



Monetary Authority of Singapore

MAS Financial Statements 2019/2020

FINANCIAL STATEMENTS

- 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 FY2019/2020

Financial Statements Highlights

MAS recorded a net profit of \$10.6 billion in the financial year that ended on 31 March 2020 (after a \$2.2 billion contribution to the Consolidated Fund). The total income of \$17.2 billion arose mainly from positive currency translation effects from the strengthening of the USD, Euro and Yen against the SGD. Investment income was lower compared to the previous financial year due to a sharp decline in the global markets in the final quarter.

Total expenditure increased to \$4.4 billion, due mostly to higher interest expenses during the year on MAS bills and other borrowings for domestic money market operations.

For this financial year, the MAS Board has approved a return of \$5.3 billion to the Singapore Government. After taking into account the return to the Government, total capital and reserves of the Authority increased to \$44.9 billion as at 31 March 2020.

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2020

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 32 are drawn up so as to present fairly the state of affairs of the Group and the Authority as at 31 March 2020, 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

6 July 2020

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

For The Financial Year Ended 31 March 2020

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 32, 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 2020, 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 2020 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 2020

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 2020

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
7 July 2020

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 March in \$ millions	Note	The Group		The Authority	
		2020	2019	2020	2019
Income/(Loss) from Foreign Operations [after transfers to/from provisions]	4	16,352	26,178	16,356	26,178
Income/(Loss) from Domestic and Other Operations	5	798	902	798	902
Non-operating Income	6	11	12	11	12
Total Income/(Loss) [after transfers to/from provisions]		17,161	27,092	17,165	27,092
<u>Less:</u>					
Investment, Interest and Other Expenses	7	4,023	3,609	4,001	3,605
Personnel Expenditure	8	260	261	260	261
General and Administrative Expenditure	9	86	83	86	83
Depreciation/Amortisation	14	31	28	31	28
Total Expenditure		4,400	3,981	4,378	3,977
Profit/(Loss) for the Year [after transfers to/from provisions]		12,761	23,111	12,787	23,115
<u>Less:</u>					
Contribution to Consolidated Fund	19.2	2,174	3,930	2,174	3,930
Net Profit/(Loss) and Total Comprehensive Income/(Loss) for the Year [after transfers to/from provisions]		10,587	19,181	10,613	19,185

The accompanying notes form an integral part of these financial statements

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

BALANCE SHEETS

As at 31 March in \$ millions	Note	The Group		The Authority	
		2020	2019	2020	2019
CAPITAL AND RESERVES					
Issued and Paid-up Capital	10	25,000	25,000	25,000	25,000
General Reserve Fund	10	19,880	14,599	19,910	14,603
		44,880	39,599	44,910	39,603
<u>Represented by:</u>					
ASSETS					
Cash and Bank Balances		96	41	96	41
Singapore Dollar Securities	11	11,528	10,586	11,528	10,586
Foreign Financial Assets	12	424,021	410,781	423,713	410,724
Gold		301	287	301	287
Other Assets	13	31,293	7,625	31,293	7,625
Property and Other Fixed Assets	14	198	183	198	183
Subsidiaries	15	–	–	330	61
		467,437	429,503	467,459	429,507
<u>Less:</u>					
LIABILITIES					
Currency in Circulation	16	54,517	49,783	54,517	49,783
Deposits of Financial Institutions	17	39,569	24,513	39,569	24,513
MAS Bills	18	115,356	125,159	115,356	125,159
Foreign Financial Liabilities	12	28,512	10,041	28,512	10,041
Provisions and Other Liabilities	18	128,726	98,396	128,718	98,396
Amounts Due to Singapore Government	19	55,877	82,012	55,877	82,012
		422,557	389,904	422,549	389,904
NET ASSETS		44,880	39,599	44,910	39,603

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 and Paid-up Capital	General Reserve Fund	Total
Balance as at 1 April 2018		25,000	30,603	55,603
Total Comprehensive Income/(Loss) for the Year [after transfers to/from provisions]		–	19,181	19,181
Return of Profit to Singapore Government	19.1	–	(35,185)	(35,185)
Balance as at 31 March 2019		25,000	14,599	39,599
Total Comprehensive Income/(Loss) for the Year [after transfers to/from provisions]		–	10,587	10,587
Return of Profit to Singapore Government	19.1	–	(5,306)	(5,306)
Balance as at 31 March 2020		25,000	19,880	44,880

