



Monetary Authority of Singapore

# FINANCIAL STATEMENTS 2018/2019

# FINANCIAL STATEMENTS

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|----|--|
| 3  | Financial Statements Highlights                |
| 4  | Statement by Directors                         |
| 5  | Auditor's Report                               |
| 8  | Statements of Comprehensive Income             |
| 9  | Balance Sheet - The Group                      |
| 10 | Balance Sheet - The Authority                  |
| 11 | Statement of Changes in Equity - The Group     |
| 12 | Statement of Changes in Equity - The Authority |
| 13 | Consolidated Cash Flow Statement               |
| 14 | Notes to the Financial Statements              |

# MAS FY 2018/2019

## Financial Statements Highlights

MAS recorded a net profit of \$19.2 billion in the financial year which ended on 31 March 2019 (after a \$3.9 billion contribution to the Consolidated Fund). Income increased to \$27.1 billion, primarily from interest income and realised capital gains. Total expenditure increased to \$4.0 billion, largely attributable to higher interest expenses on MAS bills and other borrowings for domestic money market operations.

The Board has approved a return of \$35.2 billion to the Singapore Government for this year, comprising the current year's net profit of \$19.2 billion and \$16.0 billion from the General Reserve Fund. In approving the amount of profit to be returned, the Board ensures that the Authority's capital and reserves remain adequate for the Authority to carry out its principal objects and functions. The return of \$35.2 billion bolstered the Government's Singapore dollar deposits held with MAS.

MAS has reviewed the size of official foreign reserves (OFR) that is necessary for supporting the conduct of monetary policy and fostering financial stability. It has assessed that a lower level of OFR than currently held will enable it to meet those objectives. MAS has hence decided to transfer \$45.2 billion in excess OFR assets to the Government in May 2019, so as to be invested on a longer-term basis<sup>1</sup>. Accordingly, the Government's Singapore dollar deposits with MAS were reduced by this amount as consideration for the asset transfer. As the asset transfer took place subsequent to the end of the financial year, it will be reflected in the following year's financial statements.

<sup>1</sup> The transfer of MAS' OFR assets to the Government was announced in a press release issued by MAS on 8 May 2019.

# STATEMENT BY DIRECTORS

For The Financial Year Ended 31 March 2019

In the opinion of the directors,

- (a) the accompanying financial statements of the Monetary Authority of Singapore (the Authority) and that of the Group (comprising MAS and its subsidiaries), set out on pages 8 to 35 are drawn up so as to present fairly the state of affairs of the Group and the Authority as at 31 March 2019, the results and changes in equity of the Group and the Authority for the financial year ended on that date, and of the cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Group and the Authority will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

**THARMAN SHANMUGARATNAM**  
Chairman

**RAVI MENON**  
Managing Director

24 June 2019

# INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE MONETARY AUTHORITY OF SINGAPORE

For The Financial Year Ended 31 March 2019

## OPINION

The financial statements of the Monetary Authority of Singapore (the Authority) and that of the Group (comprising MAS and its subsidiaries), set out on pages 8 to 35, have been audited under my direction. These financial statements comprise the consolidated balance sheet of the Group and the balance sheet of the Authority as at 31 March 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of comprehensive income and statement of changes in equity of the Authority for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Section 168(3) of the Monetary Authority of Singapore Act (Cap. 186, 1999 Revised Edition) (the Act) provides that the Authority, in preparing its financial statements, may comply with accounting standards to the extent that it is, in the opinion of the Authority, appropriate to do so, having regard to its objects and functions. As disclosed in Note 3.1(a) to the financial statements, the Authority has considered its responsibilities for managing the Singapore dollar exchange rate and the Official Foreign Reserves and is of the view that, for effective management of Singapore's monetary policy, it would be appropriate not to meet, in some respects, the Singapore Financial Reporting Standards (International) [SFRS(I)s]. The financial statements accordingly disclose less information than would be required under those Standards.

Having regard to the power given to the Authority under section 168(3) of the Act, in my opinion, based on the framework of accounting standards adopted by the Authority, the accompanying financial statements present fairly the state of affairs of the Group and the Authority as at 31 March 2019 and the financial transactions of the Group and the Authority for the financial year ended on that date.

## BASIS FOR OPINION

The audit was conducted in accordance with the provisions of the Act and having regard to Singapore Standards on Auditing (SSAs). The responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. As the Auditor-General, I am independent of the Group and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore (1999 Revised Edition) and the Audit Act (Cap. 17, 1999 Revised Edition). Ethical requirements that are relevant to the audit and in line with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

# INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE MONETARY AUTHORITY OF SINGAPORE

For The Financial Year Ended 31 March 2019

## OTHER INFORMATION

The management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, the auditor's responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed, there is a material misstatement of this other information, that fact will be reported. I have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and applicable SFRS(I)s as explained in Note 3.1(a) to the financial statements, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Authority is constituted based on the Act and its dissolution requires Parliament's approval. 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 there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My 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 auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the provisions of the Act and having regard to 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 AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE MONETARY AUTHORITY OF SINGAPORE

For The Financial Year Ended 31 March 2019

As part of an audit in accordance with the provisions of the Act and having regard to SSAs, professional judgement is exercised and professional scepticism is maintained throughout the audit. An audit also includes:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtaining 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.
- Evaluating, within the context of applicable laws, the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding 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 I conclude that a material uncertainty exists, I will draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluating, within the context of applicable laws, 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.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for the audit opinion.

Among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls identified during the audit are communicated to those charged with governance.

**GOH SOON POH**

Auditor-General

Singapore

25 June 2019

## MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

### STATEMENTS OF COMPREHENSIVE INCOME

| For the year ended 31 March<br>in \$ millions  | Note | The Group     |              | The Authority |              |
|--|------|---------------|--------------|---------------|--------------|
|  |      | 2019          | 2018         | 2019          | 2018         |
| Income/(Loss) from Foreign Operations<br>[after transfers to/from provisions]  | 4    | 26,178        | 8,468        | 26,178        | 8,468        |
| Income/(Loss) from Domestic and Other<br>Operations  | 5    | 902           | 557          | 902           | 557          |
| Non-operating Income   | 6    | 12            | 11           | 12            | 11           |
| <b>Total Income/(Loss)<br/>[after transfers to/from provisions]</b>  |      | <b>27,092</b> | <b>9,036</b> | <b>27,092</b> | <b>9,036</b> |
| <u>Less:</u>   |      |               |              |               |              |
| Investment, Interest and Other Expenses  | 7    | 3,609         | 2,298        | 3,605         | 2,298        |
| Personnel Expenditure  | 8    | 261           | 239          | 261           | 239          |
| General and Administrative Expenditure   | 9    | 83            | 72           | 83            | 72           |
| Depreciation/Amortisation  | 15   | 28            | 29           | 28            | 29           |
| <b>Total Expenditure</b>   |      | <b>3,981</b>  | <b>2,638</b> | <b>3,977</b>  | <b>2,638</b> |
| <b>Profit/(Loss) for the Year<br/>[after transfers to/from provisions]</b>   |      | <b>23,111</b> | <b>6,398</b> | <b>23,115</b> | <b>6,398</b> |
| <u>Less:</u>   |      |               |              |               |              |
| Contribution to Consolidated Fund  | 20.2 | 3,930         | 1,088        | 3,930         | 1,088        |
| <b>Net Profit/(Loss) and Total Comprehensive<br/>Income/(Loss) for the Year<br/>[after transfers to/from provisions]</b> |      | <b>19,181</b> | <b>5,310</b> | <b>19,185</b> | <b>5,310</b> |

The accompanying notes form an integral part of these financial statements.

**MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES**  
**BALANCE SHEET – THE GROUP**

| As at<br>in \$ millions                | Note | 31 March<br>2019 | 31 March<br>2018 | 1 April<br>2017 |
|--|------|------------------|------------------|-----------------|
| <b>CAPITAL AND RESERVES</b>            |      |                  |                  |                 |
| Issued and Paid-up Capital             | 10   | 25,000           | 25,000           | 25,000          |
| General Reserve Fund                   | 11   | 14,599           | 30,603           | 19,908          |
| Currency Fund Reserves                 |      | –                | –                | 8,040           |
|  |      | <b>39,599</b>    | <b>55,603</b>    | <b>52,948</b>   |
| <u>Represented by:</u>                 |      |                  |                  |                 |
| <b>ASSETS</b>                          |      |                  |                  |                 |
| Cash and Bank Balances                 |      | 41               | 31               | 853             |
| Singapore Dollar Securities            | 12   | 10,586           | 10,003           | 9,518           |
| Foreign Financial Assets               | 13   | 410,781          | 389,106          | 373,936         |
| Gold                                   |      | 287              | 278              | 296             |
| Other Assets                           | 14   | 7,625            | 14,709           | 10,003          |
| Property and Other Fixed Assets        | 15   | 183              | 185              | 189             |
|  |      | 429,503          | 414,312          | 394,795         |
| <u>Less:</u>                           |      |                  |                  |                 |
| <b>LIABILITIES</b>                     |      |                  |                  |                 |
| Currency in Circulation                | 16   | 49,783           | 47,124           | 44,019          |
| Deposits of Financial Institutions     | 17   | 24,513           | 27,384           | 25,027          |
| MAS Bills                              | 19   | 125,159          | 115,315          | 87,870          |
| Foreign Financial Liabilities          | 13   | 10,041           | 12,805           | 11,613          |
| Provisions and Other Liabilities       | 19   | 98,396           | 86,658           | 76,238          |
| Amounts Due to Singapore<br>Government | 20   | 82,012           | 69,423           | 97,080          |
|  |      | 389,904          | 358,709          | 341,847         |
| <b>NET ASSETS</b>                      |      | <b>39,599</b>    | <b>55,603</b>    | <b>52,948</b>   |

The accompanying notes form an integral part of these financial statements.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## BALANCE SHEET – THE AUTHORITY

| As at<br>in \$ millions                | Note | 31 March<br>2019 | 31 March<br>2018 | 1 April<br>2017 |
|--|------|------------------|------------------|-----------------|
| <b>CAPITAL AND RESERVES</b>            |      |                  |                  |                 |
| Issued and Paid-up Capital             | 10   | 25,000           | 25,000           | 25,000          |
| General Reserve Fund                   | 11   | 14,603           | 30,603           | 19,908          |
| Currency Fund Reserves                 |      | –                | –                | 8,040           |
|  |      | <b>39,603</b>    | <b>55,603</b>    | <b>52,948</b>   |
| <u>Represented by:</u>                 |      |                  |                  |                 |
| <b>ASSETS</b>                          |      |                  |                  |                 |
| Cash and Bank Balances                 |      | 41               | 31               | 853             |
| Singapore Dollar Securities            | 12   | 10,586           | 10,003           | 9,518           |
| Foreign Financial Assets               | 13   | 410,724          | 389,106          | 373,936         |
| Gold                                   |      | 287              | 278              | 296             |
| Other Assets                           | 14   | 7,625            | 14,709           | 10,003          |
| Property and Other Fixed Assets        | 15   | 183              | 185              | 189             |
| Amounts Due from Subsidiary            | 18.2 | 61               | –                | –               |
| Investment in Subsidiaries             | 18   | –*               | –*               | –*              |
|  |      | 429,507          | 414,312          | 394,795         |
| <u>Less:</u>                           |      |                  |                  |                 |
| <b>LIABILITIES</b>                     |      |                  |                  |                 |
| Currency in Circulation                | 16   | 49,783           | 47,124           | 44,019          |
| Deposits of Financial Institutions     | 17   | 24,513           | 27,384           | 25,027          |
| MAS Bills                              | 19   | 125,159          | 115,315          | 87,870          |
| Foreign Financial Liabilities          | 13   | 10,041           | 12,805           | 11,613          |
| Provisions and Other Liabilities       | 19   | 98,396           | 86,658           | 76,238          |
| Amounts Due to Singapore<br>Government | 20   | 82,012           | 69,423           | 97,080          |
|  |      | 389,904          | 358,709          | 341,847         |
| <b>NET ASSETS</b>                      |      | <b>39,603</b>    | <b>55,603</b>    | <b>52,948</b>   |

\*Less than \$1 million

The accompanying notes form an integral part of these financial statements.

**MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN EQUITY – THE GROUP**

| in \$ millions   | Note | Issued<br>and<br>Paid-up<br>Capital | General<br>Reserve<br>Fund | Currency<br>Fund<br>Reserves <sup>1</sup> | Total    |
|--|------|-------------------------------------|----------------------------|---|----------|
| <b>Balance as at 1 April 2017</b>  |      | 25,000                              | 19,908                     | 8,040                                     | 52,948   |
| Total Comprehensive Income/<br>(Loss) for the Year [after<br>transfers to/from provisions] |      | –                                   | 5,406                      | (96)                                      | 5,310    |
| Transfer of Reserves from<br>Currency Fund   |      | –                                   | 7,944                      | (7,944)                                   | –        |
| Return of Profit to Singapore<br>Government  | 20.1 | –                                   | (2,655)                    | –   | (2,655)  |
| <b>Balance as at 31 March 2018</b>   |      | 25,000                              | 30,603                     | –   | 55,603   |
| Total Comprehensive Income/<br>(Loss) for the Year [after<br>transfers to/from provisions] |      | –                                   | 19,181                     | –   | 19,181   |
| Return of Profit to Singapore<br>Government  | 20.1 | –                                   | (35,185)                   | –   | (35,185) |
| <b>Balance as at 31 March 2019</b>   |      | 25,000                              | 14,599                     | –   | 39,599   |

<sup>1</sup>Section 6 and Section 38 of the Monetary Authority of Singapore (Amendment) Act 2017, which came into operation on 15 August 2017, amended the Monetary Authority of Singapore Act and the Currency Act to provide for the commencement of the transfer of all assets and liabilities of the Currency Fund to other accounts holding the Authority's assets and liabilities, as well as the dissolution of the Currency Fund on the date of completion of the transfer. The transfer was completed on 30 September 2017 and the Currency Fund was dissolved on that day.

The accompanying notes form an integral part of these financial statements.

**MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN EQUITY – THE AUTHORITY**

| in \$ millions   | Note | Issued<br>and<br>Paid-up<br>Capital | General<br>Reserve<br>Fund | Currency<br>Fund<br>Reserves | Total    |
|--|------|-------------------------------------|----------------------------|------------------------------|----------|
| <b>Balance as at 1 April 2017</b>  |      | 25,000                              | 19,908                     | 8,040                        | 52,948   |
| Total Comprehensive Income/<br>(Loss) for the Year [after<br>transfers to/from provisions] |      | –                                   | 5,406                      | (96)                         | 5,310    |
| Transfer of Reserves from<br>Currency Fund   |      | –                                   | 7,944                      | (7,944)                      | –        |
| Return of Profit to Singapore<br>Government  | 20.1 | –                                   | (2,655)                    | –                            | (2,655)  |
| <b>Balance as at 31 March 2018</b>   |      | 25,000                              | 30,603                     | –                            | 55,603   |
| Total Comprehensive Income/<br>(Loss) for the Year [after<br>transfers to/from provisions] |      | –                                   | 19,185                     | –                            | 19,185   |
| Return of Profit to Singapore<br>Government  | 20.1 | –                                   | (35,185)                   | –                            | (35,185) |
| <b>Balance as at 31 March 2019</b>   |      | 25,000                              | 14,603                     | –                            | 39,603   |

The accompanying notes form an integral part of these financial statements.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## CONSOLIDATED CASH FLOW STATEMENT

| For the year ended 31 March<br>in \$ millions  | 2019     | 2018     |
|--|----------|----------|
| <b>Cash Flows from Operating Activities</b>  |          |          |
| Profit for the Year [after transfers to/from provisions]   | 23,111   | 6,398    |
| Adjustments for:   |          |          |
| Depreciation/Amortisation of Fixed Assets and Other Assets   | 28       | 29       |
| Profit before Working Capital Changes  | 23,139   | 6,427    |
| (Increase)/Decrease in   |          |          |
| Singapore Dollar Securities  | (583)    | (485)    |
| Foreign Financial Assets   | (21,675) | (15,170) |
| Gold   | (9)      | 18       |
| Other Assets   | 7,084    | (4,706)  |
| Increase/(Decrease) in   |          |          |
| Currency in Circulation  | 2,659    | 3,105    |
| Deposits of Financial Institutions   | (2,871)  | 2,357    |
| MAS Bills  | 9,844    | 27,445   |
| Foreign Financial Liabilities  | (2,764)  | 1,192    |
| Provisions and Other Liabilities   | 11,738   | 10,417   |
| Amounts due to Singapore Government (excluding Contribution to Consolidated Fund and Return of Profit to Singapore Government) | (22,783) | (14,810) |
| Contribution to Consolidated Fund paid   | (1,088)  | (4,457)  |
| <b>Net Cash from Operating Activities</b>  | 2,691    | 11,333   |
| <b>Cash Flows from Investing Activities</b>  |          |          |
| Purchase of Fixed Assets   | (26)     | (22)     |
| <b>Net Cash used in Investing Activities</b>   | (26)     | (22)     |
| <b>Cash Flows from Financing Activities</b>  |          |          |
| Return of Profit to Singapore Government <sup>1</sup> paid   | (2,655)  | (12,133) |
| <b>Net Cash used in Financing Activities</b>   | (2,655)  | (12,133) |
| <b>Net Increase/(Decrease) in Cash and Bank Balances</b>   | 10       | (822)    |
| <b>Cash and Bank Balances as at beginning of the year</b>  | 31       | 853      |
| <b>Cash and Bank Balances as at end of the year</b>  | 41       | 31       |

<sup>1</sup> Changes in liabilities arising from financing activities (i.e. Return of Profit to Singapore Government) comprise financing cash flows and accruals made for the year.

The accompanying notes form an integral part of these financial statements.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### **1 GENERAL**

- 1.1 The Monetary Authority of Singapore (the “Authority”) is a statutory board established in Singapore under the Monetary Authority of Singapore Act (Cap. 186, 1999 Revised Edition) on 1 January 1971 and is located at 10 Shenton Way, MAS Building, Singapore 079117.
- 1.2 The financial statements presented relate to those of the Authority and its subsidiaries (together referred to as the “Group”) and the Authority.
- 1.3 The Authority, subject to the directions of the Minister, controls and administers the Financial Sector Development Fund (the “Fund”), a fund established under Section 127 of the Monetary Authority of Singapore Act for the objects and purposes set out in Section 128 of the Monetary Authority of Singapore Act. The audited financial statements of the Fund, prepared in accordance with the provisions of the Monetary Authority of Singapore Act and Singapore Financial Reporting Standards (International) [“SFRS(I)s”], are available on the Authority’s website at <http://www.mas.gov.sg>.

### **2 PRINCIPAL ACTIVITIES**

- 2.1 The principal activities of the Authority are:
- a) the conduct of monetary policy, issuance of currency, management of the official foreign reserves and acting as the banker to and financial agent of the Government; and
  - b) the supervision of the banking, insurance, securities and futures industries, and development of strategies in partnership with the private sector to promote Singapore as an international financial centre.
- 2.2 The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Compliance with the Monetary Authority of Singapore Act and Singapore Financial Reporting Standards (International)

- a) The financial statements are prepared in accordance with the Monetary Authority of Singapore Act and applicable Singapore Financial Reporting Standards (International) ["SFRS(I)s"]. SFRS(I)s, issued by the Accounting Standards Council, is a new financial reporting framework identical to the International Financial Reporting Standards. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading on the Singapore Exchange are required to adopt SFRS(I)s with effect from annual periods beginning on or after 1 January 2018. Non-listed Singapore-incorporated companies may also voluntarily apply the new framework. The Group has voluntarily elected to adopt SFRS(I)s.

Section 168(3) of the Monetary Authority of Singapore Act provides that the Authority, in preparing its financial statements, may comply with accounting standards to the extent that it is, in the opinion of the Authority, appropriate to do so, having regard to the objects and functions of the Authority. The Authority, having considered its responsibilities for managing the Singapore dollar exchange rate and the official foreign reserves, is of the opinion that, for effective management of Singapore's monetary policy, it is appropriate not to meet, in some respects, the SFRS(I)s. The financial statements accordingly disclose less information than would be required under those standards.

- b) This is the first set of financial statements that is prepared in accordance with applicable SFRS(I)s, and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied. For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with the Monetary Authority of Singapore Act, Currency Act (Cap. 69, 2002 Revised Edition) and applicable Singapore Financial Reporting Standards ("FRSs").
- c) The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and the opening SFRS(I) Balance Sheets as at 1 April 2017 (the Group and Authority's date of transition). In preparing its opening SFRS(I) Balance Sheets, there was no adjustment made to the amounts reported previously in accordance with applicable FRSs. The transition from FRSs to SFRS(I)s has not had an impact on the financial position, financial performance and cash flows reported previously.
- d) The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the accounting policies, having regard to the objects and functions of the Authority. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 3.2 Basis of Accounting

The financial statements have been prepared under the historical cost convention and on an accrual basis, except as otherwise disclosed.

