ANNUAL REPORT ON THE CO-OPERATIVE SOCIETIES IN SINGAPORE

FOR THE FINANCIAL YEAR ENDED
31 MARCH 2021

Ministry of Culture, Community and Youth

Contents

MESSAGE FROM EXECUTIVE DIRECTOR, REGISTRY OF CO-OPERATIVE SOCIETIES

The COVID-19 pandemic has caused major disruptions to lives and livelihood. As we enter the second year of this global pandemic, co-operatives have adapted to these disruptions, refocused their resources and energy, and found new ways of running their operations. For example, many co-operatives have learnt how to hold meetings virtually and introduced new initiatives to continue serving members during these difficult times.

2. There were also leadership changes within the Registry of Co-operative Societies ("the Registry"). I assumed the role of Executive Director from 1 November 2020 and will continue to build on the good work of my predecessor, Dr Ang Hak Seng. I would also like to express my deep appreciation to Ms Kristy Ho, who stepped down as the Registrar on 23 July 2021 to take on another role in our Ministry. On behalf of the sector, I would like to thank Kristy for all she had done for the sector over the past ten years. Please also join me in welcoming Ms Crystal Du as the new Registrar of Co-operative Societies. The Registry will continue to protect co-operatives members' interests and help co-operatives fulfil their social missions under her leadership.

Assistance to Co-operatives during COVID-19

3. To assist co-operatives in this difficult time, the Minister for Culture, Community and Youth approved a waiver of the co-operatives first tier contributions to the Central Co-operative Fund ("CCF") for financial years ending between 31 December 2020 and 30 September 2021. This is the

second year the waiver was granted to help ease the cashflow of our co-operatives. We hope to see the co-operative sector emerge stronger from the pandemic with enhanced capabilities and a greater ability to digitalise and innovate. Hence, we strongly encourage all co-operatives to take up the various CCF grants to build and strengthen these areas.

4. The Registry had earlier postponed the increase in the Capital Adequacy Ratio ("CAR") requirement for credit co-operatives (from 8% to 10%) and related revisions to the Unsecured Loan limits by one year from 1 July 2020 to 1 July 2021. We provided this extension given the difficulties faced by credit co-operatives in meeting the requirement by the deadline of 1 July 2020 because of COVID-19.

5. To assist co-operatives in carrying out their thrift and loan business and meeting their members' needs, the Registry had also granted a one-and-a-half-year postponement of the requirement for the higher CAR for Unsecured Loan Limits. This means that credit co-operatives may grant loans at existing unsecured loan limits even though they have not met the higher CAR requirement. Credit co-operatives are however reminded to exercise prudence in their granting of such loans, and to perform all necessary credit evaluation checks as required in the Written Direction on Unsecured Loans.

Partnerships & Stakeholders

6. The Registry will continue to focus on engaging stakeholders within the sector to better design and implement initiatives. We are grateful for the close partnerships we have with the CCF Committee, Singapore National Co-operative Federation ("SNCF") and the co-operatives. Through the years, we have built strong relationships with our co-operatives, which has allowed us to address concerns and act swiftly during the pandemic. This must continue.

The Way Ahead

7. While this pandemic has disrupted our lives, our co-operatives have nonetheless demonstrated their ability to adapt, and shown grit and determination to continue serving their members and fulfilling their social mission. I am sure that as we work together, we will emerge stronger from this pandemic, ready to face the future as one united and resilient sector.

Desmond Chin
Executive Director, Registry of Co-operative Societies
September 2021

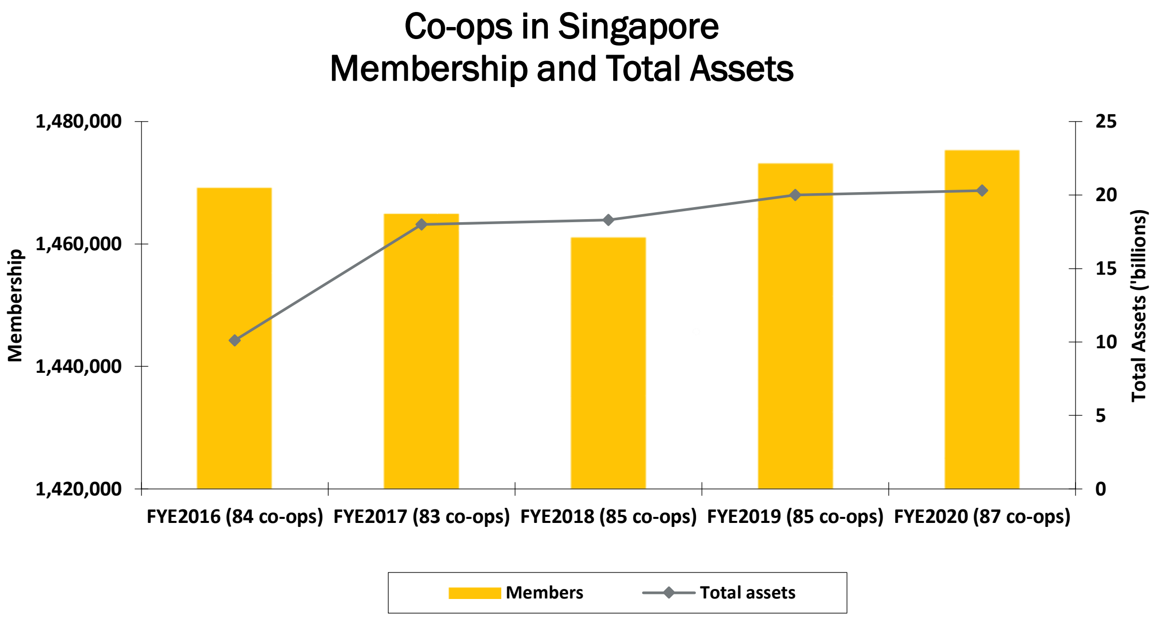
CO-OPERATIVE SOCIETIES STATISTICS

1. The Annual Report aims to inform the public on co-operative societies (also known as "co-ops"), highlight the key statistics and main developments in the year, as well as to share the Registry's plans.