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 and Paid-up Capital	General Reserve Fund	Total
Balance as at 1 April 2018		25,000	30,603	55,603
Total Comprehensive Income/(Loss) for the Year [after transfers to/from provisions]		–	19,185	19,185
Return of Profit to Singapore Government	19.1	–	(35,185)	(35,185)
Balance as at 31 March 2019		25,000	14,603	39,603
Total Comprehensive Income/(Loss) for the Year [after transfers to/from provisions]		–	10,613	10,613
Return of Profit to Singapore Government	19.1	–	(5,306)	(5,306)
Balance as at 31 March 2020		25,000	19,910	44,910

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 in \$ millions	2020	2019
Cash Flows from Operating Activities		
Profit for the Year [after transfers to/from provisions]	12,761	23,111
Adjustments for:		
Depreciation/Amortisation of Fixed Assets and Other Assets	31	28
Profit before Working Capital Changes	12,792	23,139
(Increase)/Decrease in		
Singapore Dollar Securities	(942)	(583)
Foreign Financial Assets	(13,240)	(21,675)
Gold	(14)	(9)
Other Assets	(23,668)	7,084
Increase/(Decrease) in		
Currency in Circulation	4,734	2,659
Deposits of Financial Institutions	15,056	(2,871)
MAS Bills	(9,803)	9,844
Foreign Financial Liabilities	18,471	(2,764)
Provisions and Other Liabilities	30,317	11,738
Amounts due to Singapore Government (excluding Contribution to Consolidated Fund and Return of Profit to Singapore Government)	2,880	(22,783)
Contribution to Consolidated Fund paid	(1,310)	(1,088)
Net Cash from Operating Activities	35,273	2,691
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(32)	(26)
Net Cash used in Investing Activities	(32)	(26)
Cash Flows from Financing Activities		
Return of Profit to Singapore Government paid ¹	(35,185)	(2,655)
Payment of Lease Liabilities	(1)	-
Net Cash used in Financing Activities	(35,186)	(2,655)
Net Increase/(Decrease) in Cash and Bank Balances	55	10
Cash and Bank Balances as at beginning of the year	41	31
Cash and Bank Balances as at end of the year	96	41

¹ Changes in liabilities arising from Return of Profit to Singapore Government comprise financing cash flows and accruals made during 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 2020

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 15 to the financial statements.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

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"]. 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) The following new SFRS(I) relevant to the Group is applicable in the current financial year.

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.

The Group has adopted SFRS(I) 16 Leases retrospectively from 1 April 2019 but has not restated comparative figures as permitted under the specified transition provisions in the standard. The initial application of SFRS(I) 16 resulted in the recognition of a right-of-use asset of \$4.4 million classified under "Property and Other Fixed Asset" and lease liabilities of \$4.4 million classified under "Provisions and Other Liabilities", with no effect on net assets or accumulated surplus. There is no other significant impact to the financial statements arising from the adoption of SFRS (I) 16.

c) 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

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

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.

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 profit or loss.
- 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 profit or loss.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

- 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 profit or loss.

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 recognised in profit or loss.
- 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 mainly 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.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

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.

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

Owned Property and Other Fixed Assets

- 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 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.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

- 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 profit or loss.

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 profit or loss. 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.

On disposal of fixed assets, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Leased Property and Other Fixed Assets

- d) The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is measured at the present value of the unpaid lease payments discounted using the Group's incremental borrowing rate.
- e) Payments associated with leases of low-value assets, including IT equipment, are recognised as an expense in profit or loss on a straight-line basis over the lease term.

3.13 Operating Leases

Receipts from operating leases are recognised as rental income in profit or loss on a straight-line basis over the lease term.

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.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

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.

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.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

8 PERSONNEL EXPENDITURE

8.1 This includes the following:

in \$ millions	The Group and the Authority	
	2020	2019
Salaries	223	223
Employer's Contribution to the Central Provident Fund	23	25
Staff Benefits and Training	10	10

The Minister-in-charge of the Authority is not paid a salary by the Authority. Directors' fees for the year totalled \$0.2 million (2019: \$0.2 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	
	2020	2019
Salaries and Other Short-term Employee Benefits	25	26
Other Long-term Employee Benefits	3	4

Post-employment benefits of \$1.0 million (2019: \$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.