### 3.3 Basis of Consolidation

- a) Subsidiaries are entities (including structured entities) over which the Group has control. 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.
- b) A subsidiary is consolidated from the date control is established, acquired or transferred to the Group to the date control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange.
- c) Balances and transactions between the Authority and its subsidiaries, together with any unrealised profits and losses arising from these transactions are eliminated, in preparing the financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries in preparing the Group's financial statements, to ensure conformity with the accounting policies adopted in the financial statements.

### 3.4 Foreign Currency Translation

- a) The financial statements are presented in Singapore dollars, the Authority's functional currency, and rounded to the nearest million, unless otherwise stated.
- b) Transactions in foreign currency are measured at the exchange rate prevailing at the date of transaction. Foreign currency gains or losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.
- c) Assets and liabilities denominated in foreign currencies are translated into Singapore dollars, at the exchange rate prevailing on the balance sheet date, except for shareholdings in Bank for International Settlements ("BIS") and Society for Worldwide Interbank Financial Telecommunication ("SWIFT") which are converted at the rates of exchange prevailing on the acquisition dates. Exchange differences arising from the translation are recognised in the statement of comprehensive income.
- d) For the purpose of preparing consolidated financial statements, the assets and liabilities of the Group's subsidiaries whose functional currencies are not Singapore dollars are translated into Singapore dollars at the exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the year. Exchange differences arising from the translation are recognised in other comprehensive income and accumulated in foreign currency translation reserve. On disposal of a subsidiary, the accumulated exchange differences in respect of that subsidiary attributable to the Group are reclassified to comprehensive income.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 3.5 Recognition and Derecognition

Purchases and sales of investments are recognised on the trade date when the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

### 3.6 Income Recognition

- a) Dividend income is recognised when the right to receive payment is established.
- b) Interest income is recognised using the effective interest method.
- c) Profits/losses on disposal of investments are taken to the statement of comprehensive income.
- d) Licence fee income is recognised over the period of the licence.

### 3.7 Singapore Dollar Securities

Singapore Government Treasury bills and bonds, corporate bonds, and corporate bond exchange-traded fund held are stated at cost. Provision has been made for diminution in value, if any, based on the lower of cost and market value on an individual investment basis.

### 3.8 Gold

Gold is a long-term investment stated at cost. Provision for diminution in value would be made in the event of a decline other than temporary in its value.

### 3.9 Foreign Financial Assets and Liabilities

Foreign financial assets and liabilities represent the Group's investments in a global diversified portfolio and are stated at cost. Provision has been made for diminution in value, if any, based on the lower of cost and market value on an individual investment basis.

### 3.10 Financial Derivatives

Financial derivatives include forwards, swaps, futures and options and are included in foreign financial assets and foreign financial liabilities. Other than financial instruments that are subject to margin requirements or central clearing which are fair valued, provision has been made for diminution in value, if any, of other financial derivatives based on the lower of cost and market value on an individual investment basis.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 3.11 Repurchase and Reverse Repurchase Agreements (“Repos” and “Reverse Repos”)

Repos are treated as collateralised lending and the amounts lent are included in “Other Assets”. Reverse repos are treated as collateralised borrowings and the amounts borrowed are included in “Provisions and Other Liabilities”. The securities sold under reverse repos are treated as pledged assets and remain on the balance sheet. The difference between the amount received and the amount paid under repos and reverse repos is recognised as interest income and interest expense respectively.

### 3.12 Property, Other Fixed Assets and Depreciation

- a) Property and other fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the cost less residual value of the fixed assets over their estimated useful lives as follows:

|  | <u>Useful lives</u>                            |
|--|--|
| Leasehold Land   | Period of lease                                |
| Buildings  | 50 years or period of lease whichever is lower |
| Building Improvements                                      | 10 years                                       |
| Computer Hardware and Software                             | 3 to 5 years                                   |
| Furniture, Fixtures, Motor Vehicles and<br>Other Equipment | 3 to 5 years                                   |

The residual values and useful lives are reviewed and adjusted as appropriate, at each balance sheet date.

- b) Computer software costing more than \$100,000 and other fixed assets costing more than \$1,000 are capitalised in the year of purchase.
- c) Property and other fixed assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss. The impairment loss is recognised in the statement of comprehensive income for the period.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal, if any, is recognised in the statement of comprehensive income. However, the increased carrying amount of an asset due to a reversal of an impairment is recognised to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment losses been recognised for the asset in prior years.

- d) On disposal of fixed assets, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 3.13 Operating Leases

- a) Leases where substantially all the rewards and risks of ownership remain with the lessors are accounted for as operating leases. Rental receipts or payments under operating leases are accounted for in the statement of comprehensive income on an accrual basis according to the terms of the agreements.
- b) When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an income or expense in the period in which termination takes place.

### 3.14 Employee Benefits

- a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions. The Authority's contributions to defined contribution plans are recognised in the financial year to which they relate.

- b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for annual leave as a result of services rendered by employees up to the balance sheet date.

## **4 INCOME/(LOSS) FROM FOREIGN OPERATIONS**

Income/(loss) from foreign operations includes interest, dividends, profit/loss on disposal of investments, foreign exchange gain/loss and write-back of/additional provision for diminution in value of investments.

## **5 INCOME/(LOSS) FROM DOMESTIC AND OTHER OPERATIONS**

Income/(loss) from domestic and other operations includes mainly interest, write-back of/additional provision for diminution in value of Singapore Dollar Securities and other income/(loss) from Singapore dollar money market transactions, licence and inspection fees, revenue from currency-related operations, custody fee and revenue from services rendered to banks and financial institutions on MAS Network and MAS Electronic Payment System which provides real-time gross settlement of payments.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 6 NON-OPERATING INCOME

Non-operating income includes rental and carpark income, liquidated damages and management service fees.

### 7 INVESTMENT, INTEREST AND OTHER EXPENSES

Investment and interest expenses include management fees, futures/options commissions, bank, custody and other charges arising from foreign operations, and interest paid on borrowings and reverse repurchase agreements arising from domestic and other operations. Other expenses include costs of printing of currency notes and coin operations.

### 8 PERSONNEL EXPENDITURE

8.1 This includes the following:

| in \$ millions  | The Group and the Authority |      |
|---|-----------------------------|------|
|   | 2019                        | 2018 |
| Salaries  | 223                         | 203  |
| Employer's Contribution to the Central Provident Fund | 25                          | 23   |
| Staff Benefits and Training                           | 10                          | 11   |

The Minister-in-charge of the Authority is not paid a salary by the Authority. Directors' fees for the year totalled \$0.2 million (2018: \$0.1 million). All Ministers serving on the Authority's Board of Directors do not receive directors' fees.

8.2 The key management personnel compensation is as follows:

| in \$ millions                                  | The Group and the Authority |      |
|---|-----------------------------|------|
|   | 2019                        | 2018 |
| Salaries and Other Short-term Employee Benefits | 26                          | 24   |
| Other Long-term Employee Benefits               | 4                           | 4    |

Post-employment benefits of \$0.9 million (2018: \$0.9 million) were also provided to key management personnel.

