growth could expect to ease a little in the coming quarters as the economy shifts from a recovery to normalisation phase.

In the midst of expected moderate growth in the coming quarters, the Group will continue to seek new business opportunities, and at the same time continue to be prudent in our credit lending. Management of interest margin will also be a key challenge for the Group in anticipation of a rising interest rates environment.

8 Dividends

No dividend has been recommended for the current financial period.

Dividend declared for the previous corresponding period – Nil.

9 Changes in the Company’s share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for other purpose since the end of the previous period reported.

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

As at the end of the financial period, there were no outstanding convertibles. (30 September 2016: Nil).

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

Not applicable. During the financial period, no shares were held as treasury shares. (30 September 2016: Nil).

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

The Group has not sought any shareholders’ mandate for IPTs pursuant to Rule 920 of the SGX-ST Listing Manual nor does it have any IPTs. (30 September 2016: Nil).

12 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

	As at 30/9/2017		As at 31/12/2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	-	1,507	-	1,203
Amount repayable after one year	-	2,776	-	1,260

14 Other Information

- (a) Income of the Group is derived primarily from financing business and related nominee services. The Group operates in Singapore only.
- (b) Amount of profits on any sale of investments, property, plant and equipment
- Nil for 3rd quarter 2017 and \$2.4 million gain from the sale of Singapore Government Securities for nine months ended 30 September 2017 (Nil for 3rd quarter and nine months ended 30 September 2016).

By order of the Board

Lee Sze Leong
Managing Director
23 October 2017

Directors' Confirmation

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited interim financial results and the Company's statement of financial position and statements of changes in equity for the quarter and nine months ended 30 September 2017 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Managing Director
23 October 2017