9 GENERAL AND ADMINISTRATIVE EXPENDITURE

This includes the following:

in \$ millions	The Group and the Authority	
	2020	2019
Information Technology	31	24
Information Resources	8	7
Subscription to Organisations	7	7
Maintenance	6	5
Consultancy, Legal and Other Fees	5	9
Travel and Accommodation	5	5
Leases of low-value assets	2	2
Audit Fee	1	1

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

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 General Reserve Fund is established under Section 6(1) of the Monetary Authority of Singapore Act.
- 10.3 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.
- 10.4 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.
- 10.5 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.

11 SINGAPORE DOLLAR SECURITIES

Singapore Dollar Securities comprise:

in \$ millions	The Group and the Authority	
	31 March 2020	31 March 2019
Singapore Government Bonds	11,206	10,264
Singapore Dollar Corporate Bonds	227	227
Singapore Dollar Corporate Bond Exchange-Traded Fund	95	95
	<u>11,528</u>	<u>10,586</u>

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

12 FOREIGN FINANCIAL ASSETS AND LIABILITIES

12.1 These comprise the following:

As at 31 March in \$ millions	Note	The Group		The Authority	
		2020	2019	2020	2019
Foreign Investments and Others					
Bank Balances, Deposits and Loan Receivables	12.2	86,682	64,592	86,682	64,592
Securities (including Treasury Bills, Bonds and Equities)		311,892	330,517	311,892	330,517
Other Financial Assets		21,709	11,999	21,401	11,942
International Monetary Fund ("IMF") Assets					
Reserve Tranche	12.3	2,086	2,058	2,086	2,058
Special Drawing Rights ("SDRs")		1,493	1,426	1,493	1,426
Loans under New Arrangements to Borrow	21.1(c)	63	93	63	93
Shareholding in Bank for International Settlements ("BIS")					
	12.4	96	96	96	96
Foreign Financial Assets		424,021	410,781	423,713	410,724
Foreign Borrowings and Other Liabilities					
		27,063	8,642	27,063	8,642
IMF SDR Allocations		1,449	1,399	1,449	1,399
Foreign Financial Liabilities		28,512	10,041	28,512	10,041

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

12.2 Bank Balances, Deposits and Loan Receivables

These include balances with and loans to financial institutions arising from the drawdowns under the bilateral currency swap arrangements with the People's Bank of China ("PBOC") and US Federal Reserve as disclosed in Note 21.4.

12.3 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.

12.4 Bank for International Settlements ("BIS")

The Authority's shareholding in the BIS comprises the 25% paid-up value of 4,285 (31 March 2019: 4,285) shares with a nominal value of SDR5,000 [\$9,733] (31 March 2019: SDR5,000 [\$9,398]) each.

13 OTHER ASSETS

These comprise the following:

in \$ millions	The Group and the Authority	
	31 March 2020	31 March 2019
Receivables from Currency Swaps with Foreign Central Banks	11,970	–
Receivables from MAS Bills Issued	10,585	–
Loans, Deposits and Other Receivables	5,769	4,571
Repurchase Agreements with Singapore Government	2,969	3,054
	31,293	7,625

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

14 PROPERTY AND OTHER FIXED ASSETS

in \$ millions	The Group and the Authority							
	Leasehold Land	Buildings	Building Improvements	Computer Hardware and Software	Furniture, Fixtures, Motor Vehicles and Other Equipment	Right-of-use Assets	Work-in-Progress	Total
COST								
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
ACCUMULATED DEPRECIATION								
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
NET BOOK VALUE AS AT 31 March 2019								
	26	62	41	39	3	-	12	183
COST								
As at 1 April 2019	48	170	97	177	24	4	12	532
Additions	-	-	-	2	-	1	39	42
Disposals	-	-	(2)	-	-	-	-	(2)
Transfers	-	-	2	15	2	-	(19)	-
As at 31 March 2020	48	170	97	194	26	5	32	572
ACCUMULATED DEPRECIATION								
As at 1 April 2019	22	108	56	138	21	-	-	345
Disposals	-	-	(2)	-	-	-	-	(2)
Depreciation Charge	1	4	6	17	2	1	-	31
As at 31 March 2020	23	112	60	155	23	1	-	374
NET BOOK VALUE AS AT 31 March 2020								
	25	58	37	39	3	4	32	198

Right-of-use assets above relate to lease of office premises.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

15 SUBSIDIARIES

in \$ millions	The Authority	
	31 March 2020	31 March 2019
Investment in Subsidiaries	-*	-*
Amounts Due from Subsidiary	330	61
	<u>330</u>	<u>61</u>

*Less than \$1 million

15.1 Amounts due from subsidiary relate to advances to MG (Ventures) Pte. Ltd. The advances are unsecured, non-interest bearing and repayable upon demand.