Executive Directors, Department Heads and above, are considered as key management personnel for this purpose.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 9 GENERAL AND ADMINISTRATIVE EXPENDITURE

This includes the following:

| in \$ millions                    | The Group and the Authority |      |
|-----------------------------------|-----------------------------|------|
|                                   | 2019                        | 2018 |
| Information Technology            | 24                          | 21   |
| Consultancy, Legal and Other Fees | 9                           | 6    |
| Information Resources             | 7                           | 7    |
| Subscription to Organisations     | 7                           | 7    |
| Rental and Maintenance            | 6                           | 6    |
| Travel and Accommodation          | 5                           | 5    |
| IT Operating Lease                | 2                           | 2    |
| Audit Fee                         | 1                           | 1    |

### 10 CAPITAL AND RESERVES

- 10.1 The issued and paid-up capital is wholly-owned by the Government of the Republic of Singapore.
- 10.2 The Group manages its capital and reserves at an appropriate and adequate level, in pursuit of the Authority's principal objects, as set out in Section 4 of the Monetary Authority of Singapore Act that is, to maintain price stability conducive to sustainable economic growth, foster a sound and reputable financial centre, grow Singapore as an internationally competitive financial centre and ensure prudent and effective management of the official foreign reserves of Singapore. As required by the Constitution of the Republic of Singapore, the Authority has to determine and safeguard the past reserves of the Authority which were not accumulated during the current term of office of the Government.
- 10.3 Taking into consideration the Group's capital and reserves needs for its principal objects, the Group conducts capital and reserves adequacy assessment regularly. It includes a comprehensive assessment of risks that the Group is exposed to, the measurement, monitoring and stress testing of these risks and an evaluation of the adequacy of the Group's capital and reserves in relation to these risks.
- 10.4 The return of profit to the Singapore Government, from the General Reserve Fund and/or from the net profit for each financial year, is determined by the Authority and the remainder of the net profit, if any, is credited to the General Reserve Fund, in accordance with Section 6 of the Monetary Authority of Singapore Act.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 11 GENERAL RESERVE FUND

The General Reserve Fund is established under Section 6(1) of the Monetary Authority of Singapore Act.

### 12 SINGAPORE DOLLAR SECURITIES

Singapore Dollar Securities comprise:

| in \$ millions  | The Group and the Authority |                  |                 |
|---|-----------------------------|------------------|-----------------|
|   | 31 March<br>2019            | 31 March<br>2018 | 1 April<br>2017 |
| Singapore Government Bonds                              | 10,264                      | 9,776            | 9,391           |
| Singapore Dollar Corporate Bonds                        | 227                         | 227              | 127             |
| Singapore Dollar Corporate Bond<br>Exchange-Traded Fund | 95                          | –                | –               |
|   | <u>10,586</u>               | <u>10,003</u>    | <u>9,518</u>    |

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 13 FOREIGN FINANCIAL ASSETS AND LIABILITIES

13.1 These comprise the following:

| in \$ millions  | Note    | The Group        |                  |                 |
|---|---------|------------------|------------------|-----------------|
|   |         | 31 March<br>2019 | 31 March<br>2018 | 1 April<br>2017 |
| <b>Foreign Investments</b>  |         |                  |                  |                 |
| Bank Balances and Deposits  |         | 64,592           | 62,926           | 61,586          |
| Securities (including Treasury Bills,<br>Bonds and Equities)                  |         | 330,517          | 316,395          | 302,912         |
| Other Foreign Investments   |         | 11,999           | 6,010            | 5,631           |
| <b>International Monetary Fund (“IMF”) Assets</b>                             |         |                  |                  |                 |
| Reserve Tranche   | 13.2    | 2,058            | 2,113            | 2,079           |
| Special Drawing Rights (“SDRs”)   |         | 1,426            | 1,426            | 1,414           |
| Loans under New Arrangements<br>to Borrow                                     | 22.1(c) | 93               | 132              | 210             |
| Poverty Reduction and Growth<br>Facility – Heavily Indebted Poor<br>Countries |         | –                | 8                | 8               |
| <b>Shareholding in Bank for<br/>International Settlements (“BIS”)</b>         |         |                  |                  |                 |
|   | 13.3    | 96               | 96               | 96              |
| <b>Foreign Financial Assets</b>   |         | <b>410,781</b>   | <b>389,106</b>   | <b>373,936</b>  |
| <b>Foreign Borrowings and Other<br/>Liabilities</b>                           |         | <b>8,642</b>     | <b>11,388</b>    | <b>10,200</b>   |
| <b>IMF SDR Allocations</b>  |         | <b>1,399</b>     | <b>1,417</b>     | <b>1,413</b>    |
| <b>Foreign Financial Liabilities</b>  |         | <b>10,041</b>    | <b>12,805</b>    | <b>11,613</b>   |

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 13 FOREIGN FINANCIAL ASSETS AND LIABILITIES

13.1 These comprise the following:

| in \$ millions  | Note    | The Authority    |                  |                 |
|---|---------|------------------|------------------|-----------------|
|   |         | 31 March<br>2019 | 31 March<br>2018 | 1 April<br>2017 |
| <b>Foreign Investments</b>  |         |                  |                  |                 |
| Bank Balances and Deposits  |         | 64,592           | 62,926           | 61,586          |
| Securities (including Treasury Bills,<br>Bonds and Equities)                  |         | 330,517          | 316,395          | 302,912         |
| Other Foreign Investments   |         | 11,942           | 6,010            | 5,631           |
| <b>International Monetary Fund (“IMF”) Assets</b>                             |         |                  |                  |                 |
| Reserve Tranche   | 13.2    | 2,058            | 2,113            | 2,079           |
| Special Drawing Rights (“SDRs”)   |         | 1,426            | 1,426            | 1,414           |
| Loans under New Arrangements<br>to Borrow                                     | 22.1(c) | 93               | 132              | 210             |
| Poverty Reduction and Growth<br>Facility – Heavily Indebted Poor<br>Countries |         | –                | 8                | 8               |
| <b>Shareholding in Bank for<br/>International Settlements (“BIS”)</b>         |         |                  |                  |                 |
|   | 13.3    | 96               | 96               | 96              |
| <b>Foreign Financial Assets</b>   |         | 410,724          | 389,106          | 373,936         |
| <b>Foreign Borrowings and Other<br/>Liabilities</b>                           |         | 8,642            | 11,388           | 10,200          |
| <b>IMF SDR Allocations</b>  |         | 1,399            | 1,417            | 1,413           |
| <b>Foreign Financial Liabilities</b>  |         | 10,041           | 12,805           | 11,613          |

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 13.2 International Monetary Fund (“IMF”) Assets

The Reserve Tranche represents the amount of the paid-up portion of the Singapore quota. Special Drawing Rights (“SDRs”) are interest-yielding balances with IMF that can be exchanged for convertible currencies. Singapore participates in the Poverty Reduction and Growth Facility-Heavily Indebted Poor Countries (“PRGF-HIPC”). The PRGF-HIPC represents the balance in Post-Special Contingent Account-2 with IMF which was transferred to the PRGF-HIPC on 24 April 2001 as an interest free deposit. The PRGF-HIPC outstanding balance as at 31 March 2019 was \$nil million (31 March 2018: SDR4.0 million [\$7.7 million]) as the deposit matured during the financial year ended 31 March 2019.