2. Co-ops operate on principles of self-help and mutual assistance, where people voluntarily unite to achieve a common social or economic aim. Co-ops must be financially sustainable and professionally run to ensure that they can continue to serve their members in fulfilling their social missions.

3. Co-ops in Singapore are regulated by the Registry of Co-operative Societies, under the Co-operative Societies Act (Chapter 62) ("the Act") and Co-operative Societies Rules 2009.

4. **1,475,000 members** in **87 co-ops** held **$20.3 billion**[1] in total assets as at 31 March 2021 ("FY2020").



[1] Data derived from co-ops' Audited Financial Statements ("AFS") for the financial year ended 31 December 2020 / 31 March 2021 where available. Otherwise, data was obtained from the last available AFS.

5. Co-ops are classified into two categories:

a. **Consumer and Services Co-ops** provide goods and services to their members and the public. They are driven by a social mission to help residents in Singapore through moderating the cost of living or providing targeted services.

> **64** consumer and services co-ops serving
> **1,344,000** members with
> **$19.2 billion** in total assets

b. **Credit Co-ops** provide financial services to their members within a pre-existing common bond of association, for example, individuals from the same community, industry or organisation.

> **23** credit co-ops serving
> **132,000** members with
> **$1.1 billion** in total assets

Registration and De-registration of Co-ops

6. During the year, 3 new co-ops were registered and 1 deregistered. The newly registered co-ops are:

a. **Beauty Services Alliance Cooperative Limited** – Registered on 24 June 2020, the co-op intends to provide training, certification, mediation and audit services for the wellness and beauty sector. It also intends to be the industry benchmark by setting up a trust mark accreditation scheme.

b. **Agape Energy Efficiency Co-operative Limited –** Registered on 24 June 2020, the co-op aims to support disadvantaged members of the society by recruiting youths-at-risk, mid-career changers and ex-offenders as trainees, and converting them to technician members after graduating from the Co-op's training programme to carry out maintenance, servicing and repair of home appliances, lighting and plumbing, and to educate members of the public on energy-efficient use of their electrical systems at home.

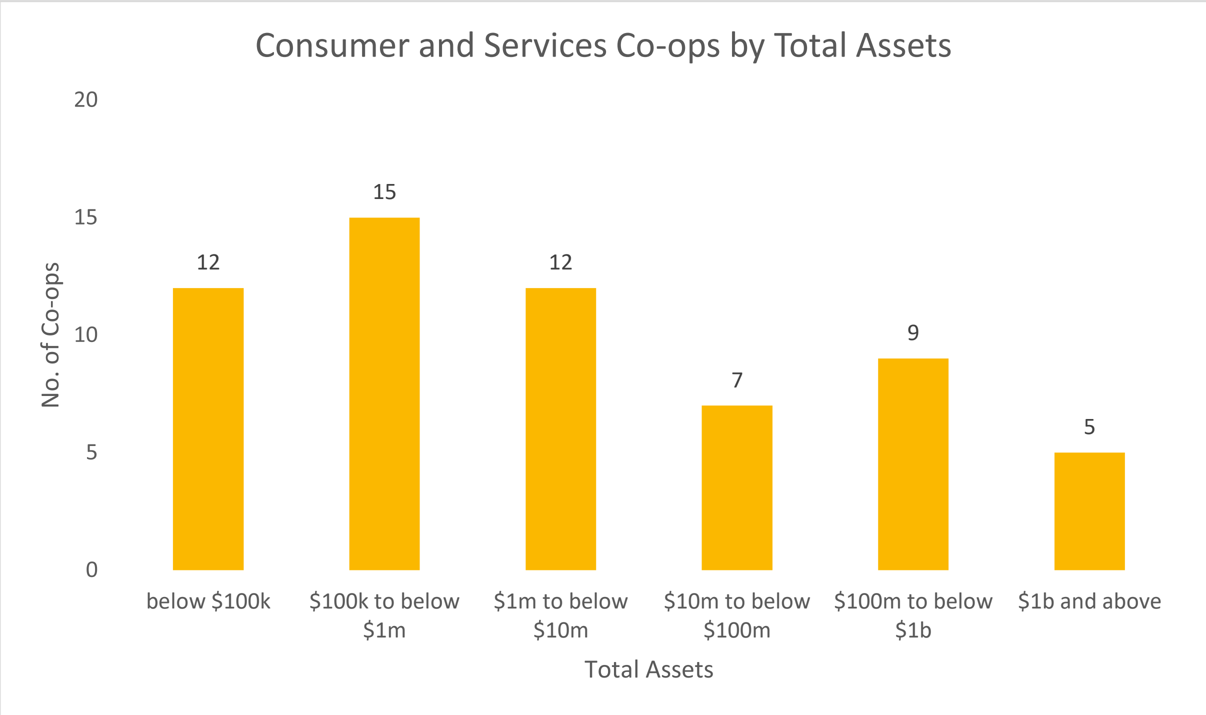
c. **SGTUFF Co-operative Limited –** Registered on 7 January 2021, SGTUFF aims to become the go-to association for Small and Medium Enterprises ("SMEs") in frontline businesses. SGTUFF seeks to provide value to its members through activities, such as common sourcing of vendors, networking sessions, entrepreneurship webinars and advocacy work on fair tenancy and manpower matters.