15.2 As at 31 March 2020, MG (Ventures) Pte. Ltd. had uncalled capital commitments for the acquisitions of private equity and infrastructure funds of US\$1,057.1 million [\$1,505.2 million] (31 March 2019: US\$555.9 million [\$752.9 million]).

15.3 The following is a list of subsidiaries:

Name	Principal Place of Business/ Country of Incorporation	Principal Activities	Ownership Interest	
			2020	2019
			%	%
<i>Held by the Authority:</i>				
Singapore Sukuk Pte Ltd ("SSPL")	Singapore	Dormant	100	100
MG (Ventures) Pte. Ltd.	Singapore	Investment holding	100	100
<i>Held by MG (Ventures) Pte. Ltd.:</i>				
Imera Investment Pte. Ltd.	Singapore	Undertaking and transacting in investment business	100	100
Minas Investment Pte. Ltd.	Singapore	Undertaking and transacting in investment business	100	100

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

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 \$467,459 million (31 March 2019: \$429,507 million) and \$54,517 million (31 March 2019: \$49,783 million) respectively as at 31 March 2020.

17 DEPOSITS OF FINANCIAL INSTITUTIONS

in \$ millions	The Group and the Authority	
	31 March 2020	31 March 2019
Banks	30,497	23,378
Finance Companies	363	381
Securities Companies	11	12
	<u>30,871</u>	<u>23,771</u>
International Financial Institutions	478	729
Foreign Central Banks and Others	8,220	13
	<u>39,569</u>	<u>24,513</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.

18 MAS BILLS, PROVISIONS AND OTHER LIABILITIES

- 18.1 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.
- 18.2 Provisions have been made for contingencies under Section 6(2) of the Monetary Authority of Singapore Act. Other liabilities include lease liabilities, borrowings from banks, borrowings under reverse repurchase agreements, creditors, accruals and other payables.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

19 AMOUNTS DUE TO SINGAPORE GOVERNMENT

19.1 The amounts due to the Singapore Government comprise the following:

in \$ millions	The Group and the Authority	
	31 March 2020	31 March 2019
Amounts due to Singapore Government, arising from Repurchase Agreements	2,969	3,054
Balances and Deposits of Singapore Government	42,808	39,843
Contribution to Consolidated Fund	4,794	3,930
Return of Profit to Singapore Government	5,306	35,185
	<u>55,877</u>	<u>82,012</u>

19.2 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% (2019: 17%) of the net profit of the Authority, after offsetting the cumulative loss from previous financial years. The contribution recognised in each financial year is paid subsequent to the financial year to the Government in equal proportions over a period of three years.

20 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) [repealed on 28 January 2020] and the Securities and Futures Act (Cap. 289, 2006 Revised Edition) respectively, and in the events specified, dealt with accordingly under the respective Acts. From 28 January 2020, statutory deposits of remittance licensees are retained by the Authority under the Payment Services Act (No.2 of 2019).

21 COMMITMENTS

21.1 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 2020, the

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

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 2019: \$5,328 million).

- b) On 20 April 2012, the Authority announced that Singapore would make a bilateral contingent loan of US\$4.0 billion [\$5.7 billion] (31 March 2019: US\$4.0 billion [\$5.4 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 2020, the loans granted by the Authority under the NAB totalled SDR32 million [\$63 million] (31 March 2019: SDR50 million [\$93 million]). The remaining undrawn credit is SDR617 million [\$1,200 million] as at 31 March 2020 (31 March 2019: SDR599 million [\$1,126 million]).

21.2 Bank for International Settlements ("BIS")

The Authority has a commitment, amounting to SDR16.1 million [\$31.3 million] as at 31 March 2020 (31 March 2019: SDR16.1 million [\$30.2 million]), in respect of the uncalled portion of its shareholding in the BIS.

21.3 Repurchase Agreements with Central Banks and Monetary Authorities

The Authority entered into bilateral repurchase agreements totalling US\$7,500 million [\$10,679 million] (31 March 2019: US\$7,500 million [\$10,159 million]) with various Asian central banks and a monetary authority to provide liquidity assistance in times of emergency. As at 31 March 2020, there was no outstanding transaction with any central bank or monetary authority under these bilateral repurchase agreements (31 March 2019: \$nil million).