### 13.3 Bank for International Settlements (“BIS”)

The Authority’s shareholding in the BIS comprises the 25% paid-up value of 4,285 (31 March 2018: 4,285) shares with a nominal value of SDR5,000 [\$9,398] (31 March 2018: SDR5,000 [\$9,524]) each.

## 14 OTHER ASSETS

These comprise the following:

| in \$ millions                                     | The Group and the Authority |                  |                 |
|--|-----------------------------|------------------|-----------------|
|  | 31 March<br>2019            | 31 March<br>2018 | 1 April<br>2017 |
| Loans, Deposits and Other Receivables              | 4,571                       | 5,650            | 6,839           |
| Receivable from MAS Bills Issued                   | –                           | 6,680            | –               |
| Repurchase Agreements with<br>Singapore Government | 3,054                       | 2,379            | 3,164           |
|  | <u>7,625</u>                | <u>14,709</u>    | <u>10,003</u>   |

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 15 PROPERTY AND OTHER FIXED ASSETS

| in \$ millions                            | The Group and the Authority |           |                       |                                |   |                  | Total |
|---|-----------------------------|-----------|-----------------------|--------------------------------|---|------------------|-------|
|   | Leasehold Land              | Buildings | Building Improvements | Computer Hardware and Software | Furniture, Fixtures, Motor Vehicles and Other Equipment | Work-in-Progress |       |
| <b>COST</b>                               |                             |           |                       |                                |   |                  |       |
| As at 1 April 2017                        | 48                          | 170       | 135                   | 154                            | 23  | 14               | 544   |
| Additions                                 | –                           | –         | –                     | 5                              | 1   | 19               | 25    |
| Disposals                                 | –                           | –         | (53)                  | (4)                            | (2)   | –                | (59)  |
| Transfers                                 | –                           | –         | 6                     | 11                             | –   | (17)             | –     |
| As at 31 March 2018                       | 48                          | 170       | 88                    | 166                            | 22  | 16               | 510   |
| <b>ACCUMULATED DEPRECIATION</b>           |                             |           |                       |                                |   |                  |       |
| As at 1 April 2017                        | 20                          | 100       | 98                    | 118                            | 19  | –                | 355   |
| Disposals                                 | –                           | –         | (53)                  | (4)                            | (2)   | –                | (59)  |
| Depreciation Charge                       | 1                           | 4         | 5                     | 17                             | 2   | –                | 29    |
| As at 31 March 2018                       | 21                          | 104       | 50                    | 131                            | 19  | –                | 325   |
| <b>NET BOOK VALUE AS AT 31 March 2018</b> |                             |           |                       |                                |   |                  |       |
|   | 27                          | 66        | 38                    | 35                             | 3   | 16               | 185   |
| <b>COST</b>                               |                             |           |                       |                                |   |                  |       |
| As at 1 April 2018                        | 48                          | 170       | 88                    | 166                            | 22  | 16               | 510   |
| Additions                                 | –                           | –         | –                     | 4                              | 2   | 20               | 26    |
| Disposals                                 | –                           | –         | –                     | (8)                            | –   | –                | (8)   |
| Transfers                                 | –                           | –         | 9                     | 15                             | –   | (24)             | –     |
| As at 31 March 2019                       | 48                          | 170       | 97                    | 177                            | 24  | 12               | 528   |
| <b>ACCUMULATED DEPRECIATION</b>           |                             |           |                       |                                |   |                  |       |
| As at 1 April 2018                        | 21                          | 104       | 50                    | 131                            | 19  | –                | 325   |
| Disposals                                 | –                           | –         | –                     | (8)                            | –   | –                | (8)   |
| Depreciation Charge                       | 1                           | 4         | 6                     | 15                             | 2   | –                | 28    |
| As at 31 March 2019                       | 22                          | 108       | 56                    | 138                            | 21  | –                | 345   |
| <b>NET BOOK VALUE AS AT 31 March 2019</b> |                             |           |                       |                                |   |                  |       |
|   | 26                          | 62        | 41                    | 39                             | 3   | 12               | 183   |

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 16 CURRENCY IN CIRCULATION

Section 22 of the Currency Act requires that the gross assets of the Authority must at all times be not less than 100% of the face value of the Authority's Currency in Circulation. The gross assets of the Authority and the value of the Currency in Circulation were \$429,507 million (31 March 2018: \$414,312 million) and \$49,783 million (31 March 2018: \$47,124 million) respectively as at 31 March 2019.

### 17 DEPOSITS OF FINANCIAL INSTITUTIONS

| in \$ millions                       | The Group and the Authority |                  |                 |
|--------------------------------------|-----------------------------|------------------|-----------------|
|                                      | 31 March<br>2019            | 31 March<br>2018 | 1 April<br>2017 |
| Banks                                | 23,378                      | 23,728           | 21,632          |
| Finance Companies                    | 381                         | 375              | 352             |
| Securities Companies                 | 12                          | 12               | 11              |
|                                      | <u>23,771</u>               | <u>24,115</u>    | <u>21,995</u>   |
| International Financial Institutions | 729                         | 1,170            | 988             |
| Foreign Central Banks and Others     | 13                          | 2,099            | 2,044           |
|                                      | <u>24,513</u>               | <u>27,384</u>    | <u>25,027</u>   |

Deposits from banks and finance companies in Singapore include the minimum cash balances maintained by banks and finance companies with the Authority as required under the Banking Act (Cap. 19, 2008 Revised Edition) and the Finance Companies Act (Cap. 108, 2011 Revised Edition) respectively. Deposits from securities companies represent statutory deposits from holders of capital markets services licences required under the Securities and Futures (Licensing and Conduct of Business) Regulations.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 18 SUBSIDIARIES

18.1 The following is a list of the subsidiaries held by the Group:

| Name   | Principal Place of Business/<br>Country of Incorporation | Principal Activities   | Ownership Interest |      |
|--|--|--|--------------------|------|
|  |  |  | 2019               | 2018 |
|  |  |  | %                  | %    |
| <b><i>Held by the Authority:</i></b>           |  |  |                    |      |
| Singapore Sukuk Pte Ltd ("SSPL")               | Singapore  | Issuance of Sukuk certificates as Shariah-compliant assets to Islamic financial institutions | 100*               | 100  |
| MG (Ventures) Pte. Ltd.                        | Singapore  | Investment holding   | 100                | –    |
| <b><i>Held by MG (Ventures) Pte. Ltd.:</i></b> |  |  |                    |      |
| Imera Investment Pte. Ltd.                     | Singapore  | Undertaking and transacting in investment business   | 100                | –    |
| Minas Investment Pte. Ltd.                     | Singapore  | Undertaking and transacting in investment business   | 100                | –    |

\* SSPL ceased operations on 30 November 2018.

18.2 The Authority provided an advance to MG (Ventures) Pte. Ltd. amounting to \$60.6 million as at 31 March 2019. The advance is unsecured, non-interest bearing and repayable upon demand.