7. The Catholic Junior College Co-operative Society was deregistered on 18 April 2020.

Overview of Consumer and Services Co-ops

8. Consumer and Services Co-ops provide goods and non-financial services to their members while fulfilling social missions. These co-ops meet the social and economic interests of their members through their activities which include providing employment opportunities, gathering like-minded individuals, or buying and selling goods and services on a co-operative basis.

9. The **total assets** held by the **60[2] consumer and services co-ops** amount to approximately **$19.2 billion.**



10. There were 12 consumer and services co-ops with total assets less than $100,000 each, while 5 co-ops[3] have over $1 billion in total assets each.

[2] Out of 64 registered consumer and services co-ops, 4 are new co-ops of which the audited financial statements are not yet due.
[3] (in alphabetical order) Mercatus Co-operative Limited, Mercatus Epsilon Co-operative Limited, NTUC Enterprise Co-operative Limited, NTUC Fairprice Co-operative Limited and NTUC INCOME Insurance Co-operative Limited.

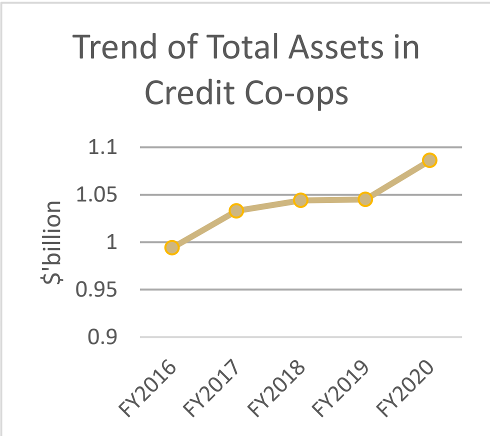
Overview of Credit Co-ops

11. Credit Co-ops take in deposits from and give out loans to their members. They have a fiduciary duty to their members to exercise prudent oversight over their deposits. Currently, there are **21 active credit co-ops**[4] whose financial year ended on 31 December 2020 or 31 March 2021.

12. **Eight (about 40%) credit co-ops[5] hold more than $50 million in total assets each.** Together, they hold most of the sector's total assets (84%), total deposits (83%), total loans granted (80%) and the profits before appropriations and comprehensive income (83%).

Total Assets: $1.09 billion (↑ 3.9%)

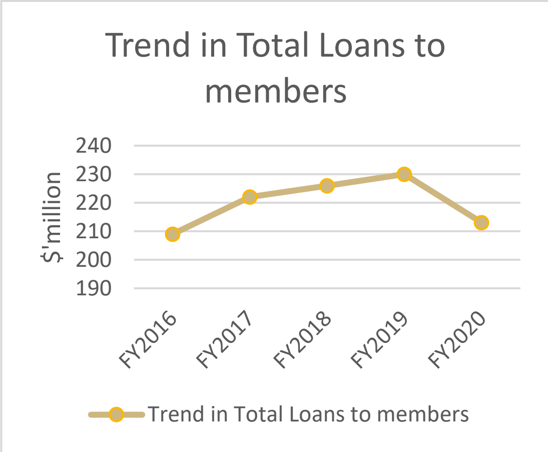
- Total liquid assets[6] of $457 million
- 8 credit co-ops with total assets over $50 million; of which 3 credit co-ops have total assets over $100 million
- 3 credit co-ops with total assets of less than $1 million



[4] As at 31 March 2021, there were 23 registered credit co-ops, of which 2 credit co-ops are winding up.
[5] (in alphabetical order) AUPE Credit Co-operative Limited, Polwel Co-operative Society Limited, Singapore Government Staff Credit Co-operative Society Limited, Singapore Mercantile Co-operative Society Limited, The Singapore Police Co-operative Society Limited, Singapore Teachers' Co-operative Society Limited, Straits Times Co-operative Limited and TCC Credit Co-operative Limited.
[6] "Liquid Assets" is defined in the Annex.

Total Outstanding Loans to members: $213 million (↓ 7.1%)

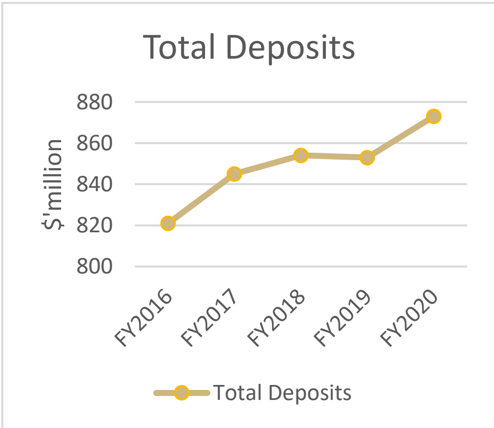
- 3 credit co-ops with total outstanding loans to members over $30 million
- 11 credit co-ops with total outstanding loans to members less than $1 million
- 2 credit co-ops with loans-to-assets ratio above 50%



- Average loans-to-assets ratio is 19%
- During the year, $103 million in loans were granted to members, of which $3.3 million were in exceptional unsecured loans[7]

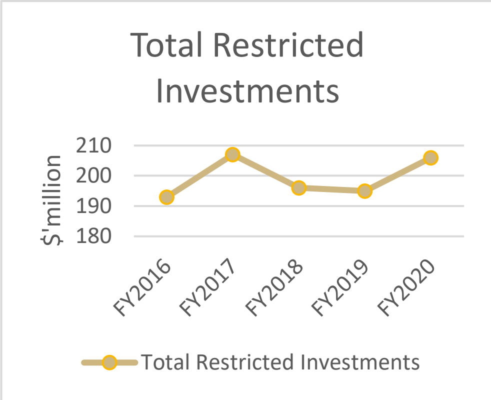
Total Deposits: $873 million (↑ 2.4%)

- 2 credit co-ops with total deposits of more than $100 million
- 2 credit co-ops with total deposits less than $1 million
- 2 credit co-ops do not take in any deposits
- Average deposits per member is $6,600



[7] "Exceptional unsecured loans" is defined in the Annex.