21.4 Currency Swap Arrangements with Central Banks and Monetary Authorities

- a) The Authority has a bilateral currency swap arrangement with the PBOC for a term of three years, with effect from 10 May 2019. Under this agreement, the Authority can swap Singapore dollars for Chinese Yuan up to CNY300 billion, while the PBOC can swap Chinese Yuan for Singapore dollars up to \$61 billion. The Authority and PBOC can access the foreign currency liquidity to support trade and investment financing needs, including projects under the Belt and Road Initiative, and to stabilise financial markets. As at 31 March 2020, the total outstanding currency swap transactions under this facility amounted to \$2.1 billion, comprising CNY10 billion [\$2.0 billion] drawn by the Authority and \$0.1 billion drawn by the PBOC.
- b) The Authority signed a bilateral local 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

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

arrangement allows the Authority to provide Japanese Yen liquidity to eligible Singapore financial institutions in support of their cross-border operations. The agreement was renewed for another term of three years on 29 November 2019.

- 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. The Bilateral Swap Arrangement was renewed for another term of three years on 21 May 2018. Under the renewed Bilateral Swap Agreement, the Authority can swap Singapore dollars for US dollars up to US\$3,000 million [\$4,272 million], or its equivalent in Japanese Yen, while the Bank of Japan can swap Japanese Yen for US dollars up to US\$1,000 million [\$1,424 million].
- 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 [\$12,963 million] (31 March 2019: US\$9,104 million [\$12,331 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 2019, the ASA was renewed for an additional two years up to 16 November 2021. Under this agreement, the Authority's commitment is US\$300 million [\$427 million] (31 March 2019: US\$300 million [\$406 million]).
- f) The Authority signed a local currency bilateral swap agreement with Bank Indonesia for a term of one year with effect from 5 November 2018. This agreement was renewed for an additional year on 5 November 2019. Under the agreement, the Authority can swap Singapore dollars for Indonesian Rupiah up to IDR100 trillion [\$8.7 billion], while Bank Indonesia can swap Indonesian Rupiah for Singapore dollars up to \$9.5 billion.
- g) On 25 March 2020, the Authority established a temporary US dollar-Singapore dollar liquidity swap arrangement of US\$60 billion [\$85.4 billion] with the US Federal Reserve. This swap facility allows the US Federal Reserve to provide US dollar liquidity to financial institutions through central banks, to improve liquidity and access to US dollar funding in global financial markets. As at 31 March 2020, the Authority drew US\$6.9 billion [\$9.8 billion] on this facility and lent the USD obtained from the US Federal Reserve to banks in Singapore.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

- h) Aside from the CNY swap with the PBOC and the temporary US dollar-Singapore dollar liquidity swap arrangement with US Federal Reserve, there was no outstanding transaction with any central bank or monetary authority under any of the currency swap arrangements in Note 21.4.

21.5 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 2019: \$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 2020, there was no outstanding balance due from SDIC under this facility (31 March 2019: \$nil million).

21.6 Capital Expenditure Commitments

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

<u>in \$ millions</u>	<u>2020</u>	<u>2019</u>
Amount contracted for	21	17

22 FINANCIAL RISK MANAGEMENT

22.1 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.

22.2 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.

22.3 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.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

- 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.

22.4 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.

22.5 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.

22.6 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.

MONETARY AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2020

23 TRANSACTIONS WITH THE FINANCIAL SECTOR DEVELOPMENT FUND

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

in \$ thousands	2020	2019
Interest Expense	757	566

The Fund's deposit balance with the Authority as at 31 March 2020 was \$42.3 million (31 March 2019: \$43.0 million).

23.2 The Fund committed a \$0.2 million grant to the Authority to enhance the security of the Singapore Quick Response Code ("SGQR") during the financial year ended 31 March 2019. 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"). During the financial year ended 31 March 2020, the Authority drew down the \$0.2 million grant commitment and the grant receipt from the Fund was recognised in the Authority's statement of comprehensive income.

24 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.

25 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New or revised accounting standards and interpretations of existing standards effective for accounting periods beginning after 1 April 2019 do not have a significant impact on the Group's financial statements.

26 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2020 were authorised by the Board of Directors for issuance and signed by Chairman and Managing Director on 6 July 2020.

MAS
FINANCIAL
STATEMENTS
2019/2020