18.3 As at 31 March 2019, MG (Ventures) Pte. Ltd. has uncalled capital commitments for the acquisitions of private equity and infrastructure funds of US\$555.9 million (\$752.9 million).

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 19 MAS BILLS, PROVISIONS AND OTHER LIABILITIES

- 19.1 As part of the Authority's money market operations to manage the liquidity in the banking system, the Authority issues its own short-term bills.
- 19.2 Provisions have been made for contingencies under Section 6(2) of the Monetary Authority of Singapore Act. Other liabilities include borrowings from banks, borrowings under reverse repurchase agreements, creditors, Sukuk payable, accounts payable and accruals.
- 19.3 During the financial year ended 31 March 2019, SSPL did not issue any Sukuk trust certificates. In 2018, it issued \$140 million Sukuk trust certificates with one year maturity at an income distribution rate of 1.37% per annum. The Sukuk issuance by SSPL is structured on the sale-and-leaseback or Al Ijarah of property assets of the Authority. Under agreements with SSPL, the Authority will sell, leaseback and provide a purchase undertaking of the property assets. The Authority will receive the consideration for the sale of the property assets from SSPL and make periodic payments to SSPL.

### 20 AMOUNTS DUE TO SINGAPORE GOVERNMENT

- 20.1 The amounts due to the Singapore Government comprise the following:

| in \$ millions  | The Group and the Authority |                  |                 |
|---|-----------------------------|------------------|-----------------|
|   | 31 March<br>2019            | 31 March<br>2018 | 1 April<br>2017 |
| Amounts due to Singapore Government, arising from Repurchase Agreements | 3,054                       | 2,379            | 3,164           |
| Balances and Deposits of Singapore Government                           | 39,843                      | 63,301           | 77,326          |
| Contribution to Consolidated Fund                                       | 3,930                       | 1,088            | 4,457           |
| Return of Profit to Singapore Government                                | 35,185                      | 2,655            | 12,133          |
|   | 82,012                      | 69,423           | 97,080          |

- 20.2 Contribution to the Consolidated Fund is in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A, 2004 Revised Edition). The contribution is based on 17% (2018: 17%) of the net profit of the Authority, after offsetting the cumulative loss from previous financial years. Starting from the financial year ended 31 March 2019, the contribution recognised in each financial year will be paid subsequent to the financial year to the Government in equal proportions over a period of three years.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 21 STATUTORY DEPOSITS OF INSURANCE COMPANIES, REMITTANCE LICENSEES AND CAPITAL MARKETS SERVICES LICENSEES

Statutory bank deposits, guarantees and Singapore Government bonds of insurance companies, remittance licensees and capital markets services licensees, are retained by the Authority under the Insurance Act (Cap. 142, 2002 Revised Edition), the Money-changing and Remittance Businesses Act (Cap. 187, 2008 Revised Edition) and the Securities and Futures Act (Cap. 289, 2006 Revised Edition) respectively, and in the events specified, dealt with accordingly under the respective Acts.

### 22 COMMITMENTS

#### 22.1 International Monetary Fund (“IMF”)

- a) On 15 December 2010, the IMF’s Board of Governors passed a resolution that would double the Fund’s total quotas and result in a major realignment of quota shares among members. In February 2016, Singapore paid up 25% of its full quota increase. As at 31 March 2019, the unpaid portion of the Singapore quota due to IMF under Section 4 of Article III of the Articles of Agreement is \$5,328 million (31 March 2018: \$5,328 million).
- b) On 20 April 2012, the Authority announced that Singapore would make a bilateral contingent loan of US\$4.0 billion [\$5.4 billion] (31 March 2018: US\$4.0 billion [\$5.2 billion]) to the IMF as part of the broader international effort to boost IMF’s resources and strengthen global economic and financial stability.
- c) As a participant in the IMF’s New Arrangements to Borrow (“NAB”), the Authority undertakes to provide a credit line in the event of a financial emergency as specified by the NAB. As at 31 March 2019, the loans granted by the Authority under the NAB totalled SDR50 million [\$93 million] (31 March 2018: SDR69 million [\$132 million]). The remaining undrawn credit is SDR599 million [\$1,126 million] as at 31 March 2019 (31 March 2018: SDR580 million [\$1,105 million]).

#### 22.2 Bank for International Settlements (“BIS”)

The Authority has a commitment, amounting to SDR16.1 million [\$30.2 million] as at 31 March 2019 (31 March 2018: SDR16.1 million [\$30.7 million]), in respect of the uncalled portion of its shareholding in the BIS.

#### 22.3 Repurchase Agreements with Central Banks and Monetary Authorities

The Authority entered into bilateral repurchase agreements totalling US\$7,500 million [\$10,159 million] (31 March 2018: US\$5,500 million [\$7,212 million]) with various Asian central banks and a monetary authority to provide liquidity assistance in times of emergency. As at 31 March 2019, there was no outstanding transaction with any central bank or monetary authority under these bilateral repurchase agreements (31 March 2018: \$nil million).

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 22.4 Currency Swap Arrangements with Central Banks and Monetary Authorities

- a) The Authority had a bilateral currency swap arrangement of CNY300 billion (\$64 billion) with the People's Bank of China for a term of three years, with effect from 7 March 2016. As at 31 March 2019, the Authority had no outstanding currency swap (31 March 2018: CNY10 billion [\$2.1 billion]) with the People's Bank of China. The Authority has renewed the bilateral currency swap arrangement of CNY300 billion (\$61 billion) with the People's Bank of China for a further term of three years with effect from 10 May 2019. This arrangement allows the Authority to provide Chinese Yuan liquidity to financial institutions in Singapore for trade and investment financing, including projects under the Belt and Road Initiative, as well as financial stability purposes.
- b) The Authority signed a bilateral currency swap agreement of JPY1.1 trillion [\$15 billion] with the Bank of Japan for a term of three years with effect from 30 November 2016. The arrangement allows the Authority to provide Japanese Yen liquidity to eligible Singapore financial institutions in support of their cross-border operations.
- c) The Authority and the Bank of Japan, acting as the agent for the Minister of Finance of Japan, signed the third Bilateral Swap Arrangement for a term of three years with effect from 21 May 2015. Under the agreement, the Authority can swap Singapore dollars for US dollars up to US\$3,000 million [\$4,064 million], while the Bank of Japan can swap Japanese Yen for US dollars up to US\$1,000 million [\$1,355 million]. The Bilateral Swap Arrangement was renewed for another term of three years on 21 May 2018.
- d) The Authority is Singapore's Swap Providing / Requesting Party in the Chiang Mai Initiative Multilateralisation ("CMIM") Agreement involving the ASEAN member states, China (including the Hong Kong Monetary Authority, China), Japan and Korea. The CMIM Agreement, effective from 24 March 2010, provides financial support through currency swap transactions, to address balance of payments and short-term liquidity difficulties in the region, and supplements existing international financial arrangements. In May 2012, the CMIM members agreed to strengthen the regional financial safety net and double the total size of the currency swap transactions with members to US\$240 billion. The Authority's commitment is US\$9,104 million [\$12,331 million] (31 March 2018: US\$9,104 million [\$11,938 million]) and the Authority can swap Singapore dollars for US dollars up to 2.5 times Singapore's commitment.
- e) The Authority is a participant in the multilateral ASEAN Swap Arrangement ("ASA") together with other ASEAN central banks and a monetary authority to provide short-term foreign exchange liquidity support for member countries that may experience balance of payments difficulties. In November 2017, the ASA was renewed for an additional two years up to 16 November 2019. Under this agreement, the Authority's commitment is US\$300 million [\$406 million] (31 March 2018: US\$300 million [\$393 million]).
- f) The Authority signed a bilateral swap agreement with Bank Indonesia for a term of one year with effect from 5 November 2018. Under the agreement, the Authority can swap Singapore dollars for Indonesian Rupiah up to IDR100 trillion [\$9.5 billion], while Bank Indonesia can swap Indonesian Rupiah for Singapore dollars up to \$9.5 billion.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