Total Restricted Investments (“RI”)[8]: $206 million (↑ 5.7%)



- 1 credit co-op with RI over $50 million
- 2 credit co-ops with RI less than $1 million
- 9 credit co-ops did not have any RI
- 8 credit co-ops have obtained their members’ and the Registrar’s approval for RI limit[9] of 30% for up to 3 years
- 2 credit co-ops have obtained their members’ approval for RI limit of 20% for up to 3 years
- Among co-ops which invest in RI, the average RI to assets ratio is 17%

[8] The definition of “Restricted Investments” is found in the Annex.
[9] Credit co-ops are allowed to invest up to 10% of their total assets in RI. In addition, credit co-ops may also seek members’ approval for a 20% limit, or both members’ and the Registrar’s approval for a 30% limit, subject to conditions. More information can be found in the Annex.

COMPLIANCE WITH KEY STATUTORY AND REGULATORY REQUIREMENTS

Statutory Requirements for All Co-ops

13. The Act stipulates that all co-ops shall:

- ✓ Hold an Annual General Meeting ("AGM"); and
- ✓ Submit their Audited Financial Statements ("AFS") and Annual Report to the Registry

no later than 6 months after the end of their financial year, unless an extension is granted by the Registrar. From 1 July 2019, the co-ops must prepare their Annual Report with minimum disclosure of information as stated in the Annual Report Requirement issued by the Registrar.

The annual report and audited financial statements must be made available to members and delegates entitled to attend the general meeting at least 15 clear days before the general meeting.

14. In FY2020, **77 co-ops were required to hold their AGM and submit their AFS**[10] for the previous financial year ended 31 December 2019 / 31 March 2020 ("FY2019").

15. In the recent years, the compliance rates for conducting of AGM has been relatively constant, while the compliance rates for submitting of AFS had been gradually increasing over the years.

[10] This excludes co-ops that are winding up.

16. However, due to COVID-19 in FY2020, the compliance rates were adversely affected, particularly in the submission of AFS which was delayed due to longer time needed to conclude the external audits.

The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Charities, Co-operative Societies and Mutual Benefit Organisations) Order 2020 ('Order') was issued on 27 April 2020

17. During FY2020, 44 co-ops (57%) co-ops complied with the deadline to submit the AFS for FY2019. Of the remaining late co-ops, 19 co-ops submitted their AFS within 90 days after the deadline, and a further 5 co-ops submitted their AFS within 180 days after the deadline.

18. Due to COVID-19, AGMs that were due to be held were allowed to be deferred to a date no later than 31 December 2020. This was to give a grace period to co-ops who needed more time to overcome practical difficulties in organising a virtual meeting for the first time. 66 (86%) co-ops complied with the extended deadline to conduct the AGM for FY2019. Of the remaining late co-ops, 1 co-op held its AGM within 90 days after the deadline, and another 1 co-op held its AGM within 180 days after the deadline.

19. The remaining 9 co-ops that had either failed to do so or had held their AGM or submitted their AFS more than 180 days after their financial year end have expressed their intent to dissolve or are being monitored by the Registry.

20. The Registry actively engages with the co-ops being monitored to better understand their next course of action. The Registry will take enforcement actions if necessary.

Timely submissions increase members' trust in the Committee of Management.

Prudential Requirements for Credit Co-ops

21. To refocus credit co-ops towards their core business of thrift and loan, prudential requirements[11] for credit co-ops were put in place to improve risk management standards and ensure prudence in operations. The prudential requirements are periodically reviewed to address emerging concerns and implemented in phases so that credit co-ops may gradually amend their operations to meet those requirements.

22. **There are 19 credit co-ops subject to prudential ratios**[12]. Their compliance with the prudential ratios for FY2020 in comparison with the previous two financial years is provided in the table below.

Number (and percentage) of Credit Co-ops that have complied with the minimum prudential ratios

Prudential Requirement	FY2020	FY2019	FY2018
Minimum Liquid Assets (“MLA”)	19 (100%)	19 (100%)	21 (100%)
Capital Adequacy Ratio (“CAR”)	16 (84%)	15 (79%)	16 (76%)
Restricted Investments (“RI”)	19 (100%)	19 (100%)	21 (100%)

23. The compliance for CAR has improved from FY2019, with 1 credit co-op improving its CAR to above 8%. The Registry is actively engaging with the remaining co-ops to work towards their compliance.

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[11] A summary of the prudential requirements can be found in Annex.
[12] Out of the 23 registered credit co-ops, 2 do not take in deposits and hence are not subject to the prudential ratios. Two further credit co-ops are undergoing liquidation in FY2019 resulting in a total of 19 credit co-ops subject to prudential requirements, as compared to 21 co-ops in FY2018.

24. Unsecured loan limits for credit co-ops are tiered and credit co-ops which do not meet the minimum CAR requirement can only apply unsecured general loan limits at the lowest tier. They must also seek the Registrar's written approval for their proposed dividends to members. However, these credit co-ops should first assess if they should distribute dividends to members, as doing so will reduce the increase of institutional capital which is required to improve CAR.

Credit co-ops with low CAR must take active steps to increase their institutional capital.

Co-ops must consider reducing expenses, lowering dividend rate and interest rate on members' deposits.

25. The Registry continuously engages and works with credit co-ops who are unable to meet the CAR requirement. This allows the Registry to assess their situation and better assist them in working towards compliance.

Adequate institutional capital helps to ensure long-term sustainability of the credit co-ops.

ACTIVITIES IN 2020 and 2021

COVID-19 related initiatives to support co-ops

CCF Support Package

26. To support co-ops during the challenging period of the COVID-19 pandemic, the Minister for Culture, Community and Youth approved a support package for co-ops in 2020, comprising the following:

i. Waiver of co-ops' first tier contributions to the CCF (i.e. 5% of the first $500,000 surplus) for financial years ending between 31 December 2019 and 30 September 2020 (both dates inclusive); and

ii. One-time grant of $2,000 to each co-op from the CCF.

27. While the situation has improved in 2021, businesses have not returned to normal. Co-ops still face challenges amidst the uncertainties. Another waiver for the first tier contributions of 5% was provided in 2021 for financial years ending between 31 December 2020 and 30 September 2021. This aims to help ease co-ops' cashflow and allow them to channel their resources towards adapting, innovating and enhancing their capabilities.

Alternative Arrangement for Co-op Meetings

28. Alternative arrangements were prescribed for the conduct of co-op general meetings due to the COVID-19 situation and safe distancing measures which prevented large gatherings. The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Charities, Co-operative Societies and Mutual Benefit Organisations) Order 2020 ("Order") was issued by the Minister for Law on 27 April 2020. The original Order enabled co-op meetings to (i) be held, wholly or partly, by electronic means or (ii) if necessary, deferred to a date no later than 30 September 2020.

29. The Order was subsequently amended to, among other things, extend the deferment date to 31 December 2020 and introduce other refinements to facilitate greater convenience and engagement for virtual meetings, for example, real-time electronic voting as an option (in addition to voting by proxy through post or email). The Order will continue to be in force until it is revoked or amended by the Ministry of Law.

30. To provide additional guidance to co-ops on the conduct of meetings under the Order, the Registry published Guidelines, templates for the AGM Notice and Proxy Form, and FAQs (available on our website www.mccy.gov.sg/coop). The Registry also worked with the SNCF to organise a Webinar in May 2020 to brief the co-ops on the alternative meeting arrangements.

Other COVID-19 Assistance

31. The Registry collaborated with other Government agencies to assist co-ops. Co-ops are eligible for payouts under the Jobs Support Scheme, and rental waivers under the rental relief framework for Small and Medium Enterprises.

Emerging Stronger Conversation ("ESC")

32. The Registry and SNCF co-hosted the Emerging Stronger Conversation in November 2020, a platform which allowed co-ops to share their challenges and opportunities brought by the pandemic, to showcase their experiences in adopting digital solutions, and to suggest resources in further assisting the sector. The feedback from ESC has helped the Registry and SNCF strategise on upcoming initiatives for the sector, such as focusing on the Personal Data Protection Act ("PDPA") and cybersecurity.

Postponement of increase in CAR

33. For credit co-ops, the Registry postponed the implementation of the higher CAR from 8% to 10% for one year, from 1 July 2020 to 1 July 2021. The revised Written Direction for Capital Adequacy and Restriction on Dividend was issued on 21 May 2020.

34. This followed the engagement with co-ops below 10% CAR to understand their difficulties in meeting the requirement and the impact of the intended increase of CAR. The Registry also reviewed the business climate during the COVID-19 situation.

35. Credit co-ops which did not meet 10% CAR as at the financial year end and who intend to distribute dividends from that year's surplus must seek the Registrar's written approval for the proposed dividends. This is aimed at ensuring that co-ops focus on building their institutional capital, which would in turn improve their CAR.

Postponement of Unsecured Loan Limits

36. In line with the postponement of the implementation of the higher CAR to 1 July 2021, the applicable unsecured loan limits (which are tiered according to a credit co-op's MLA and CAR) were also postponed to 1 July 2021.

37. In June 2021, the Registry announced that, in view of the current business landscape, it had granted a further one-and-a-half-year postponement of the requirement for the higher CAR for the Unsecured Loan Limits to 1 January 2023. This would allow credit co-ops which have not met the increased CAR requirement to continue to provide loans to their members at current limits during the postponement period.

Special Audits of Credit Co-ops

38. The Registry commissions periodic special audits on credit co-ops to assess their compliance with the regulatory and prudential requirements, the adequacy and effectiveness of internal controls, as well as the extent of alignment with the Code of Governance. At the end of each audit, the appointed consultant will issue a report to the co-op on its findings and recommendations to address the gaps and weaknesses identified. The Registry will then follow up with the co-op on its implementation of the recommendations.

39. Common findings and recommendations from recent audit exercises include:

- **Policies and Procedures ("P&P")** – Consultants noted the lack of established P&P or insufficient coverage in existing P&P for certain processes, as well as inconsistencies between current practices and approved P&P. Some P&P were also not consistent with the co-op's by-laws. Co-ops should regularly review and update their P&P to ensure that they are robust and comprehensive. The P&P should be approved by the Committee of Management ("COM") and communicated to the relevant officers. Co-ops should also ensure that their by-laws are updated to facilitate their business operations.