- g) As at 31 March 2019, there was no outstanding transaction with any central bank or monetary authority under any of the currency swap arrangements in Note 22.4 (31 March 2018: Swap of CNY10 billion [\$2.1 billion] with the People's Bank of China).

### 22.5 Liquidity Loan Facility

The Authority entered into an agreement with the Singapore Deposit Insurance Corporation Limited ("SDIC") on 9 February 2012 where the Authority may provide the SDIC a contingent liquidity facility of up to \$20 billion (31 March 2018: \$20 billion), in the event a Deposit Insurance Scheme member fails and liquidity is needed for compensation payments to insured depositors. As at 31 March 2019, there was no outstanding balance due from SDIC under this facility (31 March 2018: \$nil million).

### 22.6 Capital Expenditure Commitments

Capital expenditure relating to fixed assets not provided for in the financial statements is as follows:

| <b>in \$ millions</b> | <b>2019</b> | <b>2018</b> |
|-----------------------|-------------|-------------|
| Amount contracted for | 17          | 13          |

### 22.7 Leases

- a) Future minimum lease payments under non-cancellable operating leases are as follows:

| <b>in \$ millions</b> | <b>2019</b> | <b>2018</b> |
|-----------------------|-------------|-------------|
| Less than 1 year      | 2           | 1           |
| 1 to 5 years          | 3           | 1           |
| More than 5 years     | 2           | –           |
|                       | 7           | 2           |

- b) Future minimum lease rental receipts under non-cancellable operating leases are as follows:

| <b>in \$ millions</b> | <b>2019</b> | <b>2018</b> |
|-----------------------|-------------|-------------|
| Less than 1 year      | 6           | 8           |
| 1 to 5 years          | 4           | 9           |
|                       | 10          | 17          |

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 23 FINANCIAL RISK MANAGEMENT

23.1 The Risk Committee, chaired by an independent Board Director, assists the Board of Directors in providing oversight and guidance over the management of risks assumed by the Group. This encompasses the management of financial risks inherent in the Group's investment portfolios, amongst other organisational risks faced by the Group.

23.2 The Risk Management Department provides senior management and the Risk Committee with regular reports of the risk profiles of the Group's investments. These reports cover risk measurement and analysis of the Group's investment portfolios. The department also formulates risk policies and controls, and performs independent risk monitoring of the portfolios in accordance with the stipulated investment guidelines.

#### 23.3 Market Risk

a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency, interest rate and other price risks.

i) Currency risk is the risk of loss on foreign assets and liabilities arising from changes in foreign exchange rates.

ii) Interest rate risk is the risk of loss arising from changes in market interest rates.

iii) Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

b) Market risk is managed through regular monitoring of the market risk exposure of the Group's investments, the diversification of the Group's investments across different markets, and the establishment of investment risk tolerance and controls at both the aggregate and individual portfolio levels.

#### 23.4 Credit Risk

a) Credit risk is the risk of loss arising from a party's failure to discharge an obligation under a financial contract and includes counterparty and issuer credit risk.

b) The Group's credit risks are managed by transacting with entities of acceptable creditworthiness within assigned limits. Credit risks are also mitigated by diversifying credit exposures across counterparties and issuers and through collateral arrangements with counterparties whom the Authority has signed the International Swaps and Derivatives Association ("ISDA") Credit Support Annex.

c) The Group manages issuer credit risk by imposing minimum credit rating requirements on the investment of fixed income securities. Single issuer limits are placed to control the credit exposure to any one issuer and to mitigate the extent of loss resulting from a default.

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 23.5 Country Risk

The Group's foreign assets are exposed to country credit risk arising from political, economic and financial events in the country of investment. Country limits are established to control the Group's credit risk exposure to individual countries.

### 23.6 Liquidity Risk

Liquidity risk is the risk arising from the inability to sell a financial asset at close to its fair value at short notice due to inadequate market depth or market disruptions. The Group manages liquidity risk by investing mostly in liquid financial instruments and markets, and imposing limits on investments to ensure sufficient diversification and through regular monitoring of the liquidity profile of the Group's investments.

## 24 **TRANSACTIONS WITH THE FINANCIAL SECTOR DEVELOPMENT FUND**

24.1 The Financial Sector Development Fund (the "Fund") maintains a non-interest bearing current account with the Authority to facilitate grant disbursements. The Fund's current account balance with the Authority as at 31 March 2019 was \$nil million (31 March 2018: \$0.6 million).

24.2 The Authority also accepted deposits from the Fund, in the ordinary course of business and at arm's length, incurring interest expense disclosed below:

| <b>in \$ thousands</b> | <b>2019</b> | <b>2018</b> |
|------------------------|-------------|-------------|
| Interest Expense       | 566         | 323         |

The Fund's deposit balance with the Authority as at 31 March 2019 was \$43.0 million (31 March 2018: \$48.9 million).

24.3 During the financial year ended 31 March 2019, the Fund committed a \$0.2 million grant to the Authority to enhance the security of the Singapore Quick Response Code (SGQR). The SGQR is a set of common QR code specifications for e-payments developed by an industry task force co-led by the Authority and the Infocomm Media Development Authority (IMDA).

# MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2019

### 25 SEGMENT REPORTING

Owing to their integrated nature, the Group's operations, including those of its subsidiaries, comprise one main operating segment only, i.e. the conduct of monetary policy, issuance of currency, management of the official foreign reserves and acting as the banker to and financial agent of the Government, for segment reporting purposes. In addition, the Group's operations are mainly in one geographical area, Singapore. All other segment information are below the quantitative thresholds for separate disclosure.

### 26 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New or revised accounting standards and interpretations to existing standards have been issued that are relevant for the Group's accounting periods beginning after 1 April 2018 or later periods and which the Group has not early adopted. The Group does not expect the following revised accounting standard that is applicable, to have a significant impact on the Group's financial statements.

Effective for the Group's accounting periods beginning on or after 1 April 2019

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessor accounting remains substantially unchanged and a lessor continues to account for its leases as operating leases or finance leases accordingly.

### 27 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2019 were authorised by the Board of Directors for issuance and signed by Chairman and Managing Director on 24 June 2019.

**FINANCIAL  
STATEMENTS**  
2018/2019