- **Internal Controls** – Consultants recommended that the loan evaluation and approval processes, controls over banking operations, and controls over access rights to the IT system should be strengthened.

- **Audit Committee ("AC")** – The Act requires every credit co-op to have an AC to carry out important functions for the co-op, such as reviewing the audit plan and audit report with the auditor. The Code of Governance adds that the AC's duties include reviewing the adequacy of internal controls, ensuring that issues highlighted by the auditors are addressed, etc. Consultants observed that the functioning of the AC should be strengthened. Its authority and duties should be set out in written terms of reference, it should perform all its prescribed responsibilities, and AC minutes of meeting should be documented.

- **Internal Audit ("IA")** – Consultants found that some co-ops lacked an effective IA function to carry out the responsibilities defined in the Code of Governance. For instance, no internal auditors were appointed or there was no process to ascertain that appointed internal auditors were qualified, and there were no established terms of reference, audit plan, and documentation of work performed.

> Credit co-ops may engage professional firms to conduct regular internal audits, and tap on the CCF Outsourced Internal Audit Grant to defray the costs.

- **Conflict of Interest ("COI") and Related Party Transactions ("RPT")** – The Act requires COM members to declare COI in specific situations. Consultants noted that some co-ops had no established P&P on COI. There was also no documented P&P for RPT and incomplete or no disclosure of RPT in the audited financial statements. Certain benefits given to COM members, e.g. travel allowances, were not tabled at the AGM for members' approval, as required by the Act.

40. The latest round of special audits, which commenced in May 2021, covers 5 credit co-ops.

DEVELOPMENT AND PROMOTION OF THE SECTOR

Contributions from Co-ops

41. The Act requires co-ops to contribute 5% of the first $500,000 of their annual operating surplus to the CCF, and 20% of any operating surplus in excess of $500,000 to either the CCF or the Singapore Labour Foundation ("SLF").

42. The CCF is used to further co-op education, training, research, audit, and the general development of the co-op movement in Singapore.

43. Co-ops' contributions to the SLF are used to support initiatives that are in line with its mission of furthering the development of a labour movement of unions and co-ops, and to promote the welfare of union members and their families. These initiatives aim to:

- help needy union members in time of financial need;
- safeguard workers' welfare and rights through developing compassionate and committed union leaders to represent workers; and
- moderate the costs of daily essentials for working families by partnering social enterprises.

44. For the financial year ended 31 March 2021, co-op contributions to the CCF was **$2.9 million**. For the financial year ended 31 December 2020, co-op contributions to the SLF was **$61.5 million**.

CCF Committee

45. The Minister for Culture, Community and Youth appoints the CCF Committee to oversee the CCF. The current Committee is serving a three-year term effective from 1 March 2021.

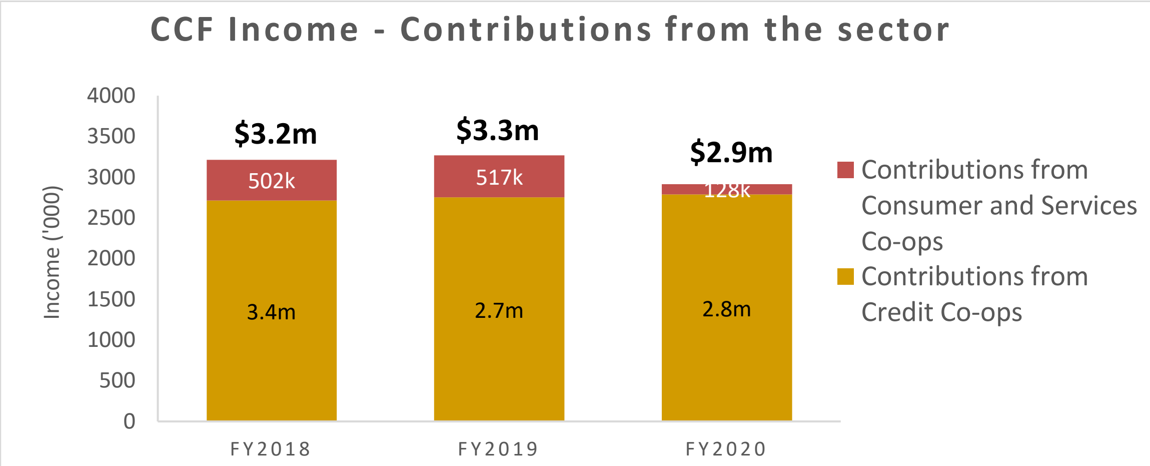
46. Our Ministry would like to thank Mr Ma Wei Cheng and the late Mr Kwek Kok Kwong for their years of contributions to the co-op sector and service to oversee the CCF. We also welcome the new members into the Committee, Mr Desmond Chin, Mr Tng Ah Yiam and Mr Yeo Chun Fing.

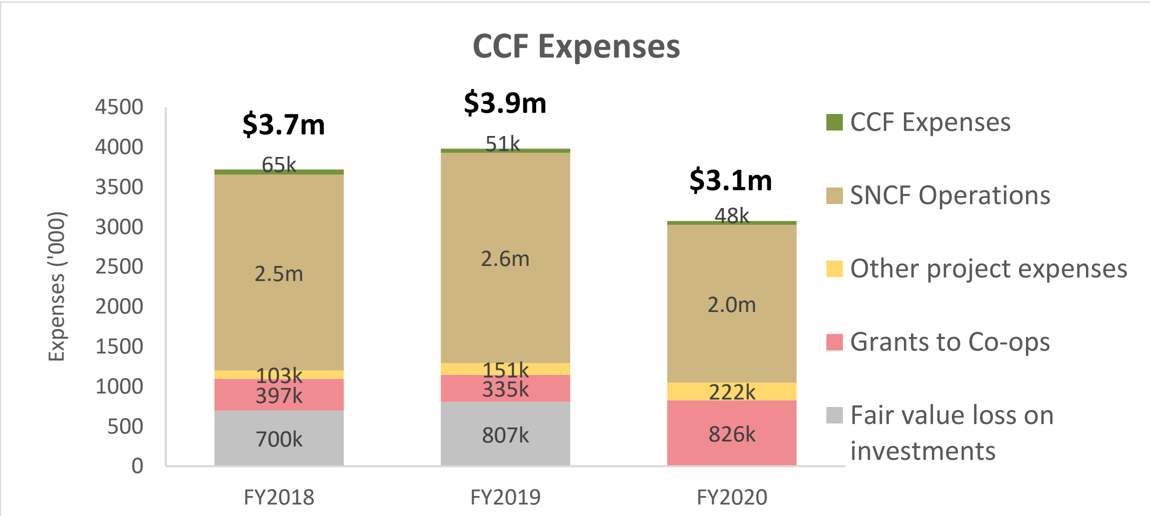
47. The Committee comprises of the following individuals:

Position in Committee	Name	Designation, Organisation
Chairman	Mr Tan Kian Chew	Chairman, Centre for Seniors
Members	Mr Desmond Chin	Executive Director, Registry of Co-operative Societies
	Mr Tng Ah Yiam	Chairman, Singapore National Co-operative Federation
	Mr Yoong Ee Chuan	Treasurer, Ngee Ann Polytechnic Consumer Co-operative Society Limited
	Mr Yeo Chun Fing	Chairman, AUPE Credit Co-operative Ltd

48. The co-op industry body, the SNCF serves as Secretariat to the CCF. SNCF provides services including training, shared services, CCF grants and networking opportunities. It also serves as the collective voice representing the co-op movement on local and international platforms.

49. The following graphs illustrate the CCF contributions[13] received from co-ops and its expenditure for the past 3 financial years.





[13] Contributions from co-ops make up about 45% of the CCF's income. Other components (not reflected above) are interest income, surplus from investment management and other income.

50. As Secretariat to the CCF, key initiatives conducted by SNCF during the financial year to promote and develop the sector are highlighted below.

Capability Building and Grants

51. **CCF Grants** – The CCF grants aim to improve co-ops' capabilities and operations so that they can better serve their members. In FY2020, $826,000 in CCF grants were disbursed. The grants were mostly disbursed to assist the co-ops in manpower costs for hiring an accountant ($346,000), hardware ($151,000), and outsourced internal audit ($43,000).

> Co-ops are encouraged to contact SNCF to find out more about the available grants.

52. **Training Courses** – The Registry and SNCF jointly organised webinars on topics such as virtual AGMs and cybersecurity.

53. SNCF collaborated with other co-ops and organisations to conduct sharing sessions for co-operators on using programmes such as Zoom, Adobe Sign, Canva, and conducted webinars on "New Normal for Human Resource" and "Strengthening Your Wellness & Resilience" for co-ops to help their officers during the pandemic.

> In FY2020, there were about 1,000 attendees attaining 1,840 training hours

54. **CCF Scholarship** – SNCF administers the CCF Scholarship programme. In FY2020, CCF disbursed $203,000 in scholarships to 13 scholars who are pursuing their degrees.

Collaboration and Awareness Building

55. **Collaboration between co-ops** – SNCF and co-ops came together to support the community during the COVID-19 pandemic. There were 13 collaborations between the co-ops, which included donation of surgical masks to migrant workers affected by COVID-19, donations and goodie bags to low-income households, photography courses for fellow co-operators, and gathering of wishes and greetings for Singapore's National Day.

56. **International Representation** – SNCF Chairman, CEO and staff represented the Singapore co-op movement in 14 virtual conferences held by regional and international organisations. The conferences allowed SNCF to share on its efforts to strengthen the co-op sector and to learn best practices from other international bodies.

57. **International Day of Cooperatives** – This was held on 4 July 2020, and was themed "Cooperatives for Climate Action" to support Sustainable Development Goal (SDG) on Climate Action. SNCF organised a local challenge called, "Co-ops Go Green", where SNCF affiliates submitted photos or videos of their efforts to combat climate change. The submissions were compiled into a video montage to commemorate Coops Day with the global co-operative movement.

58. **Schools** – As at 31 March 2021, there were 19 coop clubs[14] in secondary schools and junior colleges. Virtual lessons using the e-Learning Management System were introduced to enable students to have a more active experience through quizzes and videos during the COVID-19 situation.

[14] Coop clubs are managed by and under the purview of the school in which they operate from, to raise awareness and empower youths to gain first-hand experience of running a social enterprise based on co-op values. Coop clubs are not registered co-ops hence they are not regulated by the Registry.

THE YEAR AHEAD

Cybersecurity and PDPA

59. In the year ahead, the Registry will continue its efforts to increase co-ops' awareness on cybersecurity and PDPA. There may be co-ops which need more help to embark on these cybersecurity and PDPA projects. Therefore, the Registry will continue to work closely with the SNCF, Cybersecurity Agency ("CSA") and Personal Data Protection Commission ("PDPC") to educate and provide support to the sector.

60. The Registry also understands that considerable costs may be incurred to make such changes. Hence, there are CCF grants to assist in cybersecurity or PDPA related projects.

CCF Grant Framework

61. Following a joint review by the Registry and SNCF, the CCF Committee approved the enhanced CCF Grant Framework which came into effect on 1 April 2020. The Registry noted in the last financial year, more co-ops had obtained grants to implement IT projects and to fund procurement of professional services. The Registry and SNCF have recently conducted another review of the grant framework and will be introducing changes that will provide more support and flexibility to the co-ops. The Registry encourages all co-ops to tap on the CCF grants to strengthen internal controls, digitalise and improve service delivery to members.

Concluding note

62. The pandemic allowed us to rethink the world as we know it, creating new expectations about how we work, live and thrive post-pandemic. The Registry is grateful for the close partnerships with our stakeholders and the co-ops, which allowed us to act quickly to resolve issues. We look forward to continued collaboration to enhance the sector and to stay relevant post-pandemic.

ANNEX – PRUDENTIAL REQUIREMENTS FOR CREDIT CO-OPERATIVES

The issuance and effective dates of the Written Directions are indicated below:

Written Direction on Prudential Requirement	Issue Date	Effective Date
Capital Adequacy and Restriction on Dividend	21 Apr 2011 **Revised:** 21 May 2020	30 Jun 2011 **Revised:** 21 May 2020
Minimum Liquid Assets	12 Mar 2010 **Revised:** 29 Jun 2016	31 Mar 2010 **Revised:** 1 Jul 2016
Investments	31 May 2010 **Revised:** 24 Oct 2018	30 Jun 2010 **Revised:** 1 Nov 2018
Provisions for Bad and Doubtful Loans, and Impairment Loss for Investments	26 Nov 2010 **Revised:** 18 Dec 2018	1 Jan 2011 **Revised:** 21 Dec 2018
Secured Loan Limits	29 Aug 2011	1 Nov 2011
Unsecured Loan Limits	31 Oct 2011 **Revised:** 23 Jun 2021	1 Apr 2012 **Revised:** 25 Jun 2021
Submission of Financial Returns	2 Feb 2012 **Revised:** 7 May 2013	6 Feb 2012 **Revised:** 10 May 2013

Capital Adequacy Ratio and Restriction on Dividends

The Capital Adequacy Ratio ("CAR") ensures that credit co-ops have sufficient institutional capital to absorb operational losses. It is calculated as:

$$\text{CAR (\%)} = \frac{\textit{institutional capital}}{\textit{total assets}} \times 100$$

"institutional capital" is the sum of the following:

a) the credit society's accumulated surplus/deficit or unappropriated surplus;

b) the credit society's general reserves or general funds (excluding reserves and funds established for specific purposes, such as, common good, scholarship, fair value or revaluation, loan default, or provisions for bad and doubtful loans);

c) cash donations.

Credit co-ops with less than the CAR requirement as at financial year end and which intend to distribute dividends from that year's surplus must seek the Registrar's written approval for the proposed dividends.

Minimum Liquid Assets

Minimum Liquid Assets ("MLA") ensures that credit co-ops which receive deposits have sufficient liquid assets at any given time to meet day-to-day and higher than usual withdrawals by their members. It is calculated as:

$$\text{MLA (\%)} = \frac{liquid\ assets}{total\ deposits} \times 100$$

"Liquid assets" refer to cash, Singapore dollar deposits in Financial Institutions and Singapore Government Securities that are free from prior encumbrances.

"Total deposits" means the sum of the following which are held by the credit society: all moneys in the current accounts and deposit accounts, and subscription capital.

Investments

"Restricted Investments" or "RI" means any form or type of investment other than –

a) bonds issued by any statutory board in Singapore;

b) Singapore Dollar deposits in financial institutions licensed by the Monetary Authority of Singapore;

c) Singapore Government Securities;

d) capital-guaranteed investment funds or products managed by financial institutions licensed by the Monetary Authority of Singapore, where the issuer(s) guarantee the return of 100% of the capital invested at a predetermined date in the future; and

e) special investments up to 10% of the total assets of the credit society.

Credit co-ops are allowed to invest up to 10% of their total assets into RI. Credit co-ops may seek members' approval for a 20% RI limit, or members' and Registrar's approval to invest up to 30%, subject to conditions.

Co-ops may also invest in special investments ("SI"), up to 10% of the total assets of the credit co-op, subject to conditions. Investments in SI above 10% of total assets will be counted as RI. The SI refer to investments in the Central Investment Scheme ("CIS"), which is an investment scheme established in conjunction with the CCF, to allow co-ops to pool and invest their funds with a fund manager.

Provisions for Bad and Doubtful Loans, and Impairment for Investments

Credit co-ops must make the relevant provisions and impairments in accordance with FRS109 at least half-yearly.

Secured and Unsecured Loan Limits

Credit co-ops may grant secured and unsecured loans in accordance with the limits prescribed by the Registry, which vary according to loan type.

Depending on a credit co-op's CAR and MLA, and if the borrower has salary check-off or qualified sureties, credit co-ops may grant unsecured general loans to each borrower up to the applicable loan limit. Any amount of the unsecured general loan above the applicable loan limit of a borrower is considered as an "exceptional unsecured loan".

All credit co-ops are subject to an "exceptional unsecured loan allowance", which is the maximum amount of exceptional unsecured loans a credit co-op may grant in a financial year. The exceptional unsecured loan allowance is calculated as 5% of either:

a) The total amount of unsecured general loans granted in the previous financial year; or

b) The average per financial year of the total amount of unsecured general loans granted in the previous two financial years.